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COMMISSION**

**PERFORMANCE
MEASURES
FOR COUNCILS**

**IMPROVING LOCAL GOVERNMENT
PERFORMANCE INDICATORS**

Research report

October 1997

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ACLG	Australian Classification of Local Government
ALGA	Australian Local Government Association
CEO	Chief Executive Officer
COAG	Council of Australian Governments
CPA	Competition Principles Agreement
CTC	Competitive tendering and contracting
LOGJOG	Local Government Joint Officers' Group
NCP	National Competition Policy
NOLG	National Office of Local Government
NSW	New South Wales
NT	Northern Territory
Qld	Queensland
SA	South Australia
Tas	Tasmania
Vic	Victoria
WA	Western Australia

KEY MESSAGES

- The goal for performance measurement should be to develop and publish dispassionate and objective data to facilitate well informed judgements which result in sound public policy action.
- The Commission has concluded that a nationally consistent approach to performance measurement for local government is not warranted at this time.
- There would be considerable net benefits to the community from improving the existing performance measurement systems used at the state and territory level and by groups of councils. In their current form these systems have significant shortcomings. If they are improved they will provide managers with insights into how to raise performance and will be a useful basis for yardstick competition. These systems could, and should, be improved by states, territories and local governments:
 - agreeing on the policy objectives of local government and each service in terms of measurable outcomes and then developing indicators of efficiency and effectiveness; and
 - providing more information on the context in which services are delivered.
- As state and territory systems evolve, and as the parties involved learn from each other, a convergence on best practice use of indicators is possible. National performance indicators could be defined now, in principle. But the Commission considers that an iterative process which commences with state- and territory-based indicators will, with encouragement, produce more robust systems of indicators, and do so sooner than other approaches. In time, nationally consistent approaches may be developed for some services with the commitment of the key parties.
- The Commonwealth Minister for Local Government is required to report on the performance of local government. National performance indicators would facilitate this, but the Minister should be able to meet this requirement by tabling information and analysis on:
 - the application of the national competition policy to local government;
 - progress by the states and territories in improving the use of performance indicators; and
 - recent developments in areas such as competitive tendering and contracting, the increased use of service charters and measures of customer satisfaction, and changes in the structure of local government (for example, through council amalgamations).

- In reaching these conclusions the Commission recognises that effective and efficient local government is important because it delivers key human, economic and regulatory services.

1 INTRODUCTION

Local government is the level of government closest to individual communities. Local government's performance is important in terms of the human and economic services it provides to meet those individual communities' needs. The key question for this review is how best to use the tool of performance measurement to facilitate better performance by local government.

1.1 What was the Commission asked to do?

The Commission had two main tasks

The Commonwealth Minister for Local Government sought the Commission's assistance to:

- review the value and feasibility of developing national performance indicators for local government; and
- propose alternative means for the Commonwealth Minister to report on local government performance, if national indicators are not recommended.

The Commission's full brief, including the background to the review, is provided in appendix A.

The key issues for this review are: whether the benefits of a nationally consistent approach to performance measurement of local government are greater than the costs; and whether the existing resources used in this area should be directed to a national approach rather than to:

- fostering and improving voluntary sub-state, or across-border performance measurement; and/or
- improving state-wide systems.

The Commission received many useful contributions

In carrying out the review, the Commission valued the assistance it received from state government departments, local government associations, councils, academics and the public (see appendix B). It made 40 visits and received over 100 submissions, including nearly 20 in response to a work-in-progress report which the Commission sent for comment to participants.

1.2 Why is improved performance of local government important?

The size of any benefits generated by improving performance indicators will depend on the importance of local government.

Councils provide important services and regulate key activities

There are more than 700 local councils across Australia: their 155 000 staff provide services and undertake functions important to the cohesion and wellbeing of the communities they serve (NOLG 1996). As well as providing services, local government regulates many domestic and commercial activities (box 1.1). Local government's outlays of \$8.2 billion represent about 5 per cent of total government expenditure in Australia, broadly similar to the nation's spending on public acute care hospital services.

Box 1.1: How local government affects everyday life

Local government has a major effect on our daily living, including whenever we:

- borrow a book from the local library;
- put out our household rubbish;
- drive or walk down our local streets;
- park our cars in the street;
- walk our dogs;
- eat at a restaurant or take-away food outlet;
- play in the local park;
- build or modify our homes, shops, offices or factories;
- fly to rural areas.

Even death may not end our involvement with local government: in most states, councils run crematoriums and cemeteries.

Source: appendix C

The states have constitutional responsibility for local government

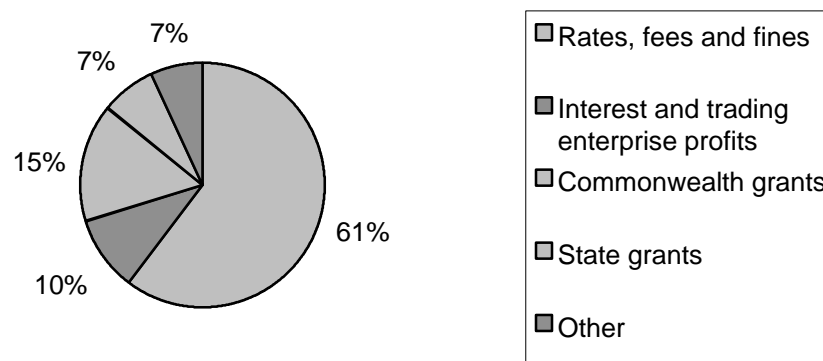
State governments provided around \$660 million or about 7 per cent of local government's total revenue in 1995-96. Constitutionally, the establishment of local government and the delegation of functions are the exclusive responsibilities of the states, which provide the legal framework in which councils operate, and oversee their operations and financial

affairs. States mandate the electoral system for local government, establish boundaries, delegate the revenue raising powers, establish the services which councils can and/or must provide and, to varying extents, supervise their performance. But this responsibility is exercised in different ways: New South Wales imposes more extensive reporting requirements than do other states, and the Victorian Government has more directly and extensively intervened in the operational decisions of Victorian councils recently.

Commonwealth funding amounts to \$1.2 billion a year

The Commonwealth Government's principal relationship with local government is through funding — totalling \$1.2 billion in 1995-96. It provides approximately 15 per cent of the local government's total revenue, in the form of untied financial assistance grants and special purpose payments (figure 1.1). Also, it conducts a Local Government Development Program, aimed at improving local government's efficiency and effectiveness.¹

Figure 1.1: Sources of local government funds — 1995-96



Sources: ABS 1996 (cat. no. 5512.0); Commonwealth of Australia 1996

About two thirds of Commonwealth funding of local government is through untied grants. In each state, grants commissions distribute the funding with the aim being to 'ensure that each council in a State is able to function, by reasonable effort, at a standard not less than the average standard of other councils in the State' (NOLG 1996, p. 9).

The level of grant is independent of the actual services the

¹ Expenditure under this program was \$14.4 million over 1995-96 and 1996-97.

council chooses to deliver.

... and an annual report to Parliament is required

Since 1996, the Commonwealth Minister for Local Government has been required by the *Local Government (Financial Assistance) Act 1995* to report to the Commonwealth Parliament on the performance of local government. The Act (s. 16) requires this report to be ‘based on comparable national data’.

1.3 Local government environment

The context in which local government operates has changed since national performance indicators were first proposed in 1995 by the Local Government Ministers’ Conference. Reform has accelerated, although the pace and quality of reform varies between and within states.

Significant reforms have been occurring,

Many councils have reviewed and restructured their operations. Various changes have been introduced, including functional separation of their roles as purchasers and providers of services (which may involve corporatisation of the latter),² greater use of competitive tendering and contracting (CTC), and the application of quality management principles. Enterprise bargaining has affected the degree of flexibility available in terms of working practices.³

... some driven by forces external to individual councils

Significant external pressure for reform has been brought to bear on councils, although this differs across states. All councils must address the implementation of national competition policy (box 1.2). This is increasing the direct competitive pressures which councils are facing in some of their activities. Council activities that compete with private sector suppliers — such as childcare centres, saleyards and

² For example, Warringah Council in New South Wales has restructured along purchaser/provider lines (sub. 28). The National Competition Council noted that two local government businesses in Victoria have already been corporatised — City Wide Service Solutions and Prahran Fruit Market (NCC 1997).

³ Much of the early work in benchmarking and performance monitoring across the economy was motivated by a need to quantify productivity gains negotiated as part of enterprise bargaining. The City of Perth noted that its development work for corporate performance indicators is linked to its enterprise bargaining process (sub. 8).

recreation centres — are now required to address competitive advantages which they have as a result of government ownership (for example, in terms of regulatory arrangements or taxation concessions).

Box 1.2: National competition policy and local government

In April 1995, the Commonwealth and all states and territories ushered in a new era in competition policy when they signed the Competition Principles Agreement (CPA) and other associated agreements. The CPA committed them to:

- applying competitive neutrality principles to all government business activities;
- evaluating structural reform for public monopolies where competition had been introduced;
- reviewing legislation that restricted competition;
- establishing regimes for access to services by means of significant infrastructure facilities; and
- considering establishing independent prices overview for government business enterprises.

Clause 7 of the CPA stated that each state and territory is responsible for applying these principles to local government.

The related Conduct Code agreement committed all jurisdictions to ensuring that the *Trade Practices Act 1974* applied to all business activities, including those of local government.

Source: COAG 1995

Some activities have been subject to competitive neutrality complaints Already a number of council activities have been subject to competitive neutrality complaints through the mechanisms set up under the Competition Principles Agreement, and the National Competition Council will continue to re-assess states' progress in applying competition principles to local government (NCC 1997).⁴

CTC has been Victoria has introduced compulsory competitive tendering. A

⁴ Some council services being examined as a consequence of complaints include: childcare services; a proposed saleyard; commercial waste disposal services; roadworks; and chemical sales (Reports to the National Competition Council : Victorian Government 1997; New South Wales Government 1997).

an important development number of councils in other states are also using competition in service delivery. The increasing use of CTC has been particularly important because it has obliged councils to specify and then monitor contractor performance in delivering services (Municipal Association of Victoria, sub.58). By differentiating between the purchaser and provider roles of councils, CTC has encouraged those in purchaser roles to develop better skills in measuring performance and comparing providers. These skills can now be applied across other services where ‘yardstick’ rather than direct competition may be considered more appropriate.

... as have council amalgamations Council amalgamations are an issue in most jurisdictions. Major restructuring was imposed on councils in Victoria (from 210 councils before the mergers to 78) and Tasmania (from 46 councils to 29, with plans to move to 15 at most); has been negotiated in South Australia (from 118 councils to 69); and is under consideration in New South Wales and Western Australia.

Improving performance indicators has been integral to changes in local government Improving comparative performance indicators may seem a minor distraction during a period of major change. But it has been an integral part of many of the changes in local government during the past decade. These changes have seen a greater role for competition — be it ‘yardstick’ competition, comparisons with other providers performing similar activities, or ‘direct’ competition for the right to supply a service — for example, through the increased use of CTC.

The Commission considers that there is an increased role for performance indicators in improving the efficiency and effectiveness of local government, and in enhancing its accountability by enabling residents and rate payers (as well as state governments) to better assess each council’s performance. The value and feasibility of developing *national* indicators needs to be assessed in this context, and in terms of the costs and benefits.

But sound judgement will still be needed Introducing or improving performance indicators will not replace the need for sound judgement. Relevant and soundly based indicators for local government will enable better judgements to be made about performance, but only after taking account of local conditions and preferences. In

addition, sound performance measurement will provide a good basis for making public policy decisions at the local government level.

1.4 Structure of the report

There are four chapters and six appendixes in this report.

National and state approaches to performance measurement,

The case for developing a set of national performance indicators for councils to supplement the currently uncoordinated and essentially state based approaches is discussed in chapter 2. This discussion addresses the links between measurement and improved performance, before looking at the costs and benefits of a national approach.

... ways of improving performance indicators,

Strategies for improving performance indicators for use by councils are examined in chapter 3. Drawing on the Commission's experience supporting two COAG projects (monitoring government trading enterprises and government service provision), the characteristics of effective performance measurement systems are discussed. A process for developing performance measurement systems for councils is presented, and finally, the role of the Commonwealth in developing a national system is examined.

... the Minister's reporting requirements,

The Commonwealth Minister's requirement to report to parliament and assess (based on comparable national data) the performance of local governing bodies is outlined in chapter 4. Different ways of meeting this requirement are discussed.

... and important background information is provided in this report

The Commission's brief is in appendix A and the conduct of the review is outlined in appendix B. The range of services currently provided by local government in Australia is outlined in appendix C, in which the extent of differences and similarities in the council services across jurisdictions is also illustrated. Lessons learned in terms of methodology and process, drawing on the Commission's experience, are discussed in appendix D. Important background material on the performance indicators for local government that have been, or are being, developed by each jurisdiction is provided in appendix E, which also includes a brief overview of local government performance measurement in New Zealand and

the United Kingdom. Finally, Australian Bureau of Statistics' data on local government that might be used in developing performance indicators are examined in appendix F.

2 NATIONAL OR STATE-BASED PERFORMANCE MEASUREMENT?

Developing and using a set of nationally consistent performance indicators for local government has advantages and disadvantages over the current system of largely uncoordinated state and regional based approaches. A broader database would offer councils in unusual environments or councils providing less common services a better chance of finding suitable comparisons. However, it seems that for most purposes, most councils can find useful comparisons within their state boundaries.

2.1 Introduction

What are the goals of performance measurement?

The development of soundly based performance indicators is not an end in itself. The goal of the collection of this information should be to enable sound judgements to be made about the performance of local government areas, after taking account of local conditions and preferences. These judgements need to be made by residents, rate payers, councillors and council managers, and at a broader level by the Commonwealth, state and territory governments. In addition, the existence of these indicators should assist policy makers at the state/territory and local government level when making policy decisions affecting their constituents.

Performance measurement could be done at different levels

The key question for this review is whether, in seeking to achieve these goals, there are net benefits in developing a set of national performance indicators for local government over and above those attainable from state-wide systems and the cooperative approach being adopted by many councils.

2.2 Defining performance

Performance

It is essential to define performance before attempting to measure it. The term ‘performance’ is used in different ways, and this was reflected in submissions to this review. As the City of Port Adelaide Enfield noted:

should relate to achieving objectives

At the moment there are many measures of council 'performance' that are used both internally and externally and these measures serve different purposes. Many of these measures of 'performance' are actually indicators of relative levels of activity and do not give any genuine or useful information on council performance toward achieving objectives. (sub. 34, p. 2)

The Commission considers that performance is a measure of how well an organisation meets its objectives given the external constraints placed on it. It can only be assessed after considering the context in which the organisation operates.

2.3 Link between measurement and improved performance

Performance measurement can help in several ways,

Good comparative information on performance can enhance the incentives to achieve continuous improvement by:

- encouraging governments and their agencies to be more explicit about their objectives ;
- providing information on attainable levels of performance, thereby fostering yardstick competition where competitive forces are weak; and
- providing managers with insights into which other approaches may work.

...contributing to enterprise improvement

Performance measurement may be somewhat confronting for some local governments, as it is for other organisations, especially if it is seen as a beating stick. While performance measurement plays a legitimate role in improving transparency and accountability, it can also be a helpful springboard for cultural change. As councillors and managers become more comfortable with the use of performance measurement, it can become a powerful tool for identifying gaps in performance and providing insights into how those gaps might be closed. This may involve benchmarking with an appropriate partner or investment in other enterprise development techniques.

Information is collected for different purposes

Information on the activities of councils is already being collected for a variety of purposes, including:

- the generation of comparative performance indicators;
- process benchmarking ; and
- financial reporting.

The purpose of collecting the information differs and, consequently, so do the type and presentation of information (box 2.1).

Box 2.1: Defining measurement activities

Comparative performance measurement (or results benchmarking) involves comparing actual performances of different organisations using performance indicators to determine efficiency and effectiveness. The focus of this measure is on results and outcomes. It can assist councils to identify best practice and to make better management decisions in the future. The New South Wales Department of Local Government has been publishing comparative information on councils since 1991: information is presented for 26 key performance indicators, with councils listed in categories according to the Australian Classification of Local Government .

Process benchmarking applies to the process of turning inputs into outputs. It compares processes or develops process indicators to establish reasons for different levels of performance and to identify and incorporate best practice into those processes and activities. It is being used, for example, in a program involving five large local government councils in South Australia. The group has focused on developing process benchmarking as a means of performance improvement and best practice. Trials have been conducted since early 1996 in the areas of rates collection, payroll services, development approvals, library services and human resources.

Financial reporting is defined as the process of formally recognising elements such as assets, liabilities, revenue, expenses and equity in the financial statements of an entity. Most state legislation specifies that councils must report on financial performance annually. Some state legislation specifies the financial indicators to be included in annual reports. For example, the Western Australian *Local Government Act 1995* specifies five indicators of financial performance — namely, the current ratio, the debt ratio, the debt service ratio, the rate coverage ratio and the outstanding rates ratio — which councils must include in their annual reports.

Comparative performance indicators lead in to benchmarking

Comparative performance indicators focus on how an organisation is performing, in contrast to more detailed process benchmarking, which tends to focus on *why* that level of performance is being achieved. Comparative performance indicators have been described as ‘can openers’, revealing where performance might be improved and where questions need to be asked, rather than providing the detailed answers.

The City of Newcastle noted that it:

... has used State performance measures to review our position in comparison to other major Councils. One of the comparative indicators (staff to population ratio) has prompted Council to commit to undertaking a whole of Council benchmarking study to determine priority areas for further investigation. (sub. 56, p. 1)

Thus, development and use of consistent measures of performance are important first steps to benchmarking and enterprise improvement. Indeed, many of the current cooperative exercises between councils have process benchmarking as their primary aim (appendix E).

... and are important in yardstick competition

Comparative performance indicators on the efficiency and effectiveness of services (box 2.2) can also create pressures for continuous improvement through the process of yardstick competition. Yardstick competition provides information that aids comparisons between similar organisations, and acts as a guide to attainable performance. In local government, performance information can enable residents and rate payers, as well as state and territory governments, to better assess each council’s performance. However, in contrast to direct competition (where there is rivalry for resources or market share), councils participating in yardstick competition remain largely monopoly providers, so are not affected by the success of other councils directly. The City of Blue Mountains noted:

... local communities are, and will still be, effectively subject to monopoly control insofar as the services they use will be developed or contracted by the local council. (sub. 48, p. 6)

The usefulness of yardstick competition depends on how people respond to the information derived from performance measurement. If rate payers, residents and other interested people use it to question councillors and council staff about

the efficiency and effectiveness of services provided (either directly or indirectly through avenues such as the media), it may create pressures for improved performance. But if such people are disinterested, or feel powerless, it will have little effect.

State and territory governments can also use performance information to influence local government performance. This may occur, for example, when assessing rates caps, setting policy frameworks (such as those applying to CTC), or (in more extreme circumstances) imposing sanctions on councillors and staff.

Box 2.2: Defining efficiency and effectiveness

Performance indicators are normally developed to measure the efficiency and effectiveness of services provided.

Efficiency describes how well organisations use their resources in producing services — that is, the relationship between the actual and optimal combination of inputs used to produce a given bundle of outputs.

Effectiveness is the degree to which a system achieves its program and policy objectives . It normally encompasses a number of different, desired aspects of a service linked to program outcome objectives. These outcomes can be classified in terms of:

- appropriateness (matching service delivery to client needs);
- accessibility (aspects such as waiting times, affordability, representation among users of priority groups, and physical accessibility); and
- quality (meeting required standards or incidence of service failures).

Measuring the most important activities may not be easy

When well implemented, the use of comparative performance indicators can encourage improved performance. But care is needed because poor use of indicators has the potential to distort management decision making. The City of Moreland noted:

Performance measurement has tended to focus on quantitative measurement because such measures are easier to measure and benchmark ... Quantitative indicators need to be adopted with care; focusing on quantifiable outcomes, they can lead to managers in complex environments focussing on the measurable at the expense of less quantifiable but more significant priorities. (sub. 87, p. 7)

Suggestions for improving performance indicators for local government are included in chapter 3.

To encourage improvement, governments at all levels have sought to enhance the amount and quality of information on the performance of a range of activities. Examples include:

Comparative indicators are used by different governments in different circumstances

- service charters which clearly set out responsibilities and expected levels of performance;
- the introduction of accrual accounting to better capture the full cost of government services and assist comparisons;
- Commonwealth and state ombudsmen whose ability to publish information on the poor performance of government agencies is one way of gaining redress for affected individuals across a range of activities;
- comparative performance monitoring of government trading enterprises (SCNPMGTE 1993);
- comparative performance monitoring of Commonwealth and state government service provision (SCRCSSP 1995); and
- comparative performance monitoring of local government in the United Kingdom (appendix E).

In the United Kingdom, the greatest effect of comparative measurement was on poorly performing councils

The work of the UK Audit Commission in comparative performance measurement for local government — started as part of the Citizen’s Charter initiative — was designed to empower citizens. It was established to allow residents and rate payers to make more informed assessments of the performance of their local council, rather than as an instrument of central control (appendix E). The Audit Commission’s work is perhaps the most definitive demonstration of the value of using comparative indicators to measure the performance of local governments.

The Audit Commission has stated that publishing comparative information on the performance of local government has influenced public opinion, creating greater pressure on councils to improve management. After its third year of publishing information, the Audit Commission suggested that:

- it has the greatest impact on the worst performers;
- its impact on the bulk of councils — that is, those clustered around the average — is slower and less marked;
- there are big variations between the performance of similar councils for some services; and
- in a few services for some groups of councils, there has been no significant improvement in performance while other similar councils have advanced (Audit Commission 1997).

2.4 Benefits and costs of national performance monitoring

A national approach would have benefits

The development and implementation of comparative performance indicators at a national level in Australia would have benefits and costs compared with the independent development of indicators by each state and territory. Submissions to this review suggest that there is a range of views about the benefits to rate payers and residents, council managers, policy makers and researchers (box 2.3). Drawing on this material suggests that the benefits of a national approach would arise through better opportunities to make comparisons between:

- councils which are more comparable across states than within states (for example, capital city councils);
- councils adopting different approaches to delivering services (for example, CTC versus inhouse delivery); and
- state and territory government regulatory frameworks which can strongly influence council performance, including reporting requirements and the degree of operational independence.

Box 2.3: Some participants' views on the costs and benefits of a national approach

- 'The development of national performance indicators for local government is to be encouraged as this will enable soundly based comparisons of the performance of councils across state boundaries.' (Victorian Government, sub. 81, p.1)
- 'Certainly a national system of performance monitoring would further contribute to improved local government performance. However, care should be taken in the setting of performance indicators because of the difference in governance between the different states and territories. Additionally, objective information on outcomes should be recorded. If results are not measured then success cannot be identified and no learning from those successes can occur.' (Redland Shire Council, sub. 30, p. 3)
- '[a] Federal Government role in the development of national performance indicators would be particularly useful in relation to broad comparative measures of local government performance, and less appropriate for the service-specific type, which are better developed amongst similar councils, acting on their own initiative and to meet their own specific needs and circumstances.' (City of Whitehorse, sub. 71, p. 1)
- 'Performance Indicators and benchmarking needs to be relevant to constituents as well as to Government. They can be relatively simple and preferably focused on results. Complex statistics can create difficulties, whereas rough guides can be equally beneficial in order to make comparisons and raise awareness. A few key strategic Performance Indicators and benchmarks developed on a national basis would be highly beneficial.' (Mosman Municipal Council, sub. 39, p. 1)
- 'In the case of local public libraries, while the performance indicators in the Benchmarking Database can be applied nationally, they cannot be used for comparison nationally. This is because the nature of provision of public library services varies considerably from State to State.' (The Metropolitan and the Country Public Libraries Associations, sub. 66, p. 2)
- 'I have reservations about the practicalities of establishing a national performance monitoring system because of the difficulty of ensuring comparability of data. I also have reservations about the usefulness of the data from a council perspective. My experience has been that the time taken to collate, analyse and disseminate the data after it has been forwarded is so long that the data has ceased to be useful.' (City of Perth, sub. 8, p. 2)

... and it would have costs too A national approach would be likely to impose additional costs too because:

- differences between jurisdictions in their objectives, nature, scope and priorities of measurement might slow the development process;
- any new common definitions and protocols would require administrative systems to be modified by those states which already collect data on the basis of agreed state-wide definitions;¹ and
- differences in priorities for performance measurement could lead to either more extensive coverage of activities of each council than under state or sub-state approaches, or (where the range of indicators is constrained for budgetary or other reasons) adoption of a less useful common denominator set of services for monitoring.

Making comparisons in similar contexts

It is important to compare like with like The benefits of comparative performance measurement come from insights it can provide on attainable levels of performance. For the performance of one council to be attainable for another, like must be compared with like. However, because each council is unique, at least in some respect, it is important to determine :

- which differences matter and which do not for the activity being compared; and
- where there are differences, whether performance can be compared if users are provided with information on those differences.

¹ Although only New South Wales has a system for collecting and published performance indicators across a range of local government services in place, a number of states collect information from local governments about specific services on a state-wide basis (examples include roads and libraries).

Circumstances are likely to be similar for councils in the same state

Overall, councils are likely to be more similar within each state than between states in terms of:

- the structure of services provided;
- the set of services provided;
- regulatory structures (for example, in planning); and
- the level of state government direction (for example, rates capping and compulsory competitive tendering).

Interstate comparisons of overall performance may be difficult, but this does not rule out comparisons of activities

These contextual similarities will assist in making comparisons within a state or territory. In contrast, councils in different states and territories are likely to be less similar in terms of these aspects, making meaningful comparisons of their overall performance more difficult. This difficulty was raised by a number of participants: for example, the City of Blue Mountains commented that proper coordination of existing independent and regional approaches by New South Wales councils to developing benchmarks and benchmarking techniques:

... could be aided by proper coordination at the national level. However, comparisons of like and like at the national level suffer, with more and more variables to consider. There are differences in state legislation, financial reporting requirements and state economies, eg. fuel costs in NSW are much greater than in Queensland. (sub. 48, p. 2)

However, while overall performance becomes more difficult to compare on a consistent basis, legitimate comparisons may still be possible at a more micro level where there are sufficient similarities in particular services or activities. For example, it may be possible to draw useful comparisons on particular aspects of the performance of libraries in different states, despite differences among states in the overall structure of library services.

Some councils may have difficulty in finding same state peers

If a number of similar councils undertake an activity within a state or territory, there may be little additional benefit from extending the range of comparisons. But some councils will have few or no peers over their full range of activities within a state or territory — for example, the capital city councils and some councils in remote areas. The Australian Local Government Association (ALGA) argued that a centralised performance indicator database:

... dramatically increases the opportunities for Councils to undertake benchmarking by allowing comparisons to be made with similar Councils across State borders. This is particularly valuable for large Councils and those in the smaller States whose opportunities for performance comparison would otherwise be quite limited. (sub. 37, p. 8)

Smaller states might piggyback on other states' systems The adoption of a national system of performance measurement would not be the only way of increasing the scope for councils in the smaller states or territories to find suitable councils for comparison. An alternative course of action being pursued by some states and territories is to piggyback on the systems being developed by other jurisdictions.² This gives those jurisdictions the opportunity to design a system which meets their own needs, but which is on a consistent enough basis to extend the range of possible councils for comparative assessment.

The benefits to many councils of national over state performance indicators would depend on the activity they wish to measure. Capital city councils undertake some activities which are not performed to the same degree by most other councils in their state or territory. Other activities may be little different from those of other councils, and thus state or territory comparisons are adequate.

The ACLG database suggests that most councils should have same state peers If a council is able to find sufficient similar councils in its own state or territory, then the benefits of a national approach would likely be smaller. One, albeit imperfect, way to assess this is to examine the number of councils which have few (say less than five) other councils in the same Australian Classification of Local Government s (ACLG) category in their state or territory. In terms of ACLG categories at least, most councils have a number of intrastate peers (table 2.1).

... and that even more peers may be found when As a basis of comparison, the ACLG system of classification may understate the likelihood of finding suitable peers within a state if it is presumed that councils in different classifications are too dissimilar to make reasonable comparisons. In all but

² The Northern Territory is monitoring the development of performance indicators in Queensland to assess their applicability to the municipal councils in the Territory (appendix E). Queensland is also planning to closely align its indicators for water and sewerage services with those developed by the Steering Committee on National Performance Monitoring of Government Trading Enterprises .

focusing on particular activities or features

one of the process benchmarking exercises undertaken by groups of councils which were examined by the Commission, the participants came from several different categories (see table E.9, appendix E). For example, one group comprised councils which were all coastal, which had resort areas and high transient populations, and for whom planning and environmental management were major activities. Yet despite these similarities, the nine participants came from six ACLG categories. A further example of a relatively disparate group of councils conducting a joint benchmarking exercise is that involving the City of Perth, the Western Australian councils of Swan, Melville and Fremantle, and the councils of Adelaide and Hobart (see box 3.3 for more examples).

Equally, for many activities, councils in the same ACLG category may not be similar enough for meaningful comparisons. Many of the benchmarking projects have sought members from a number of states, although they had to rely on voluntary participation. The nine coastal councils came from five states.

Comparative performance indicators need to be interpreted in context

A number of participants told the Commission that the degree of similarity necessary for comparative performance measurement — particularly where indicators will be interpreted by the public — is greater than that necessary for process benchmarking. Benchmarking partners are able to develop a good understanding of the effects of contextual factors on performance, but such insights will not be as readily apparent to an outsider making a comparative assessment based on raw data (see appendix E). Better presentation of contextual information would assist in these circumstances, but may be costly.

Table 2.1: Distribution of councils by ACLG^a category, March 1996

<i>Classification</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>NT</i>	<i>Australia</i>
Capital cities	1	1	1	1	1	1	1	7
Urban developed small	5			13	10			28
Urban developed medium	15	3	1	3	7			29
Urban developed large	6	9		1	4			20
Urban developed very large	7	9	1	1				18
Urban regional small	16	13	8	9	16	5	3	70
Urban regional medium	17	8	6	1		3		35
Urban regional large	1	3	4					8
Urban regional very large	3	1	1					5
Urban fringe small	1	1	1	1	4	1	1	10
Urban fringe medium	2	3	3	6	2			16
Urban fringe large	3	4	3	1	1			12
Urban fringe very large	5	2	1	1				9
Rural significant growth	6		9	9	7	2	1	34
Rural agricultural small	5		15	52	33	2		107
Rural agricultural medium	38		32	18	26	3		117
Rural agricultural large	25	8	11	2	6	8		60
Rural agricultural very large	19	13	13	2	1	4	1	53
Rural remote extra small	1		20	4	4		28	57
Rural remote small			16	4			23	43
Rural remote medium	1		7	8	1		9	26
Rural remote large	1		3	5	1			10
Total	178	78	156	142	124	29	67	774
No. of councils with fewer than five peers in their state	14	18	19	22	19	16	7	115

^a Australian Classification of Local Governments

Source: NOLG 1996

Finding alternative ways of delivering services

Knowing how services are provided gives insights into how performance can be improved

If performance measurement is undertaken on a consistent basis across councils, it will facilitate the comparison of councils delivering the same services through different means (for example, CTC versus inhouse delivery). If they know the context within which the results were achieved, poorer performing councils may be able to gain important insights into whether alternative approaches to service delivery may be able to assist them improve their own performance. They may be able to do this through comparative measurement techniques or, where the delivery mechanism is substantially different from their own, through a more formal process benchmarking approach.

A national approach may increase the scope for comparing delivery mechanisms

A national approach to performance measurement may broaden the field of councils using different approaches to provide the same service. This could be especially useful where fundamental differences have developed between jurisdictions, such as in the use of CTC. For example, Victorian councils have been required to expose activities to competitive tendering since 1995, and by 30 June 1997 all councils must have exposed activities accounting for half their revenues to CTC. As a result, many may have had more experience with this approach to delivering services than have many councils in other jurisdictions.

Thus, they may provide non-Victorian councils with more useful information on its applicability than would other, same state councils. The effect of this policy on the performance of Victorian councils may also be an important issue to examine when comparing state and territory regulatory frameworks (see below).

CTC and inhouse

CTC is not the only delivery mechanism or process that may be of interest to councils looking for better ways of operating. Service delivery can be enhanced through a variety of other means, including partnerships with other organisations in the private or public sectors (for example, combining with a school for the delivery of library services³), or the innovative mixing of services to benefit from economies of scope (for

³ This occurs with 49 South Australian library services (Local Government Association of South Australia, sub. 97)

delivery are alternatives, but not the only mechanisms of interest example, joint management of swimming pools and recreational centres). Comparative performance measurement will allow councils to better assess the potential to apply alternative approaches to their circumstances.

Comparing state and territory government regulatory frameworks

There may be benefits in aggregating performance measures to compare state systems of local government The primary focus of efforts to introduce performance measurement for local government has been on improving the performance of individual councils. But information collected at the level of local councils could also be used to compare state and territory systems of local government by aggregating the information at the state/territory level. A national system of performance measurement would allow more robust examination of state and territory approaches to issues such as council amalgamations, the optimal sizes of councils, the effects of competitive tendering, the degree of prescription in reporting requirements, the effect of rates capping, and other policy matters.

Participants had different views on state comparisons, Participants expressed differing views about the value of being able to assess state and territory systems, particularly where state imposed procedures (such as planning) affect performance.⁴ For example, ALGA noted:

A national [performance indicator] database would have the advantage of allowing studies comparing the systemic effects of State government legislation on the performance of Local Government. (sub. 37, p. 8)

Others disagreed. The Western Australian Department of Local Government stated:

... it is not appropriate to use local government performance indicators to measure State and Territory Government regulatory arrangements. These frameworks are based on different legislation and different philosophical premises (sub. 103, p.1).

...which is a The ability to compare state and territory systems would

⁴ For example: City of Newcastle (sub. 56); NOLG (sub. 75); City of Blue Mountains (sub. 91); and G5 Association of Best Practice (sub. 82)

process that would require the participation of all councils depend on the level of participation by councils in any national system. It would not be necessary to measure performance in all activities, but it would be necessary to include either all councils or a representative sample from each state and territory. Those councils that voluntarily participate may not be representative of all councils, hindering comparisons across states and territories.

Objectives and goals

The goals of governments are not always clearly articulated Performance indicators measure a council's performance in achieving its objectives. Consequently, the first step in development of those indicators is achieving agreement on a common set of objectives. The University of New England argued that objectives were not articulated in an explicit way in the past but that this has changed:

Councils often have poorly defined goals and objectives. Without a clear view of the intended outcome of many of the services and facilities provided, an appropriate evaluation of overall performance could not be conducted. ... The introduction of corporate planning has seen a major shift in emphasis, with far greater attention now placed on the reasons behind provision of various services and the intended outcomes sought to be achieved. This has allowed the establishment of a much better framework with which to undertake performance measurement (sub. 9, pp. 6–7).

Councils will rate objectives differently Even where there is agreement on the need to explicitly define the set of objectives for an activity, each local community will inevitably place somewhat different weightings on each component. This need not be a barrier. It is the Commission's experience that it is often possible to develop a common set of indicators as long as there is agreement on the elements of the set. For example, in the provision of library services, communities may place different priorities on access for the elderly over access for those who speak a language other than English. But as long as communities see the provision of library access for both groups as objectives, performance against each can be separately measured, allowing each community to assess performance in light of its own weightings.

Thus, Development of agreed sets of objectives across local

developing an agreed set of objectives may be difficult government at a state or territory level would represent a significant challenge, and would be even more difficult nationally. This issue underpins the City of Moreland's concerns about what it sees as the Victorian Government's centrally imposed indicators. It noted:

Indicators for local governments represent a new dimension of monitoring and evaluation of performance using criteria established by the State rather than by local governments. This intention has caused some concern to local governments throughout Victoria, who are developing their own performance measurement frameworks in the context of their own goals and objectives for their communities. (sub. 87, p. 4)

... but it should be attainable The Commission considers that gaining agreement on a common set of objectives for many of local government's activities is possible. For example, the nine Commonwealth, state and territory governments involved in performance measurement of government service delivery have reached agreement relatively quickly in each of the 11 services covered to date. But the number of participants affects this process, and achieving a broad consensus across the 700 plus local governments may take much longer, raising the cost.

This may be more difficult nationally Compromises would need to be made at state level between the various councils and local government departments to achieve agreement on service objectives and possible indicators of achievement of those objectives. Further compromises would need to be made at the national level to reach agreement, before gaining acceptance of those outcomes from the participating councils. Developing indicator frameworks is an iterative process, so these steps will also need to be undertaken each time a new or improved indicator is proposed. The additional steps in a national approach may slow development significantly.

A common approach across states may be possible for some services, even though it may be difficult more broadly. For some local government services, it may be relatively easy to reach general agreement nationally (or even among some states and territories) on service objectives. This could be achieved through the activities of local government departments and associations, or parallel projects with which they are involved, such as those underway for roads, planning

and libraries. Box 3.5 outlines a number of these parallel performance measurement projects.

Where these national approaches generate good indicators, their adoption for state-based indicator systems should be encouraged.

Priorities for performance measurement

Focusing on priorities will minimise costs

Developing and collecting robust performance measures can be costly. In chapter 3, the Commission advocates collecting more and better indicators, but potentially for fewer services. The general benefits to the community will be greatest with such an approach when the focus is on those services:

- which are most important (in terms of either expenditure or the effect they have on rate payers and residents, for example, through regulation); and
- for which yardstick competition is likely to be the most effective way to encourage improved performance.

Service priorities

Service and performance measurement priorities may differ

Councils have evolved in many ways in recent times, one result being that they provide many different services. And different councils provide different services. Some services are provided through their own choice and some are more or less obligatory because they are not provided by other levels of government or the private sector. This environment makes it challenging to set priorities for the development and use of comparative performance indicators.

The ALGA acknowledged the importance of setting priorities but stated:

... [the] aim should be to have data available on as many Local Government functions as possible, perhaps excepting those performed by Local Government in only one or even two States. (sub. 37, p. 8)

State and

Local government plays an important role in each state and

territory governments influence priorities by their delegations

territory, but the role differs as responsibilities delegated by state governments vary. An example is the provision of libraries. The Metropolitan and the Country Public Libraries Associations stated:

New South Wales and Victoria provide public libraries in partnership between State and Local Government. Tasmania, Western Australia and the Northern Territory have predominantly centralised provision with relatively little local government input. South Australia and Queensland have a mixture with some centralised provision of bookstock and computer services but a number of local government authorities also providing their own services with some State Government subsidy. (sub. 66, p. 1)

This is true of other services. Disability and aged care services are also delivered by different organisations across Australia, with local government playing a major role in Victoria but a smaller role in the delivery of these services in other states (IC 1995). The information on council expenditure on individual activities that is available from local government grants commissions differs between states but indicates that water supply is a key activity of councils in New South Wales and Queensland, while being far less so in South Australia and Victoria.

Commonwealth and private sector provision may be important

Provision of services by the Commonwealth Government and the private sector will also influence the need for their provision by local governments and, thus, the importance of performance measurement. For example, most airports in developed areas are run by the Commonwealth (and more recently by the private sector) whereas in rural areas they are often a function of local government.

Priorities will also reflect the importance of services to local communities

Some services are provided by most local councils across Australia (for example, household waste collection, local roads and planning). But the provision of other services can differ significantly across regions and states (table 2.2). This reflects the different priorities of their communities. For example, childcare centres may be a higher priority in urban areas where there may be greater opportunities for both parents to work, while tourism facilities may be more important to economic development in rural areas.

Table 2.2: How local government services vary by state and territory, 1996 (estimated proportion of councils providing a service)

	NSW	Vic	Qld	SA	WA	Tas	NT
Camping/caravan parks	25–49%	50–74%	50–74%	25–49%	25–49%	50–74%	1–24%
Childcare centres	25–49%	50–74%	<25%	<25%	1–24%	25–49%	50–74%
Public libraries	100%	>74%	>74%	>74%	74–99%	<25%	25–49%
Cemeteries/morgues	50–74%	25–49%	>74%	50–74%	1–24%	50–74%	1–24%
Household garbage	74–99%	100%	100%	>74%	74–99%	>74%	74–99%
Recycling	50–74%	>74%	50–74%	50–74%	50–74%	>74%	1–24%
Aerodromes	25–49%	25–49%	25–49%	25–49%	25–49%	<25%	50–74%

Source: appendix C

Collecting performance information on all activities could be unwieldy and costly

A national system of performance measurement that meets all of the diverse needs of different state, territory and local governments could be unwieldy and impose significant costs. If councils are required to provide information on services of little importance to themselves, their compliance costs are raised (compared with a state or territory based system that is more targeted to their needs) with few benefits. This may reduce commitment to ensuring provision of high quality data.

Need for yardstick competition

Development of performance indicators is a priority where yardstick competition is the only competitive pressure

A council's priorities for performance measurement will be also be influenced by the availability of private sector benchmarks. If the provider is not already subject to other competitive pressures, then yardstick competition and the use of performance indicators become more important. The extent of those market based competitive pressures will differ depending on the service, the state or territory, and even the region. Service providers can be subject to direct competition through:

- CTC (as commonly occurs in waste collection and road construction and maintenance); and
- competition from private sector providers (for example, childcare providers and recreation centres in urban areas).

Other service providers may face less competition. Providers of regulatory services, such as planning and enforcement of parking regulations, are less commonly subject to CTC and do not face other private competition. Council-run childcare centres face vigorous competition in many urban areas (which may get tougher as competitive neutrality principles are enforced), but may face fewer competitive pressures in rural areas.

If competitive pressures are present, the focus shifts to effectiveness measures

The ability to subject some services to competitive market pressures does not obviate the need for performance measurement. Effective competition can promote efficient operations, but comparative performance measurement may still be required to ensure the effectiveness of service provision. In this respect, the Victorian Department of Health and Community Services (1995) has stated that the use of CTC must not interfere with its ability to monitor and evaluate services.

However, the greatest benefits of comparative performance measurement will probably come from focusing on those activities which councils are unable to subject to other competitive pressures.

Ensuring commitment to a national approach

A national approach may require inducements or penalties to ensure compliance

Developing and implementing a system of national performance indicators involving all councils may require significant inducements or penalties to encourage participation. Linking funding to performance has been suggested from time to time, but most participants strongly rejected any such link. Even making compliance with a national scheme a precondition for funding would probably jeopardise any chance of a cooperative approach aimed at enhancing performance.⁵

⁵ Such an approach is not unknown for other Commonwealth programs and at the state level. Victorian council libraries must complete the Annual Survey of Victorian Public Library Services and submit an annual report as a condition of state government funding (Victorian Office of Local Government 1996).

Linking funding to performance does not benefit a cooperative development of performance measures

In its work on comparative performance indicators for government service provision, the Commission has found that a cooperative approach to the development of performance measurement benefits from having no explicit link between performance and funding levels (appendix D). The incentives are for participants to share insights and information, and to work to improve indicators, thereby fostering efforts to improve performance. In contrast, linking funding to indicators can significantly increase pressure on participants to behave strategically in the hope of increasing their share of a fixed amount of funding.

Support from state and territory governments would be crucial

The states and territories have considerable powers over their councils, and may be able to ensure their participation without links to funding. If strong support exists across the state and territory governments for a national approach, they may be able to ensure effective participation.

... but states vary in how prescriptive they believe council reporting should be

However, support for mandatory participation from all states and territories would seem unlikely given the differences among jurisdictions in how prescriptive they are about the way in which councils report to their residents and rate payers. For example, both the Queensland and South Australian local government departments argue that because their councils are accountable to their local residents primarily rather than to the state government, it is not their role to impose reporting requirements. Queensland's Department of Local Government and Planning noted:

The accountability mechanisms are accountabilities to their communities, not accountabilities to the State. There are no or very few requirements for councils to actually report to the State on their performance. (trans. p. 11)

The Commission considers that more prescriptive reporting requirements, which specify comparable performance indicators, are not inconsistent with councils being primarily accountable to their communities rather than to the state or territory government concerned. However, given that the Queensland and South Australian Governments do not intend to make their state-based systems mandatory, it seems unlikely that they would enforce participation in a national scheme.

Some states believe that a national approach is not currently feasible

Even if the states were willing to use their powers to coerce their councils into participation, some states maintain that, although development of a national approach could be useful, they do not believe it is feasible. The New South Wales Department of Local Government cites resource availability and problems with information and costing systems as ‘major obstacles’, and reasons that:

... there is serious doubt as to whether feasible, meaningful and useful performance information could be obtained at a national level and whether such information could be useful in assisting in improving performance in the local government sector. (sub. 65, p. 14)

A work-in-progress version of this report, which concluded that a national approach was not currently warranted and the greatest benefit at this time would come from improving state-wide systems, was circulated to participants. This conclusion was supported by the departments of local government in New South Wales (sub. 100); Queensland (sub. 104); Western Australia (sub. 103); South Australia (sub. 99); Tasmania (sub. 105); Northern Territory (sub. 95); and the local government associations in South Australia and New South Wales.

The National Office of Local Government expressed concerns about relying on progress at the state and territory level as an alternative to pursuing a national approach, largely because it perceived a lack of commitment to improving performance measurement by states. But it is unclear how any national approach would overcome any lack of commitment at the state level.

A cooperative approach can work Given that some states are unlikely to be willing to commit to enforcing a national approach, the alternative may be to encourage a cooperative approach, involving volunteer councils from across Australia and coverage of selected activities. (The costs and benefits of voluntary participation are discussed in chapter 3.) This is already occurring, at least in process benchmarking (appendix E), and is likely to be particularly useful for councils with unusual sets of services (such as capital city councils) or contextual circumstances (for example, the eight coastal councils in five states which have voluntarily grouped together to undertake a benchmarking exercise). These efforts, will be facilitated by any move to harmonise data, particularly financial measures.

Data comparability

Data problems are present in national and state approaches The development of national performance indicators may also prove to be costly as a result of data problems. A number of submissions argued that, although national performance indicators were desirable, differences in the data that were collected and the underlying definitions presented a major barrier. The Local Government Association of Queensland claimed that problems of ‘adequate and consistent’ data:

... have increased and the data sources have contracted. Without adequate, accurate and comparable data sources, a national reporting framework is destined to failure. (sub. 7, p. 5)

However, the Commission notes that many participants argued that the data collected at the state and territory level had similar problems which needed to be resolved.

Improving financial reporting offers many benefits Councils in each state are already required to collect and collate financial information on their activities for use by local government grants commissions and the Australian Bureau of Statistics. Efforts to improve the precision and comparability of this data through the development of more precise definitions and allocation guidelines (most concerns are about the allocation of costs across activities) will aid grants commissions and users of the Australian Bureau of Statistics data, as well as facilitate performance measurement.

There are some important definitional issues still to be resolved Nationally agreed definitions of some outputs are being developed for some local government activities (box 3.5), but significant gaps remain. Indicators of quality and access (for example, by particular target groups) remain less well developed, both at state/territory and national levels. This work needs to be done for effective performance measurement, regardless of level. However, achieving agreement at a national level will be more time consuming.

Imperfect data is better than none at all Shortcomings in existing data must temper any conclusions drawn from it, whether comparing across a state/territory or more widely. However, some degree of variability in the data need not invalidate it completely. The Commission has found that publication of imperfect data can still be useful and, with the appropriate caveats, can create powerful incentives for it to be improved (appendix D). Consequently, the Commission does not consider that current shortcomings in the reliability and comparability of data present a barrier to development of national indicators, or indeed better state-wide indicators. (This issue is discussed in more detail in chapter 3.)

2.5 Findings

Performance measurement is a valuable management tool When done well, performance indicators for council activities are invaluable management tools for encouraging service improvement. The clear enunciation of objectives and a focus on outcomes are important in developing useful indicators.

For many local government services the objectives *may* be sufficiently common across the nation to make it possible, in principle, to define national indicators. However, establishing an environment in which participants are prepared to make the compromises necessary to reach agreement nationally on these objectives may be difficult.

The development and use of comparative performance indicators are already happening across Australia. Individual councils, intrastate and interstate groups of councils, and most states and territories are developing or have developed systems for performance measurement.

It is already happening, most notably at the state level The focus of these efforts at the moment is on developing or refining state-wide systems of performance measurement for local councils. A key issue for those responsible for improving these systems will be the development of processes which generate greater comparability of the data and indicators collected by councils within states over time.

A national system is likely to improve the scope for comparisons A national system of performance measurement is likely to increase the scope for comparing like councils, and thus the potential for gaining insights into improving performance. A national system may be valuable for councils in unusual circumstances, such as capital city councils, or councils offering unusual sets of services.

... but most councils may find better benchmarks intrastate However, it would appear that most councils probably have better chances of finding a like council intrastate than interstate. When the focus is on particular activities, even councils such as those in the capital cities may find that they have sufficient in common with many other same state councils. These factors emphasise the importance of developing and refining the use of performance indicators at the state and territory levels.

Consequently the Commission considers that the additional benefits of developing national, compared with developing or refining state/territory-wide, indicators are relatively small at this time. As managers gain greater experience and expertise with performance measures, they may be able to better use national indicators for some services, increasing the benefits of a national approach.

A national approach may be a desirable longer term goal The development and use of a nationally agreed set of comparable performance indicators for some council activities, based on comparable, consistent and accurate data, may be a desirable long term goal. This may generate even more effective 'yardstick competition', thereby encouraging better performance, and provide a broader base for benchmarking.

... but does not appear feasible at the moment **However, a national approach which attempts to adequately measure the efficiency and effectiveness of all activities of all councils would be costly and unwieldy. In attempting to please all councils by covering their diverse**

priorities, such a national approach would risk council alienation and poor compliance. The varying priorities of local governments might make this a significant cost of a national approach.

An alternative would be to include all councils but only selected activities. This would still have some benefits for some councils, but it might not be desirable or feasible in the absence of widespread support by states, territories, and councils.

A cooperative approach is recommended

In the circumstances, the Commission concludes that a nationally consistent approach to performance measurement for local government is not warranted at this time. There is considerable value in enhancing state and sub-state systems which justify greater efforts in this area. A cooperative program between the Commonwealth, state, territory and local governments, aimed at improving existing processes for developing local government performance measurement, is the best option now.

A national system may evolve if encouraged

As state and territory systems evolve, and as the parties involved learn from each other, a convergence on best practice use of indicators is not only possible but achievable with appropriate encouragement.

The Commission considers that this process may produce a robust system of national performance indicators in time, a system which has the commitment of the key parties involved. However, the Commission places considerably greater importance on developing and improving state and territory-level indicators now. The characteristics of more robust indicators and a process for achieving them is discussed in chapter 3.

3 IMPROVING PERFORMANCE INDICATORS

Considerable effort has gone into improving performance measurement by individual councils, groups of councils, and state-wide groups. This work can be enhanced by greater focus on clarifying objectives, developing a broad suite of indicators and improving the contextual data.

3.1 What performance measurement is happening now?

Councils are increasingly measuring their own performance

Interest in performance measurement at the individual council level has increased throughout Australia in recent years.¹ The implementation of CTC, in particular, has had a marked effect in some jurisdictions on information collection practices. In some states, statutory obligations to prepare corporate plans have also been a stimulus to councils to clarify their objectives and to enhance their own data collections.²

Victorian, Queensland and Western Australian local government departments have been developing state-based systems of performance indicators. New South Wales, which introduced state-wide indicators in 1991, is reviewing its system. The various state systems vary markedly in the services covered and the number and choice of indicators for each service (table 3.1). Developments in performance measurement and related activities (such as corporate planning and benchmarking) at sub-state, state and national levels, as well as developments in the United Kingdom and New Zealand, are discussed in appendix E.

¹ A point made in submissions to this review from a diverse range of councils, including: Burnie City Council (sub. 84); City of Moonee Valley (sub. 78); City of Perth (sub. 8); City of Port Adelaide Enfield (sub. 34); City of Rockingham (sub. 29); Maroondah City Council (sub. 31); Mosman Municipal Council (sub. 39); Redland Shire Council (sub. 30); Tweed Shire Council (sub. 31); Warringah Council (sub. 28); and Woollahra Municipal Council (sub. 24)

² The New South Wales, Victorian, Queensland, Western Australian and Tasmanian local government acts require councils to prepare corporate plans. Hervey Bay Council (sub. 11) and the City of Bunbury (sub. 15) stated that corporate planning had led to performance indicator development and better reporting to the community.

3.2 Effective performance measurement systems

The Commission has drawn a number of lessons on the desirable features of performance indicators from its work in this area (box 3.1). These derive from its experience in providing the Secretariat with cooperative Commonwealth/state exercises measuring the performance of government trading enterprises and government service delivery. These insights and lessons are discussed in detail in appendix D.

The Commission has a model of performance indicator development

The Commission has used the following steps when developing indicators of service areas which help in comparing performance of state and federal service providers:

1. identify and clarify the common outcome objectives of the service across jurisdictions (recognising that the weightings given by jurisdictions to individual objectives will differ);
2. establish a framework of indicators based on those service outcome objectives, against which performance can be measured; and
3. collect, analyse and publish data on each jurisdiction's performance in relation to the indicators, and on the context in which they operate.

Considerable work has been undertaken to develop indicators for local government in a number of states. The status of each measurement regime is summarised in table 3.1. Suggestions for further developing those regimes and any other performance measurement involving smaller groups of councils within a state are outlined in the remainder of the chapter.

Box 3.1: Characteristics of good performance indicators

The following lessons can be learned from the Commission's experience.

1. Comparative performance measurement provides most additional value where there is responsibility and accountability but no competitive market pressure. In this case, resulting 'yardstick competition' can provide some pressure for improved performance.
2. Performance measurement is best linked to service outcome objectives directly.
3. It is important to develop a framework for outcome indicators.
4. The performance measurement process is likely to work more effectively when it:
 - (a) tackles data issues iteratively;
 - (b) makes any assumptions and qualifications transparent;
 - (c) is managed independently of service providers but takes advice from them.
5. The context in which services are delivered needs to be taken into account in interpreting reported performance; and
6. Performance measurement does not obviate the need for sound judgement, that takes account of the local conditions and preferences, when assessing the level of performance.

Source: appendix D

Common set of objectives

Identifying and clarifying objectives are critical The underlying assumption for comparative performance measurement is that the jurisdictions participating in performance measurement have a core set of similar objectives in each service area. This allows useful comparisons of performance using a common indicator framework. This does not preclude some participants having additional objectives. But it does require agreement that the core objectives are important to all those involved, albeit to differing degrees.

... although these steps may not be easy Reaching agreement on objectives is inevitably a complex issue for governments, with stakeholders possibly having

widely varying objectives. The City of Port Adelaide Enfield noted:

... unlike the private sector where financial indicators are the main source of performance evaluation, a council's performance is assessed by different groups on different criteria. Such assessment may be based on the council delivering what the community or a given interest group wants, maintaining community assets, carrying out legislative responsibilities and managing the myriad of conflicting wants of different groups within the community. (sub. 34, p. 2)

The appropriate level at which to consider the objectives for performance measurement depends on a number of factors. As noted in chapter 2, performance measurement can serve different clients by providing:

- information on attainable levels of performance, thereby fostering yardstick competition where competitive forces are weak; and
- insights into which alternative approaches may work.

However, there is a tension between the level of objectives that best suits the needs of different clients — it can differ. Some users of the information will wish to focus on overall performance, others on the performance of particular activities or business units. The trade-offs need to be identified in terms of providing indicators that are useful for the varying needs of both internal and external stakeholders.

Performance in terms of some broader objectives can be measured

The Local Government Association of South Australia argued that it was important to have indicators both for individual services and for organisations as a whole (sub. 97). An example of the latter was provided by the Electoral Reform Society of South Australia which suggested that effective electoral representation can be measured by voting information (sub. 17).³ And in New Zealand, some recent research has also investigated the conduct of the local government governance function in ten local authorities (Howell 1997). Issues examined included policy formulation,

³ The Queensland Bureau of Ethnic Affairs argued that performance indicators should be developed to measure how effectively councils facilitate the participation and representation in election processes by groups from different backgrounds (sub. 70).

the documentation of policies, the extent to which decision making is delegated to managers, the number of agenda pages and items, and the number of committees.

There may be a 'core' set of services which should be measured

There are different views about what might constitute a 'core' set of services in a robust state-wide or national measurement regime. Officials reporting to the Local Government Ministers' Conference suggested that a core group of local government services could include: finance and corporate; transport; recreation and culture; human services; environmental health; and development (NOLG sub. 75). Effective representation in the democratic process of councils is also considered a core function, and this could be added to a core set of activities. Providing an appropriate set of services in most of these areas may be an objective of all councils.

Others see merit in focusing on lower level objectives, for example, examining libraries and sporting facilities separately.

Whether a highly aggregated level of objectives or more program focused objectives are chosen, the next step is to obtain agreement on a set of clearly stated objectives for each activity.⁴ Objectives will vary across jurisdictions, but the differences are often in terms of their weightings rather than the objectives *per se*.

The approach adopted in South Australia for the draft indicators reflects the above process, with the objectives of each local government activity clearly stated (Coopers and Lybrand 1996). In contrast, there seems to be scope for

⁴ This task is important but its difficulty should not be overstated. The Review of Commonwealth/State Service Provision has found that most Working Groups (which are made up of representatives of the line agencies from the Commonwealth and each state and territory) have taken about two meetings over a couple of months to agree on a common set of objectives.

Table 3.1: Status of current drafts of proposed State-based measurement regimes

<i>Main features</i>	<i>NSW¹</i>	<i>Vic²</i>	<i>Qld³</i>	<i>WA</i>	<i>SA⁴</i>	<i>Tas</i>	<i>NT</i>
Financial indicators reported	yes	yes	yes	yes	yes	yes	yes
Indicator framework:							
a) specifies agreed corporate objectives	no	no	no	no	yes	no	no
b) specifies agreed program specific objectives (ie libraries, roads, planning)	no	no	no	no	yes	no	no
Measurement systems that:							
a) specify efficiency indicators for							
i) corporate-wide activities	no	no	no	no	yes	n.r.	n.r.
ii) program specific activities	L, W, R, S, P, E, H, K, RL	L, W, R, P, E, H, K	L, W, R, S	L, W, R, H, RL, K	L, W, R, S, E, H, P, C, RL, A, K, ED	n.r.	n.r.
b) specify effectiveness indicators (ie quality, access etc) for							
i) corporate activities	no	yes	no	no	yes	n.r.	n.r.
ii) program specific activities	L, W, P	W,A,P,	L, W, R, S	L,R	L, W, R, S, E, H, P, C, RL, A, K, ED	n.r.	n.r.
Provides information on the context in which services are delivered (ie demographics etc)	no	no	no	yes	no	n.r.	n.r.
Indicators and data:							
a) are defined consistently across the sector	PI's - yes data - no	PI's - yes data - no	PI's - yes data - no	PI's - yes data - yes	PI's - yes data - no	n.r.	n.r.

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b) definitions published with the performance information	PI's - yes	?	?	PI's - yes	?	n.r.	n.r.
	data - no	?	?	data - yes	?		
c) definitions decided by (ie final sign off)	Department	Department	Department	All ⁵	Council	n.r.	n.r.
Publication of indicators							
a) Departmental publication	yes	yes	yes	yes	no	no	no
b) Council publication (ie annual report)	yes	yes	yes	yes	under review	yes	yes

Notes: L ~ Libraries, W ~ Garbage collection, R ~ Road construction and maintenance, P ~ Planning and building approvals, S ~ Sewerage and Water Supply, T ~ Transport
C ~ Childrens services, E ~ Environmental services, H ~ Health services, RL ~ Recreation and Leisure, K ~ Community services, A ~ Aged services, ED ~ Economic Development

¹ A measurement regime has been in place since 1991, but is currently under review.

² Victorian draft Annual Plan indicators

³ Queensland's regime will be voluntary

⁴ South Australia's draft indicators are available for use by any council

⁵ The Western Australian indicators will be signed off by the Department, WA Municipal Association/Institute of Municipal Management and the Australia Bureau of Statistics

n.r ~ not relevant

Source: Appendix E

Box 3.2: Agreeing on a common set of objectives — libraries

To illustrate the form which a common set of objectives for a local government service could take, the Commission examined the *possible* objectives of council libraries. The development of an **agreed** set of objectives for performance measurement would need to involve broad consultation. The Commission examined a number of council corporate plans and existing work on performance measurement for libraries, and spoke with a number of people in the field.

One perspective is that of the Metropolitan Public Libraries Association of New South Wales, which described the objective of public libraries as: ‘... represent[ing] the co-operative purchase and re-use of information by local communities so as to provide, as economically as possible, an information rich and culturally satisfying environment for all.’ (Public Libraries Internet Gateway)

However, to develop indicators of the efficiency and effectiveness of libraries, it would be necessary to define the objectives of library services more specifically in terms of the outcomes to be achieved. The translation of these objective into possible indicators is represented in figure 3.1.

Effectiveness indicators for library services could relate to the objectives of:

- appropriateness — to provide a range of services which meet the information needs of the local community, including recreational, reference and educational needs (and perhaps information about council activities and provision of community facilities);
- accessibility — to ensure convenient access to library services to address the diverse needs and circumstances of the community.

Efficiency indicators relate to the objective of maximising outputs with available inputs.

While those participating in a comparative performance measurement project would need to agree that each objective is important, they could place different levels of importance on each. For example, ensuring accessibility for remote residents may be a high priority in country areas, while providing services to individuals from a non-English speaking background may be of greater importance for many urban councils.

additional work in this area in other states, as illustrated in table 3.1.⁵ The process for developing national performance indicators that was proposed by the Performance Indicator Steering Committee would also appear not to have appreciated the importance of this step (LOGJOG 1996).⁶

Perhaps the best way of illustrating the process is to demonstrate how it might be done for an individual council service. A possible set of objectives for council libraries is illustrated in box 3.2.

Suite of indicators

Indicators should reflect performance in achieving key objectives After agreement has been reached on the broad set of objectives, the next task is to develop indicators that reflect performance in terms of achieving those objectives. There will be no agreed ideal level or benchmark for many indicators. But, hopefully there will be general agreement on whether a higher or lower value of an indicator reflects better or worse performance, at least when it is assumed that all else is held constant. For example, for a given cost of service, a higher quality of provision is better.

It is useful to consider the means by which governments achieve their objectives as part of developing a monitoring

framework. Governments must ensure that in delivering

⁵ The building blocks for this task have come from the considerable work on refining councils' corporate objectives that has been undertaken in recent years during the preparation of corporate plans (see appendix E for a discussion of developments in this area and the link to greater performance measurement).

⁶ This committee reported to the Local Government Joint Officers' Group (LOGJOG), which concluded that it would not be possible, within the limited resources available, to develop meaningful and useful national performance indicators. However, the proposed timetable did not explicitly include a step whereby the objectives would be clarified for each of the services whose performance would be measured. It moved straight to the selection of indicators and the determination of objectives for each indicator. This approach (which could be remedied easily) would increase the likelihood that important objectives may not be explicitly identified and, consequently, that those dimensions of performance would not be measured.

services or administrating regulations they:

- produce the most appropriate outputs;
- provide those outputs to the right people; and
- produce them at the minimum cost.

The first two objectives relate to effectiveness of service delivery, and the third to the efficiency with which it is delivered. Measures to reflect both the effectiveness and the efficiency of service delivery are generally, but not always, necessary to gain an overall understanding of performance.

However, much of what is described as performance measurement, both in local government and elsewhere, focuses on the objective of reducing cost. Performance is summarised in terms of expenditure on an activity per capita, or per unit of output (books borrowed, permits processed, etc.) These measures are useful measures if the communities serviced by the two organisations have similar preferences about the level of services and:

- it is assumed that quality, effectiveness and the context in which services are delivered are similar; or
- a suite of other indicators are provided to allow users to assess the trade-offs.

Strong assumptions, such as those above, may be valid in some circumstances. Mr Peter Seamer, CEO of the City of Whitehorse, implied those assumptions when he argued:

When you look at the councils in Melbourne, for example, there are two councils that have very similar demographics, very similar sorts of demands for services and one council's rates are more than double the other council. That's a significant indicator of how much they are putting pressure on their community for funds. (trans. p. 9)

Local residents in an adjacent council may have a reasonable idea about the relative quality of each council's services and, thus, be able to validly compare performance. It is less clear whether *national* comparisons of indicators such as rates per dwelling would be useful, without considerable additional information.

A focus on expenditure levels is reflected in the existing and proposed state-wide indicators (tables E.1–E.8). Although 15 of the 20 key performance indicators for individual local government services in New South Wales⁷ are measures of unit costs or annual charges, for example, the New South Wales Department of Local Government noted:

A more comprehensive comparative performance measurement system by the development of effectiveness indicators has potential. This may be provided by a suite of ‘partial indicators’ for each function. For example, the inclusion of aspect(s) of effectiveness (access appropriateness, quality and outcomes) with the more traditional economy/efficiency measures. (sub. 65, p. 12)

Indicators should cover the broad range of service objectives

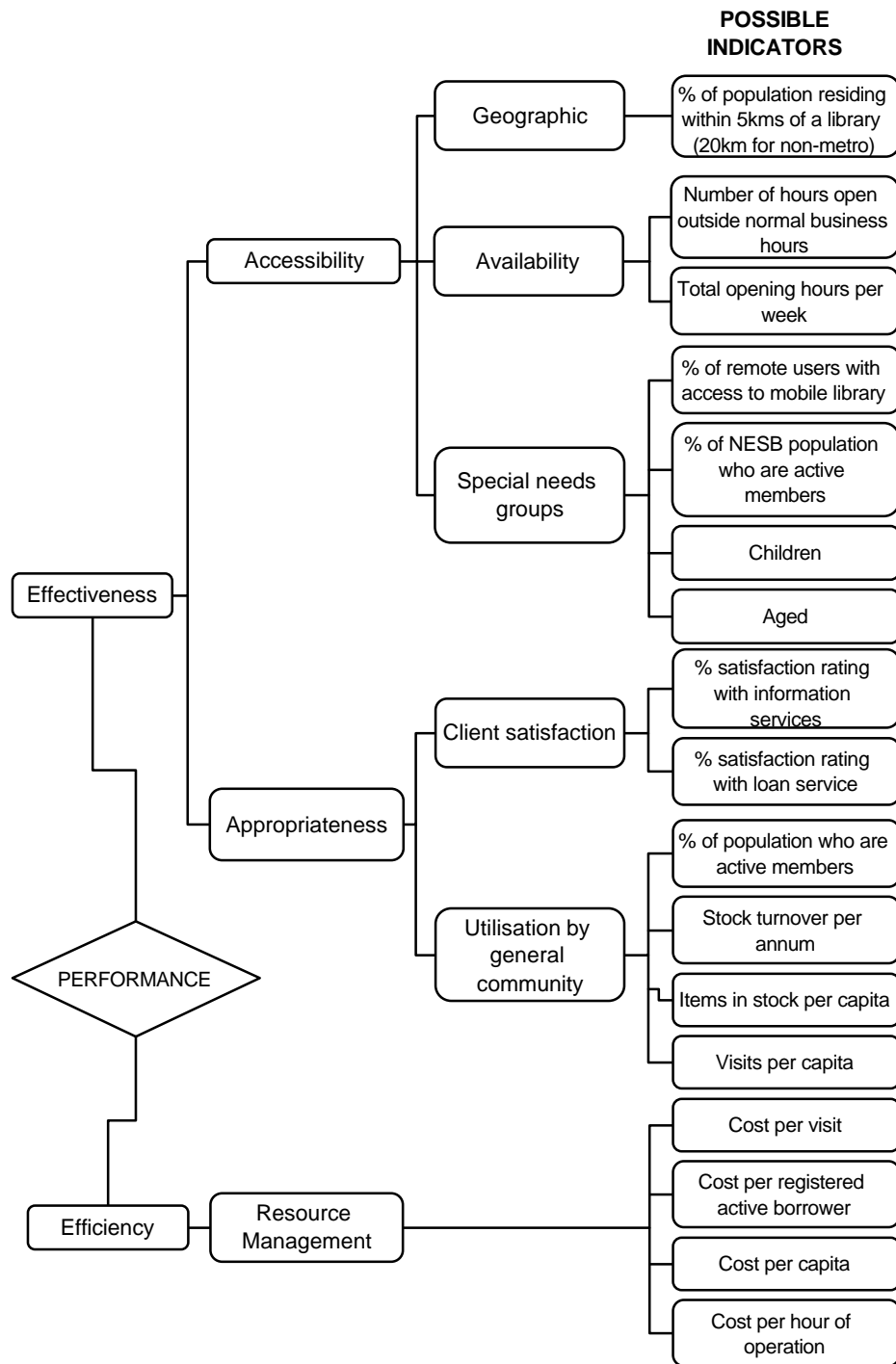
A framework that sets out a broad range of service objectives and develops indicators against these reduces the likelihood that the performance measurement system will focus on those activities most easily measured, or for which data are currently available. This may be explained best by example. Building on the illustrative set of objectives for library services (box 3.2), the Commission has developed an illustrative framework of performance indicators (figure 3.1).

A framework of indicators clarifies their role

Developing such a framework clarifies the role of indicators. For example, expenditure per capita or per visit can be an indicator of efficiency when complemented by indicators of effectiveness. Some measures are descriptors — that is, they describe the size, scale or scope of a service rather than performance. Examples include number of books lent, or number of members. Other indicators, such as number of library staff per 1000 users, describe processes used to produce services or are measures of input levels rather than outputs or outcomes.

⁷ The Independent Pricing and Regulatory Tribunal is currently reviewing these indicators.

Figure 3.1: An illustrative framework for performance measurement of local libraries



Libraries are an example of a service for which agreed objectives have yet to be developed

Typically, the framework and the indicators will be refined over time. For example, there is debate among those seeking to develop measures of library performance about how to best measure accessibility in geographic terms. Better understanding of the important components of accessibility and better customer satisfaction surveying tools may enable this debate to be resolved and new indicators to be adopted.

Planning is another such area

Planning is an example of where the application of a framework can clarify the objectives. *Turnaround time on development applications* is often used as a performance indicator.⁸ But what does it measure? It does not measure efficiency, because the time elapsed between lodgement and approval is not a measure of the quantity of inputs (given that an application may stay in an in-tray for much of that time). Is it a measure of quality, with timeliness the objective? This seems more likely, but are speed and cost the only primary objectives of planning processes (the other dimension captured by measures such as average cost per planning decision)? Clearly not. But as Albany Consulting (1997) found in its benchmarking study of approvals processes:

There is no widely shared sense of understanding about the purpose or values which the local approvals process should reflect. No one really knows what it is trying to achieve. (p. 9)

The act of trying to relate proposed indicators to key objectives can highlight the question of whether all of the most important objectives have been included.⁹

⁸ New South Wales, Victoria and South Australia currently report (or plan to report) this indicator or a very similar one (appendix E).

⁹ A survey of 404 applicants and 131 residents found that both groups considered certainty and consistency about planning and development decision making and effective communication to be more important than the speed and cost of the process (UTS 1997).

Summary

<i>Most current or proposed performance measurement systems fail to specify objectives,</i>	At this stage, the only set of indicators which are linked explicitly to service objectives are those proposed for South Australia, (see appendix E for the full set). It is not possible to reach an overall conclusion on the suitability of many of the indicators being proposed by the other states in the absence of agreed specific objectives for the services/functions being measured. Developing agreement on these objectives must be a priority for participants in any performance measurement exercise.
<i>... they focus on unit costs,</i>	However, it is possible to say that most of the proposed indicators focus on unit cost measures. These are appropriate measures of efficiency when used as part of a more complete set of indicators, but individually may reflect the level of activity, rather than performance.
<i>... and many have few measures of effectiveness</i>	There seems to be considerable potential for refining the current sets of indicators to include measures of effectiveness, in terms of both appropriateness and accessibility. There also seems to be considerable scope for enhancing measures of quality, in addition to the proposed measures of customer satisfaction.

Priority services for performance measurement

<i>Service and performance measurement priorities differ across councils, regions and states</i>	Developing and collecting robust performance measures can be costly. The benefits will be greatest when the focus is on those services for which enhancing performance will bring the largest gains. However, as observed in chapter 2, the priorities, and thus individual services provided, will differ across councils (table 2.2). Building and development approvals are significant issues for rapidly growing or heavily commercialised council areas, but pest and fire control may be more important in rural areas. In chapter 2, it was suggested that performance monitoring, in the first instance, should focus on activities which are undertaken by a significant proportion of councils and which are important in terms of either expenditure ¹⁰ or their effect through regulation. Those
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¹⁰ In the time available, the Commission has been unable to develop a robust breakdown of expenditure by service by state, and has had to rely on partial data. The readily

activities which are less conducive to more direct forms of competitive pressures¹¹ — such as CTC, vouchers or better application of competitive neutrality principles — may also benefit more from the strengthening of incentives to perform.

Uniform approaches may please no-one

It is particularly important in any state-wide measurement regime to include all councils in the selection of services. Differing priorities of councils and the communities they serve mean that uniform approaches that do not take this into account may please no-one. Councils which have voluntarily undertaken comparative performance measurement or benchmarking have accordingly focused on a relatively narrow range of services where contextual similarities allow insights, such as planning and development approvals (box 3.3).

The cost of collecting data is a factor to consider

The costs as well as the benefits of collecting data on each service should also be assessed. It will be less costly to collect some performance data for some services than for others. For example, it is easier to collect data on the number of visits to libraries (using automatic counting machines) than to parks.¹² Surveys of users and non-users can provide this information but are more costly. The costs of collecting data should also be considered in determining priorities for performance monitoring.

available ABS data on expenditure by service are too highly aggregated to provide much assistance.

¹¹ Where a service is subject to CTC, competitive pressures encourage efficient production. However, there is still a monopoly over the purchasing function (that is, determining the service specifications) which determines the effectiveness of the service. Consequently, there may be benefits from performance measurement of the various dimensions of effectiveness.

¹² People counters which were purchased in 1995 for Victorian public libraries cost \$246 each (Personal correspondence with Judy Peppard, State Library of Victoria, 11 September 1997).

Box 3.3: Cooperative projects with a measurement component

A number of cooperative projects, with a performance measurement component, are occurring, some with an interstate dimension (for example, those below) and others with all their participants from one state. Most do not have significant external funding.

Eight councils (Surf Coast, Mornington Peninsula and Bass Coast in Victoria; Victor Harbour in South Australia; Byron Bay and Tweed Shire in New South Wales; Whitsunday in Queensland; and Augusta–Margaret River in Western Australia) are benchmarking development approvals, community protection and finance administration.

Boroondara, Ballarat, Frankston, Hume and Maribyrnong councils in Victoria are benchmarking with Wollongong City Council, New South Wales, across a range of corporate service functions.

Nine councils (Greater Dandenong in Victoria; Brisbane, Caboolture, Gold Coast, Noosa, Toowoomba and Redland in Queensland; and Sutherland and Blacktown in New South Wales) and the ACT Planning Authority are benchmarking planning strategies, development control statutory planning, building infrastructure planning and customer services.

The Commonwealth's Local Government Development Program has also part funded several projects. One project involves nine councils classified as Urban Fringe Large (Whittlesea and Casey in Victoria; Noarlunga in South Australia; Pine Rivers, Caboolture and Redland in Queensland; and Liverpool, Blue Mountains and Wyong in New South Wales). These councils are comparing their performance in key service areas, including community facilities, waste management, customer complaints, libraries, and building and development applications. The Commonwealth is also funding two groups of Sydney councils, SHOROC (Warringah, Mosman, Manly and Pittwater) and WSROC (Baulkham Hills, Blacktown, Fairfield and Liverpool), to develop benchmarking frameworks for local building and planning approval processes, and to identify best practice processes (see also box 3.6).

Sources: Albany Consulting 1997; NOLG 1996; UTS 1997; Victorian Office of Local Government 1996

Priorities will vary between states, but some services could be examined further

The Commission recommends a more comprehensive approach to measuring individual services, rather than seeking to cover most services initially. The priorities for performance measurement will vary between states, reflecting the different sets of services that councils provide, and the varying degrees of competition that have been introduced into service delivery. The decision on priorities for performance measurement is a matter for the councils and local government departments in each jurisdiction. However, based on the data available to the Commission, initial consideration could be given to:

- **libraries (substantial level of expenditure; data collectable at relatively low cost);**
- **planning and approvals (large effect on communities and economic activity); and**
- **waste management, with a focus on effectiveness where CTC exists (high level of expenditure).**

Those states in which water and sewerage or community services (such as those for the aged) are major local government functions may also wish to measure those additional services. The Commission does not propose considering roads — which may be dealt with better in conjunction with a performance measurement project that is broader than local government (such as that undertaken by Austroads) — or children’s services — which, where council run, face competition from other community-run and private centres.

Contextual data

The characteristics of council areas affect attainable performance

Informed assessment of performance needs indicators to be accompanied by information about those select external factors. The Local Government Association of Queensland noted:

Where other qualifying data does not assist in explaining differences, then the indicator is probably of little use ...
(sub. 7, p. 3)

Information on the context in which services are delivered should accompany performance information

There are a variety of external factors which affect the performance that can be achieved by councils. In the United Kingdom, the Audit Commission considers that factors that affect council performance include: population density; social deprivation; geographic differences; language and cultural differences; age of population; housing and historical differences; regional pay and cost differences; and daily or seasonal changes in population.

However, the contextual information that is necessary to help users make informed comparisons will vary depending on the service. Consultation with service providers will assist in developing a better understanding of the relevant contextual characteristics. Box 3.4 provides examples of the sort of information which may facilitate comparisons of libraries.

Providing information on the context of service delivery serves two purposes. First, it clarifies the environmental constraints on performance, aiding interpretation of the indicators. Second, it helps ensure that what is being reported as an indicator of performance is not merely an indicator of activity. For example, expenditure per capita on a particular service is not an indicator of performance unless the nature of the service is tightly defined.

Box 3.4 Possible contextual information and descriptors for library services

Factors which may affect the performance against the indicators suggested in figure 3.1 include:

- size of library service;
- type of library service (single municipality, regional, mobile, etc.);
- population characteristics: population by age group; birthplace by country; English proficiency; proportion with disabilities; highest qualification attained; labour force status; occupation; annual household income; household type; and number of motor vehicles per household.

Source: Urban Spatial and Economic Consultants 1996

It is unclear how much contextual data the state-wide measurement regimes plan to include. There appears considerable scope for the systems to provide additional information on contextual information to accompany performance indicators (appendix E). Collecting contextual data is unlikely to be a problem: the census will be a primary source and the Australian Bureau of Statistics can provide a range of contextual data (appendix F). Rather, the problem is determining what data are relevant to the performance of the services being measured. Choosing the appropriate data to

reflect those factors which affect performance would require input from those responsible for the delivery of services.

It was noted earlier that like councils may group together to agree on priorities for measurement, but these groupings may also facilitate comparisons if similar external factors affect their performance. Colac Otway Shire noted:

The value of the current move by Councils to group together is that comparative outcomes will be less distorted for comparative purposes than may be the case if outcomes are to be measured on a State or National basis. Therefore in contemplating a National approach to Performance Indicators, consideration should be given to the grouping of Councils with like profiles and operations. (sub. 52, p. 2)

The ACLG may not be suitable as an indicator of the context

New groupings may need to be developed which are more suited to this task than is the current ACLG classification. Dr Colin Balmer noted that in Tasmania:

The [ACLG] category “Urban Regional Small” lists as “similar” councils such as Brighton (12 000) and Devonport (25 500), neither of which have extensive rural areas, Burnie (21 000), Central Coast (21 000) and Kingborough (26 500) all with quite extensive rural areas, used for a variety of agricultural purposes (including, in the case of Burnie, much forest); and West Coast (7 500) whose area is largely undeveloped forest and wilderness area, and whose population is all located in just five townships, with a total rateable area of 73 sq. kms. Of these six councils, the only two which MAY be validly compared are Burnie and Central Coast, yet even this comparison is questionable when it is noted that Burnie has significant industrial enterprises, whereas Central Coast is a non-industrial “country town” with a rich, intensively farmed agricultural hinterland. (sub. 38, pp. 4–5)

Consistent and comparable financial data

Many participants argued that existing data are not adequate to construct comparable national indicators, or even state performance indicators in some cases, particularly at a service level.¹³ The collection of consistent financial data requires agreement on:

- how costs and revenues are to be defined;
- how the scope of activities are to be defined; and
- how costs and revenues are to be allocated to revenues.

Aggregate financial data seem reasonably comparable

The definitions of costs and revenues at the corporate level, such as rates and other revenue, expenditure and debt, are probably reasonably comparable between councils. Financial reporting at the aggregate level has improved, and has been relatively consistent since the introduction of a specific accounting standard (AAS 27) for local government. Asset valuations and depreciation rates may differ but the basis should be explicit in each council's accounts. Financial reporting is now on an accrual rather than cash basis, which also facilitates comparisons between councils.¹⁴

¹³ For example, Local Government Grants Commission, Western Australia (sub. 36); New South Wales Department of Local Government (sub. 65); Queensland Department of Local Government and Planning (sub. 63); Local Government Association of Queensland (sub. 7); Office of Local Government, South Australia (sub. 72); Northern Territory Department of Housing and Local Government (sub. 60); Municipal Association of Victoria (sub. 58); and Local Government Association of Tasmania (sub. 26)

¹⁴ This is particularly important when comparing councils which have contracted out a lot of their activities (and are paying for the capital used in producing those services in the annual contract fee) with those councils which still perform activities inhouse (where the capital costs incurred in previous periods would not be captured in a cash based accounting system).

The picture is less encouraging for data at the service level, which relies on consistent definitions of activities and how costs should be allocated. The South Australian Office of Local Government noted:

Data at the functional level, however, is less comparable because it is aggregated into broad functional areas and there is no mandated costing methodology used by councils in preparing the statements. It would be difficult for the data to be used for performance measurement because there has been no agreed specification of data, outputs or outcomes for local government functions and activities. (sub. 72, p. 8)

The source of inconsistency in financial data at this service level is well understood. As the Northern Territory Department of Housing and Local Government stated:

Consistency in financial reporting between councils is significantly confounded by the absence of prescriptive direction provided by the current legislation and regulations. Each council adapts its own interpretation of inclusions within the expenditure and revenue functions. ... A significant factor contributing to this outcome is the fact that councils can, and do operate under a diverse range of chart of accounts. ... The diverse range of chart of accounts, together with the absence of a standard set of definitions for each category of function diminishes the scope for comparability between financially related activities carried out by individual councils. (sub. 60, pp. 7–8)

Management information systems which generate data at the level of each service are primarily designed for inhouse use rather than for yardstick competition, and consequently are tailored to each council's needs. Both local government grants commissions and the Australian Bureau of Statistics compile their collections from the administrative data generated by each local council, so the problem must be addressed at that level.

The key to improving the consistency of financial data for individual services is to develop and implement agreed definitions for inputs and activities. It may be possible to develop more nationally consistent definitions of the scope of activities and approaches to cost allocation, even in the

absence of agreement on the more contentious issues of service objective, outputs and outcomes. Given that much of this developmental work must be undertaken in each state if robust performance indicators are to be developed, there may be merit in reducing these development costs by adopting a common approach. This would also facilitate interstate comparisons, either in the parallel performance measurement projects (box 3.5) or in benchmarking consortiums. This development work would require the state local government grants commissions and the Australian Bureau of Statistics to work cooperatively to develop agreed, common definitions.

To improve data, consistent definitions for inputs and activities should be developed

When similar problems with inconsistent data were encountered across budget sector agencies in New South Wales, the Council on the Cost of Government concluded that common definitions for the allocation of expenditure would need to be implemented at the level of each agency by the adoption of a standardised chart of accounts (1996, p. 31).

... to meet the needs of all the stakeholders

The final definitions should reflect the needs of all users, including:

- the internal management of local councils;
- organisations and individuals making comparative performance measurement between councils;
- local government grant commissions; and
- the Australian Bureau of Statistics.

To meet the needs of the Australian Bureau of Statistics, any new definitions should be made concordant with the definitions in the Government Finance Statistics collection.

Changes to costing systems can be costly, but a number of submissions noted that the poor quality of existing systems in many councils means that many councils will need to consider updating their systems to improve internal management controls, providing an opportunity to revise how costs are allocated. The allocation of overheads may need to be re-examined if inhouse bids are prepared for services being subjected to CTC.

Moreover, many local government activities may require the change in any event. The implementation of COAG's competition principles agreement (box 1.2) will require many local government business activities to either corporatise or adopt full cost attribution.¹⁵ In Tasmania, for example, 18 of the 29 councils have agreed to introduce full cost attribution in pricing all their business activities (NCC 1997).

Defining outputs and outcomes

Performance measurement must focus on outcomes more

There is broad agreement on the need to focus on outcomes more and on measures of how well they are being achieved. For example, Tweed Shire Council argued that the most relevant measure for Commonwealth and state governments may be a financial measure, but for local government and its community stakeholders it is:

... the level of attainment of council service objectives as specified in its agreed corporate/management plan. The focus therefore should be on outcome measurements and the effectiveness of resource inputs in delivering these outcomes. (sub. 31, p. 6)

However, a number of submissions noted that the data on outcomes, and even outputs, can be of poorer quality than even the imperfect financial data. Moreover, developing data definitions and collection of the information can be costly, both for the agency responsible for this work and the local government who must provide the data. The costs to all concerned will be reduced if performance monitoring exercises can effectively 'piggyback' on existing work (box 3.5).

During the past few years, there has been greater emphasis on developing indicators of outcomes, particularly of customer satisfaction. A number of submissions outlined the progress made in this area, both at the level of individual services and for councils overall. The CFI Group argued that there have been significant advances in this area and that customer satisfaction in the United States is now measured for many major corporations and some government departments on an

¹⁵ Business activities include inhouse teams competing in competitive tendering and council activities that compete with the private sector for clients.

annual basis (sub. 92, p. 2). However, developing robust indicators of outcomes for some human services can be difficult: among other factors, clients of services are often concerned that giving a poor rating may contribute to the council deciding to discontinue a service.

Box 3.5: Parallel measurement projects being undertaken for services provided by local government

Output definitions and indicators are being developed by various projects, albeit at varying stages of refinement.

Libraries: The Council of Australian State Libraries has developed a set of nine national key indicators (some of which measure performance) which each jurisdiction has made a commitment to collect (Victorian Office of Local Government 1995).

Roads: Austroads has developed and published 20 performance indicators in the areas of road safety, environment, user transactions, travel time, road maintenance and road construction effectiveness (Austroads 1996).

Planning: The Planning Ministers' Conference has begun to develop comparable performance indicators to assess the effectiveness of planning processes (Planning Officials Group 1997).

Sports and leisure centres: The Centre for Environmental and Recreation Management has been collecting national data on performance from over 100 centres (sub. 13).

Water, sewerage, drainage and irrigation: 38 financial and non-financial indicators have been developed and published by the Steering Committee on National Performance Monitoring of Government Trading Enterprises since 1993 (SCNPMGTE 1997).

There has been less progress with the difficult task of developing other outcome measures, particularly in health and safety activities.

Number of food premises inspected is often used as a performance measure for health and safety activities, but this may be more of a measure of activity, tied to a particular process rather than performance.¹⁶ Presumably the objective of the regulation is to ensure that food provided by establishments in the council area is free from contamination. However, many food regulation enforcement agencies

¹⁶ This is an indicator one of those proposed in Victoria and South Australia (appendix E).

consider it appropriate to devote equal resources to changing business culture (which would not be captured by reporting the number of inspections) as to dealing with specific breaches, according to a 1995 survey of Commonwealth, state

and local government (ORR 1995). Even if the focus is on breaches, then process indicators could discourage approaches based on better targeted or more thorough (rather than more) inspections.¹⁷

The objective may be broader: to reduce incidents of food poisoning in the locality. In that case, a program which encourages better food preparation and storage practices in the home as well as in businesses (perhaps through an education campaign) may be more effective. A measure of effectiveness in achieving the objective, albeit more difficult to collect, may then be the number of food poisoning cases reported by local doctors and hospitals. The appropriate indicator depends on the objectives.

The parallel projects (box 3.5) may produce common national frameworks for some activities. If the parallel projects produce robust frameworks, there will be benefits in terms of greater comparability and reduced development costs if those responsible for the state-based systems work with these projects and adopt their measures. There will also be reduced costs for councils participating in both the parallel and state-based projects.

Reducing the compliance burden

The ALGA argued that there was considerable scope for consolidating data collections to reduce the compliance burden on councils. It stated:

There is a widely held view among the associations and Councils that current data collections are unnecessarily repetitive and complex while producing little useful and timely data. There is room within each of the states for

¹⁷ The Australian Consumers' Association (sub. 86, att. 4) argued for a transparent database on food hygiene which includes information on government monitoring and enforcement activities (by state and local government area) and on outcomes in the form of food borne disease statistics.

rationalising data collections currently conducted by departments, associations, grants commissions and the ABS into a single collection with a national overview by the ABS (sub. 93, p. 1).

The ALGA noted that in Tasmania, as an example, major collections are undertaken by the State Treasury; the State Grants Commission, the Local Government Office, the Local Government Association of Tasmania (mainly research information), the Australian Bureau of Statistics and the Commonwealth Government (projects and research). In Western Australia, annual collections are undertaken by the Local Government Grants Commission, Department of Planning, the Library Board, and Main Roads WA, in addition to the surveys on particular issues conducted by the Department of Local Government and the Western Australian Municipal Association (sub. 102).

These organisations may require somewhat different data (particularly for their research), making a single common collection difficult to coordinate. Moreover, it would seem more important to reach agreement between the organisations in each state or territory which are seeking information as part of annual collections, rather than to ensure a national approach.

The compliance burden on each council could be reduced without a common collection across states. Ensuring that information sought for similar purposes in each state uses the same definitions, and where possible the same forms, would reduce the burden on councils and should be encouraged. The Commission understands that the Australian Bureau of Statistics and local government grants commissions have cooperated in such a way to meet their data needs in some jurisdictions.

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.

3.3 Process for developing performance measurement

The process for developing performance measures is important to the quality of the outcome The Commission considers that the successful development of performance indicators and their implementation depends on the development process adopted (box 3.6). A successful process will generate indicators that are relevant to the needs of users, and will ensure that there is a commitment to refining the indicators over time.

Box 3.6: Processes for developing performance measures

The Commission has drawn a number of lessons on the desirable features of cooperative processes for developing performance measurement.

- Cooperation is helped by keeping the development of performance measures separate from any forum whose primary role is to allocate funding. The participation of each agency/jurisdiction is voluntary, fostering a sense of ownership of the project.
- A Steering Committee of committed patrons with the influence to ensure participation by their agencies or program areas allows early challenges to be overcome.
- It is useful to have an independent chair to resolve differences in emphasis.
- Presenting the performance indicators and information on relevant external factors in a publication separate from any comment, subjective analysis or judgements of relative performance will reduce political concerns about publication. This allows individual users to make their own assessments of performance, which can be released separately, if necessary.
- The process of developing agreed indicators and their presentation will be hastened by technical support from an organisation (government or a consultancy) which the participants trust to provide rigorous advice.

Source: appendix D

Separating performance measurement from funding arrangements

Linking funding to performance is likely to hinder the development of consistent performance indicators

Developing robust performance indicators will often be an iterative process, requiring the participants' ongoing commitment to refinement. If the participants are motivated by a desire to understand their own performance better, and to gain insights into which alternative approaches to service delivery may work, they are more likely to contribute to developing better performance measurement. If they are competing for a share of a fixed funding pool — as would occur if the performance indicators are directly linked to funding levels — each participant has an incentive only to agree to changes in indicators that will make it look better. This can stall progress in the development of better indicators.

That said, where data is being collected for another purpose, including for funding (as it is in local government by the grants commissions in each state), it is desirable to avoid duplication of effort by cooperating in the collection processes by using a common data collection system, for example.

Deciding on voluntary or mandatory provision of data

The Commission has advocated a consultative approach to the initial and ongoing development of performance indicator frameworks. Having accomplished this, the next step for a State or Territory is to consider whether participation in performance measurement should be voluntary or mandatory.

A voluntary approach encourages commitment but may result in less than full coverage

A voluntary system will encourage the participation of councils who anticipate benefiting from the process, and hence have an incentive to both supply good quality data and, over time, contribute to the further development of more robust indicators. Commitment is built into this process by the elected councillors volunteering their council's participation. Possible problems with a voluntary system include lower participation, and thus a less comprehensive database, and the possibility that poorer performing councils may not want to be involved.

Queensland has opted for a voluntary approach

The Queensland Department of Local Government and Planning has adopted a voluntary approach to participation. It has conducted a series of workshops with representatives of councils, to develop a preliminary set of indicators for some core services. A trial involving 44 councils will test data collection methodologies, publish performance indicators, and generally refine the process. When the trial is complete and the process refined, the package will be offered to all councils:

The participation of councils in providing information for comparative purposes will be on a voluntary basis.

With local governments being made well aware of the benefits that performance indicator publication has to offer, particularly in terms of providing assistance in developing systems for improve performance in their operations, little resistance to providing the information should be encountered.

After the release of the first publication, the effects of pressure from peers and the general public should drive any local government which refuses to submit the required information for publication to have second thoughts.
(sub. 63, p. 14)

The Tasmanian Government also supported council involvement on a voluntary basis (sub. 105).

The Local Government Association of South Australia advocated a system that would not only be voluntary but be run by councils. It noted:

... our formal policy envisages this Association similarly taking the lead on performance measurement. We intend to do so in consultation with our State Government, but in essence the approach will be a collaborative one, owned and funded by Councils.

We see this as an important indicator itself of the degree to which Councils understand the benefits of performance measurement and are willing to take responsibility themselves for ensuring robust processes and outcome
(sub. 97, p. 2).

Others favour By comparison, New South Wales has already adopted, and

mandatory participation Victoria is planning the adoption of, mandatory participation.¹⁸

Mandatory participation will lead to a more comprehensive database, and ensure all residents and rate payers have access to comparable performance measures. However, it may discourage commitment, particularly if councils do not feel involved in the ongoing development of the system. If councils are obliged to participate against their wish, or to collect information that is of little relevance to themselves, they may make less of an effort to supply high quality data. Mandatory participation may also add to the problems and costs of auditing the reporting of performance indicators, and possibly lead to a less reliable basis for comparative performance assessment.

In Victoria, starting with the 1998-99 financial year, council annual reports will have to include an audited performance statement. However, auditing will only ensure that the each council's data is collected in a robust way, not that it is consistent across councils. As Mr Stan Naylor of the Victorian Auditor General's Office noted, achieving consistency will require comprehensive guidance and direction from the Victorian Office of Local Government (Stan Naylor 1997).

Separating measurement from assessment

Submissions to this review discussed whether performance indicators should be presented in the form of performance assessments. The New South Wales Department of Local Government argued:

The comparative performance indicators are intended to be a springboard to analyse performance and not a 'league table' or definitive assessment of a council's relative performance.
(sub. 65, p. 7)

A number of submissions argued that 'scorecards' or 'league tables' should not be presented.¹⁹ On the other hand, Ms Sue

¹⁸ Participation is also compulsory in the UK system (appendix E).

¹⁹ ALGA (sub. 37); City of Yarra (sub. 80); City of Monash (sub. 57); Warringah Council (sub. 28); Local Government and Shires Association of New South Wales (sub. 41); City of Wagga Wagga (sub. 96); and Albany Consulting (sub. 16)

Williams (sub. 47) argued that a scorecard approach could be valuable.

Presentation of performance information should be kept separate from assessments

The Commission considers that separating the publication of indicators from assessments of individual council performance would be important to maintaining a cooperative process for improving measurement. Performance measurement aims to be as objective as possible but performance assessments are subjective exercises.

... because assessment will always involve some subjectivity

There are two reasons for assessments requiring subjective judgements. First, performance indicators may be a necessary, but not a sufficient, component of a robust assessment of performance. No two councils are identical in terms of their contextual environment. While supporting the publication of comparative performance information, Albany Consulting, noted that:

... it is only useful, presumably, as a signal that prompts questions, research, analysis. It is perhaps less useful in its bald presentation of the figures. All it tells us is there is a difference. It does not, in its own right, provide the basis for a qualitative judgement about the performance of both Councils. (sub. 16, p. 4)

Some quantitative data on the environment in which services are delivered aids comparison, but a complete assessment of which external factors affect performance and by how much is required. Objective data on which to base these assessments will seldom be available, so judgements will need to be made.

The second reason for the subjectivity is the need in any assessment to allow for different community objectives. Even if the adjustments could be made for all the differences in the contextual environments of participants in a comparative project, the appropriate benchmark for a local government is how it performs against its local community's objectives. Only when one council performs better than another on all measures (after allowing for differences in the environment in which the services are delivered) can an assessment be made without an understanding of each community's weighting of the objectives. Typically, most councils will do comparatively well on one performance criterion and less well on another. Thus, an assessment requires agreement on the explicit weightings to be placed on each objective.

The Commission considers that dispassionate and objective performance data facilitates, but does not of itself constitute, a sound judgement on performance. Judgements, while drawing on performance data, need to be underpinned by a broad understanding of local conditions and preferences.

Improving the quantity and quality of data?

Shortcomings in the data need not delay comparative performance measurement

The Commission's experience suggests that publishing performances against agreed indicators is part of an iterative process. Shortcomings in coverage, indicators and data need to be addressed as they arise, rather than reporting being delayed until solutions to all potential problems are identified. In this scenario, the shortcomings in the available data should be acknowledged, and strategies cooperatively developed for cost-effectively addressing them within appropriate time frames. The experience of participants is used to develop better indicator definitions and data dictionaries to help data comparability (SCRCSSP 1997, pp. 6–7).

There was some support for such an iterative approach. The Local Government Association of South Australia noted:

While consistency of approach is desirable in the long term, a pattern of adopting crude systems, followed by protest and pressure to improve, followed by the development of more sophisticated systems is inevitable. The early publication of 'national performance indicators' may provide some incentive for councils to embrace performance measurement. However, prior to the development of consistent methodologies nation-wide, this data should be presented as interesting and informative research rather than standards which should be compiled with or aspired to. (sub. 61, p. 5)

Publication of performance indicators can play an important role by greatly enhancing the incentives for improving data definitions and collection protocols. That said, it is important to acknowledge the shortcomings in existing data to ensure that support based on the rigour of the process is not undermined.

The Commission does not believe that shortcomings in the existing data are a reason alone for delaying the publication of performance indicators at a state or national level, so long as the data are accompanied by the appropriate caveats and definitions.

3.4 External assistance — a role for the Commonwealth?

The rationale for continuing Commonwealth funding of performance measurement development (under the Local Government Development Program) is that it has public good characteristics.

The Commonwealth has a role in facilitating improved indicators

Much of the benefit of good performance measurement comes from fostering yardstick competition by disseminating its results widely in a way that many users can interpret. Therefore, it is undesirable to prevent councils which are not participating in a project from free riding and capturing similar benefits as they improve their indicators, data definitions and methodologies. Moreover, others' adoption of the fruits of such work does not diminish its value to the jurisdiction which originally developed it. In fact, if the jurisdiction 'piggybacking' on the earlier work adopts sufficiently similar definitions for data, then the jurisdiction which undertook the development work could gain some benefit from a broader base for comparison.

Consequently, there may be a case for continuing Commonwealth Government funding of such development work (to supplement the contribution of state governments and their councils) on the condition that the resulting methodologies are made available to others. The Commonwealth has already been supporting a number of projects — mainly with a focus on benchmarking — which have provided some insights into the challenges of

performance measurement for local government. These projects are outlined in box 3.7.

Most state systems are still in the developmental stage. As a result, any cooperation between the states to develop common frameworks and measures of effectiveness for key services could provide significant gains. The Local Government

Association of South Australia argued that at a national level:

Performance information collection allied to initiatives encouraging the development of consistent performance measurement methodologies and assisting Local Government in the appropriate categorisation of councils for voluntary benchmarking purposes has strategic appeal in the current environment wherein everyone is at different stages in assessing the value of performance measurement. (sub. 61, p. 3)

The New South Wales (sub. 100), Western Australian (sub. 103) and Tasmanian (sub. 105) departments of local governments' responses to the work-in-progress version of this report agreed that there are benefits from improving existing performance measurement systems, and from doing so in a cooperative way. The Local Government and Shires Associations of New South Wales (sub. 94) and the Tasmanian Department explicitly endorsed the Commission's proposed methodology.

National performance measurement may evolve over time

A focus now on state and territory based approaches does not imply that national performance measurement may not emerge as a valuable tool in the longer term. However, an approach which essentially pilots improvements in measurement at a sub-state or state level will be more valuable in the short term, and may increase support for a national approach (if it proves beneficial) in the long term.

This is not to overstate the role of better information. Performance measurement through the forces of yardstick competition can strengthen the incentives faced by council managers in their roles as purchasers and service providers to make their operation more efficient and effective. But yardstick competition can only be an imperfect substitute for more direct competition. As such, it should not be seen as an alternative to greater efforts to expose providers to increased

Box 3.7: Funding improved performance measurement through the Local Government Development Program 1995–97

The program funds a wide range of projects, some of which involve the development of performance indicators and outcome measures as well as benchmarking. The project findings are disseminated through published reports which are available from the councils or departments involved.

- North Sydney Council: Development of performance indicators for library services (\$20 000)
- New South Wales Local Government and Shires Associations: Conduct of benchmarking training workshops and development of Electronic Best Practice Database (\$132 500)
- Parramatta City Council: Development of benchmarks for children's services and identification of best practice processes (\$63 480)
- SHOROC (A regional organisation of Warringah, Mosman, Manly and Pittwater councils on the North Shore of Sydney): Development of a benchmarking framework for local building and planning approval processes, identification of best practice processes and legislative review (\$200 000)
- WSROC (Western Sydney Regional Organisation of Councils): Development of a regional benchmarking and best practice strategy for building and planning approval processes (\$142 000)
- Wyong Shire Council (New South Wales): Development of benchmarks and best practice procedures in a range of plant management functions (\$150 000)
- Pine Rivers Shire Council (Queensland): Development of performance indicators and formal performance reporting mechanisms with eight other councils (see box 3.3) (\$59 000)
- South Australian Department of Housing and Urban Development: Development of performance indicators and benchmark standards for local government in South Australia (\$85 000)
- Alice Springs Town Council (Northern Territory): Conduct of a benchmarking and efficiency review (\$36 500)
- Northern Territory Department of Housing and Local Government: Conduct of a seminar introducing municipal and large community councils to principles of performance indicators, benchmarking and competitive tendering (\$25 000)
- Lake Macquarie City Council (New South Wales): Development of best practice methodology for implementation of activity based costing in local government (\$71 500)

Sources: NOLG 1996; personal correspondence

competition through the appropriate use of tools such as CTC, direct funding of clients, and adherence to competitive neutrality principles.

Findings

The Commission considers that Commonwealth support for improved performance measurement by local government should focus on projects which:

- **cover services likely to be a high priority in a number of states (because they are undertaken by many councils, and are significant activities in terms of expenditure or their effect through regulation);**
- **develop agreed sets of objectives ;**
- **measure efficiency and effectiveness (including quality or customer satisfaction) in terms of those objectives;**
- **identify relevant contextual factors affecting performance, and how information on those factors can be reported in conjunction with performance indicators; and**
- **provide a means to facilitate the wide dissemination of methodology and performance information.**

4 THE COMMONWEALTH MINISTER'S ANNUAL REPORT TO PARLIAMENT

There are a number of ways of meeting the Commonwealth Government's objective of encouraging improved local government performance. National performance indicators may play a role in the future. For now, however, reporting on developments in local government and analysing the state-based indicators may be the better alternatives.

The *Local Government (Financial Assistance) Act 1995* requires the Commonwealth Minister to report annually on local government using comparable national data (box 4.1).

Box 4.1: Reporting requirements under the *Local Government (Financial Assistance) Act 1995*

Section 16 (3) of the Act sets out the reporting requirements and states that the report must include (among other things) an assessment by the Minister (based on comparable national data) of the performance by local governing bodies of their functions, including:

- (i) their efficiency; and
- (ii) services provided by them to Aboriginal and Torres Strait Islander communities.

One of the Act's aims is to improve 'the efficiency and effectiveness of local governing bodies' (Section 3[2][d]). The Minister's report to the Parliament helps achieve this objective.

However, the Commission does not consider that to achieve this objective, and to meet the Act's reporting requirements of having *comparable national data*, it is necessary to:

- have national performance indicators; or
- undertake a comprehensive assessment of the performance of individual councils.

	A number of submissions to this review made the same point. ¹
<i>The assessment required by the Act could use state-based data</i>	An assessment of the performance of local governing bodies required under the Act could be made using state-based systems, albeit highly qualified assessments. As these systems improve, the Minister could, with the appropriate caveats, compare some aspects of local governments' performance. Where parallel exercises make progress in areas such as planning, libraries or roads, more robust across-state comparisons may become possible.
<i>The Commonwealth Minister could report on local government reform,</i>	The assessments of performance could be effectively supplemented (in a way that allows the Minister to better achieve the Act's objective) by reporting on progress in key reform areas. ² This could encourage greater reform, and would be consistent with the Commonwealth Government's concern with improving resource use and community welfare on a broad front. By pointing to structural inefficiencies and opportunities for reform, the Minister could also promote debate about the wider questions of the role of local government, and its relationship with other levels of government.
<i>... including progress on improving performance measurement,</i>	The Minister could report on progress in improving state systems of performance measurement, and the extent to which they have adopted the approach advocated in this report. Better state-based performance information will provide some basis for assessing progress in improving the efficiency and effectiveness of local government, in the absence of national performance indicators.

¹ A number of submissions argued that it was neither possible nor appropriate for the Commonwealth Minister to attempt to assess the performance of individual councils. For example: Local Government Association of Queensland (sub. 7); City of Bunbury (sub. 15); Local Government Association of Tasmania (sub. 26); Australian Local Government Association (sub. 37); Municipal Association of Victoria (sub. 58); Local Government Association of South Australia (sub. 61); Department of Local Government, New South Wales (sub. 65); and Office of Local Government, South Australia (sub. 72)

² A number of the submissions mentioned in the previous footnote also made this point.

If state-based systems adopt the approach outlined for performance measurement in chapter 3 there may be some convergence in methodologies across states, particularly as they develop similar agreed objectives for a service. Already there are similarities in some indicators across states and the Commission's approach may encourage more consistency. While the underlying data will probably use slightly different definitions, the Commission considers that useful comparisons may often be made, as long as the appropriate caveats are included.

... application of the competition principles agreement to local government

Each state and territory government is required to report annually to the National Competition Council on compliance with the Competition Principles Agreement, including the application of the agreement to local government (box 1.2). The implementation of these pro-competitive reforms will promote greater efficiency in council operations. The information provided by states and territories will also indicate progress in local government reform in areas such as legislative reviews.

... and different approaches to service delivery

The Minister could also usefully report on developments in the delivery of services by local government, covering aspects such as CTC, use of service charters and measures of customer satisfaction, and structural reforms such as council amalgamations. This would not only provide useful information for policy makers at all levels of government but would assist the community to understand the benefits of reform in these areas.

Findings

The Commonwealth Minister should meet their reporting requirements by tabling information (some of which would be provided by state and territory governments) and analysis on:

- **progress by states and territories in improving the use of performance indicators to inform rate payers, residents and state governments;**
- **the application of the national competition policy to local government; and**

- **recent developments in areas such as CTC, the increased use of service charters and measures of customer satisfaction, and changes in the structure of local government (for example, through council amalgamations).**

APPENDIX A THE COMMISSION'S BRIEF

The Treasurer instructed the Commission to develop a project brief with the National Office of Local Government, in consultation with LOGJOG. Below is the agreed brief.

A.1 Background

The Local Government Joint Officers' Group (LOGJOG), on behalf of the Local Government Ministers' Conference (LGMC), is implementing a strategy aimed at improving the efficiency, effectiveness and appropriateness of local government services so as to give better value for money for the community. The main thrust of the strategy is a national benchmarking and continuous improvement program.

LGMC has agreed that national performance indicators should be developed as part of the strategy. Such indicators could provide councils with information, beyond state/territory boundaries, to compare their own performance, identify areas where their performance might be improved, and identify appropriate benchmarking partners. National performance indicators could also provide the Commonwealth Minister for Local Government with the information needed to fulfil his obligations to report to the Parliament under the Commonwealth *Local Government (Financial Assistance) Act 1995*.

Each state/territory intends to continue to work with their respective local government sector to develop state/territory based performance indicators, and that Ministers would report to LGMC each year on outcomes based on these indicators. Attention will be given to improving the comparability and quality of information both within and between states/territories to ensure that it is of maximum value to local government.

A working group of LOGJOG, the Performance Indicator Steering Committee, has examined the indicators currently available or being developed by the states and local government. As a result of this work LOGJOG concluded that it would not be possible, within the limited resources available, to develop meaningful and useful national performance indicators which meet either of the two objectives referred to above.

The Industry Commission will, therefore, conduct a review of the development of national performance indicators for local government as specified below:

A.2 The task

The Commission is to consider and advise:

1. whether national performance indicators could be defined:
 - (a) to provide a tool which would assist local government with benchmarking and continuous improvement programs; and/or
 - (b) to provide a tool to assist the Commonwealth Minister to meet his statutory reporting obligations under the *Local Government (Financial Assistance) Act 1995*
2. if national indicators can be defined to meet the objectives under either or both (a) and (b) above, the value of producing and publishing such indicators, and the areas for which indicators might be developed;
3. if there is demonstrable value in producing national indicators, how the development of such indicators could proceed to ensure meaningful results; and
4. if national indicators cannot be defined, an alternative mechanism for reporting nationally on local government performance.

A.3 Consulting and reporting

In preparing its advice the Commission is to:

- (a) consult with interested parties, including the Reference Group established by LOGJOG for the purpose of assisting with this work;
- (b) take account of any recent substantive studies undertaken elsewhere; and
- (c) have regard to the established economic, social, environmental, public administration and regulatory reform objectives of governments.

A written report is to be provided to the Treasurer, with a copy to the Commonwealth Minister for Local Government by 29 August 1997.¹ Following its delivery to Ministers, the Commission is to make the report available to the public.

¹ The Commission advised the Treasurer on 29 July 1997 that it considered the review would benefit from providing an opportunity for stakeholders to comment on a draft of its report. The Treasurer was informed that the Commission would consequently be reporting on 10 October 1997.

APPENDIX B CONDUCT OF THE REVIEW

This appendix outlines the process and lists the organisations and individuals that participated in the review.

On April 28 1997, the Federal Treasurer asked the Industry Commission to review the feasibility and value of national performance indicators for local government following a request for assistance from the Minister for Sport, Territories and Local Government.

Following receipt of the letter, the Commission advertised the commencement of the review in two national newspapers and invited public submissions to the study. This attracted a large number of requests for information (approximately 80). The invitation for submissions was also conveyed in a circular sent to all councils and other parties that the Commission considered would be interested in the study. The Commission received a total of 105 submissions, 88 of which were received before the release of the work-in-progress report (see table B.1).

During the course of the review, the Commission also held informal discussions with a wide range of individuals and organisations in states and territories. The people visited included managers of councils, state officials, academics, consultants, and local government associations. A total of 40 visits was undertaken (see table B.2).

The Commission also held a round table discussion in Melbourne on 26 June 1997. The purpose of the round table was to exchange views between the study team and a selected group of people with a range of perspectives and expertise in local government and performance monitoring. Issues discussed included:

- state and territory experience in the development of performance indicators;
- the benefits of national performance measures;
- alternative options if the development of national performance indicators is abandoned; and
- the national reporting requirement.

There were 19 participants from a cross-section of organisations including state local government departments, councils, academics and consultants. The discussion was recorded and a transcript of the discussion is publicly available. A list of round table participants and those who were unable to attend is provided in table B.3.

Table B.1: Submissions received

<i>Participant</i>	<i>Submission number</i>
ACT City Services	90
Albany Consulting Group	16
Armadale, City of	6
Ashby, Jenny	43
Australian Accounting Research Foundation	51
Australian Bureau of Statistics	40
Australian Centre for Regional and Local Government Studies, University of Canberra	69
Australian Consumers' Association	86
Australian Local Government Association	37, 93, 102
Australian Services Union	88
AVTEQ Consulting Services	55
Balmer, Colin (Dr)	38
Biggenden Shire Council	27
Blue Mountains City Council	48, 91
Boonah Shire Council	44
Bunbury, City of	15
Bureau of Ethnic Affairs, Department of Premier and Cabinet, Queensland	70
Burnie City Council	84
Cabonne Shire Council	25
Calliope Shire Council	19
Centre for Environmental and Recreation Management, University of South Australia	13
CFI Group Australia	50, 92
Colac–Otway Shire Council	52
Cooper Pedy, District Council of	2
Cooma–Monaro Shire Council	14
Coopers & Lybrand Consultants	10
Corangamite Shire Council	18
Cowra Shire Council	4
Department of Economics, University of New England	9
Department of Housing and Local Government, Northern Territory	60, 95

(Continued)

Table B.1: Submissions received (continued)

<i>Participant</i>	<i>Submission number</i>
Department of Premier and Cabinet, Local Government Office, Tasmania	105
Department of Workplace Relations, Commonwealth	49
Department of Local Government, New South Wales	65, 100
Department of Local Government, Western Australia	103
Department of Local Government and Planning, Queensland	63, 83, 104
Department of Premier and Cabinet, Victoria	81
Dorset Council	1
Dubbo City Council	21
Electoral Reform Society of South Australia	17
Eurobodalla Shire Council	46
G5 Association for Best Practice	82
Glenelg Shire Council	3
Hervey Bay City Council	11
Holtby, Simon	12
Institute of Municipal Management	54
Ipswich City Council	45
Isis Shire Council	59
Kingston City Council	73
Local Government and Shires Associations of New South Wales	41, 94
Local Government Association of Queensland	7
Local Government Association of South Australia	61, 97
Local Government Association of Tasmania	26
Local Government Grants Commission of Western Australia	36
Logan City Council	79
Longreach Shire Council	67
Manly Council	23
Mareeba Shire Council	62
Maribyrnong City Council	33
Maroondah City Council	32
Metropolitan Public Libraries Association	66
Monash, City of	57

(Continued)

Table B.1: Submissions received (continued)

<i>Participant</i>	<i>Submission number</i>
Moonee Valley City Council	78
Moreland City Council	87, 106
Mosman Municipal Council	39
Mueller, Max	20, 89
Municipal Association of Victoria	58
Narrandera Shire Council	77
National Office of Local Government	75, 98
Newcastle City Council	56
Office of Local Government, South Australia	72, 99
Office of Small Business, Department of Workplace Relations and Small Business	68, 101
Perth, City of	8
Port Adelaide Enfield, City of	34
Pristine Ecoscene	74
Redland Shire Council	30
Rockingham, City of	29
Ryde City Council	42
Singh, Kunwar Raj (Dr)	85
Sydney, City of	64
Toowoomba City Council	35
Tweed Shire Council	31
Urban Spatial & Economic Consultants	22
Wagga Wagga, City of	53, 96
Waggamba Shire Council	76
Warringah Shire Council	28
Whitehorse, City of	71
Williams, Sue	47
Woollahra Municipal Council	24
Wyndham City Council	4
Yarra, City of	80

Table B.2: Visits

In the preparation of this report, the Commission had informal discussions with people from the following organisations.

Australian Capital Territory

ACT Department of Urban Services

Australian Bureau of Statistics

Australian Centre for Regional and Local Government Studies, University of Canberra

Australian Local Government Association

Department of Finance, Commonwealth

National Office of Local Government, Department of Environment, Sport and Territories

New South Wales

Albury City Council

Cooma–Monaro Shire Council

Department of Local Government, New South Wales

Graduate School of Business, University of Sydney

Local Government and Shires Associations of New South Wales

Local Government Grants Commission, New South Wales

Mosman Municipal Council

Queanbeyan City Council

Sydney, City of

Wollongong City Council

Yarrowlumla Shire Council

Queensland

Brisbane City Council

Department of Local Government and Planning, Queensland

Local Government Grants Commission, Queensland

Pine Rivers Shire Council

(Continued)

Table B.2: Visits (continued)

Tasmania

Department of Treasury and Finance, Tasmania
 Glenorchy City Council
 Local Government Association of Tasmania
 Local Government Office, Department of Premier and Cabinet

Victoria

Darebin City Council
 Department of Housing and Local Government, Northern Territory ^a
 Department of Housing and Urban Development, South Australia ^a
 Department of Local Government, Western Australia ^a
 Institute of Municipal Management
 Institute for Private Enterprise
 Local Government Association of Queensland ^a
 Macedon Ranges Shire Council
 Manningham City Council
 Melbourne City Council
 Municipal Association of Victoria
 National Competition Council
 Office of Local Government, Victorian Department of Infrastructure
 Victorian Grants Commission
 Williams, Sue
 Whitehorse, City of

^a Discussion held in the Industry Commission's Melbourne office.

Table B.3: Round table participants

A half day workshop was held in Melbourne on 26 June 1997, to canvass the views of participants on issues relevant to the review.

Mr C Bell, Policy Manager
Australian Local Government Association

Mr D Osborn, Research Fellow
Australian Centre for Regional and Local Government Studies , University of Canberra

Ms S Varova, First Assistant Secretary
Commonwealth Department of Environment, Sport and Territories

Mr P Agars, Consultant
Coopers & Lybrand Consultants (SA)

Mr M Rennie, Director — Policy and Planning
Department of Housing and Local Government, Northern Territory

Mr I Dixon, Chief Executive Officer
Department of Housing and Urban Development, South Australia

Mr J Scott, Director — Policy and Reforms
Department of Local Government, New South Wales

Mr J Lynch, Executive Director
Department of Local Government, Western Australia

Mr P Woolley, Manager — Local Government Funding Division
Department of Local Government and Planning, Queensland

Mr M Kidnie, Secretary
Local Government and Shires Associations of New South Wales

Mr G Hallam, Executive Director
Local Government Association of Queensland

Mr C Russell, Director Policy
Local Government Association of South Australia

Mr R Roodenrys, Director
Local Government Office, Tasmanian Department of Premier and Cabinet

Ms P Mansfield, Chief Executive Officer
Macedon Ranges Shire Council

Table B.3: Round table participants (continued)

Ms K Sykes, Economist
Municipal Association of Victoria

Mr J Cincotta, Director — Local Government Industry Development
Office of Local Government, Victorian Department of Infrastructure

Mr P Seamer, Chief Executive Officer
Whitehorse City Council

Ms S Williams

Mr R Oxley, General Manager
Wollongong City Council

Observer

G Watts, Director, Economic Policy
National Office of Local Government

The following people were invited to the round table but were unable to attend:

Ms R Read, Executive Director
ACT City Services, Department of Urban Services

Mr R Chapman
Centre for Public Management and Policy, University of Tasmania

Mr M Wallace, Director, Intergovernmental and Financial Policy
Department of Treasury and Finance, Tasmania

Mr B Beatie, Executive Director
Institute Of Municipal Management

Mr S Wardlaw, Executive Director
Local Government Association of Tasmania

Mr R Seiffert, Chief Executive
Manningham City Council

Mr G Hoare, Executive Director
Northern Territory Local Government Association

Mr T Shanahan, Executive Director
Western Australian Municipal Association

APPENDIX C SERVICES PROVIDED BY LOCAL GOVERNMENT

The following information concerns the range of services either delivered by councils directly or under contract to the council in Australia.¹ The extent of differences and similarities in the services offered by councils across jurisdictions is also illustrated in this appendix.

Information on the range of services provided by councils was initially produced from a list of council functions, as prescribed in the state and territory legislation in 1989 (ALGA 1989). It was updated, where possible, by government agencies for local government in each jurisdiction.

There is no comprehensive collection of data on which councils undertake which activity. Apart from surveys undertaken by EMCORP (1996) and the Evatt Research Centre (1989), the Commission is unaware of any other studies that provide this information. However, the EMCORP and Evatt surveys have some shortcomings for our purposes. The 1989 Evatt survey is now dated, while the 1996 EMCORP survey only covered business trading enterprises. Neither survey covered regulatory or planning services.

The Commission was able to supplement or amend the information from the surveys with information provided by local government departments. New South Wales, Western Australian and Northern Territory provided rough estimates of the proportion of councils offering particular services. Queensland and South Australia were able to provide information on whether a particular service is provided by no, some or all councils in their jurisdiction (table C.1). Some of the broader objectives of councils, such as community development,

¹ The South Australian Office of Local Government noted that there may be significant differences in the proportion of councils responsible for a service being available, and the proportion actually delivering it, either directly or under contract. It noted that in some cases, councils have a responsibility for a service/function or its regulation, but do not provide it. For example, in South Australia, all councils are responsible for ensuring an appropriate level of immunisation is provided. Some councils choose to fulfil this obligation by having a council funded service, and alternative service providers in other councils mean that appropriate levels are achieved without a council service being provided directly or indirectly (sub. 99). Such a service would be reported in table C.1 as being provided by only some councils. The community services that are provided with council assistance (either financial or material assistance), but are not delivered on behalf of a council, are not defined here as council-provided services.

economic development and employment creation, are achieved through the delivery of the services outlined below in the table.

If jurisdictions were unable to provide additional or updated information about a service, the results of the EMCORP (reported in bold text) and/or Evatt (reported in italics) surveys have been reported.

Table C.1 Estimated proportion of councils providing each service (per cent)^a

<i>Council services</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>
Some responsibility for inspection/licensing and regulation^b of:							
animals	100	100	100	100	74–99	n.a.	1–24
food, restaurants and eating places	74–99	100	some	100	74–99	n.a.	1–24
boarding houses	1–24	some	some	100	50–74	n.a.	25–49
fairs/amusements	74–99	some	some	some	25–49	n.a.	1–24
scaffolding	0	some	n.a.	some	1–24	n.a.	0
abattoirs	1–24	0	n.a.	0	1–24	n.a.	0
vehicle licensing	0	0	some ^c	0	50–74	n.a.	1–24
vehicle load limits	74–99	0	0	some	n.a.	n.a.	1–24
taxis	0	0	0	some	0	n.a.	0
weights and measures	0	some	n.a.	0	1–24	n.a.	0
advertising/boarding	74–99	100	some	some	50–74	n.a.	1–24
cemeteries/crematoria	50–74	some	some	100	1–24	n.a.	1–24
childcare	0	some	n.a.	0	1–24	n.a.	25–49
noxious weed/aquatic pests	50–74	some	some	some	1–24	n.a.	1–24
storage/transport of dangerous goods	0	0	some	0	n.a.	n.a.	0
pool fence inspection	n.a.	n.a.	n.a.	n.a.	74–99	n.a.	0
sewerage	50–74	0	some	100	n.a.	n.a.	50–74
water pollution	74–99	0	some	some	25–49	n.a.	0

(Continued)

- Notes:* a These estimates are derived from a range of sources, of varying precision and reliability. They illustrate the degree of similarity and the extent of differences in the activities undertaken by local government. Caution should be used in interpreting this information for other purposes which require more robust estimates.
- b The scope of regulation varies from state to state. For example, although all councils in South Australia regulate dogs, they have discretionary powers with other animals. In addition, while all councils may have responsibility for inspection and regulation of an activity, that activity may not be undertaken in every local area. For example, not all councils have boarding houses in their area.
- c Licence to carry water only
- n.a. Not available

Table C.1 Estimated proportion of councils providing each service (per cent)^a (continued)

<i>Council services</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>
Some responsibility for inspection/licensing and regulation^b of: (cont.)							
air pollution	74–99	0	some	some	1–24	n.a.	0
incinerators	74–99	100	some	some	n.a.	n.a.	0
building regulation	100	100	100	100	74–99	n.a.	0
building inspection	100	>74	>74	some	74–99	>74	0
subdivision	100	100	100	100	74–99	n.a.	0
zoning/planning	100	100	100	100	74–99	n.a.	0
Community services							
cemeteries/morgues	50–74	25–49	>74	50–74	1–24	50–74	1–24
home help	1–24	>74	<25	some	25–49	<25	25–49
home nursing	1–24	some	n.a.	some	25–49	n.a.	1–24
meals on wheels	1–24	>74	<25	<25	1–24	<25	25–49
refuges/hostels	1–24	<25	25–49	<25	1–24	<25	1–24
senior citizen centres	50–74	>74	<25	some	25–49	25–49	1–24
social work	1–24	25–49	n.a.	<25	1–24	<25	50–74
aged and disabled housing	1–24	<25	25–49	<25	25–49	<25	1–24
public housing	25–49	1–24	25–49	25–49	25–49	25–49	50–74
childcare centres	25–49	50–74	<25	<25	1–24	25–49	50–74
pre-schools	1–24	50–74	<25	<25	1–24	<25	0
security patrols	n.a.	n.a.	n.a.	n.a.	1–24	n.a.	0
fire prevention and fire fighting	74–99	>74	<25	>74	74–99	25–49	1–24

(Continued)

- Notes: a These estimates are derived from a range of sources, of varying precision and reliability. They illustrate the degree of similarity and the extent of differences in the activities undertaken by local government. Caution should be used in interpreting this information for other purposes which require more robust estimates.
- b The scope of regulation varies from state to state. For example, although all councils in South Australia regulate dogs, they have discretionary powers with other animals. In addition, while all councils may have responsibility for inspection and regulation of an activity, that activity may not be undertaken in every local area. For example, not all councils have boarding houses in their area.
- n.a. Not available

Table C.1 Estimated proportion of councils providing each service (per cent)^a (continued)

<i>Council services</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>
Community services (cont.)							
civil defence/emergency	74–99	some	n.a.	some	74–99	n.a.	1–24
Health services							
ambulance	0	0	n.a.	0	1–24	n.a.	1–24
dental clinics	1–24	some	n.a.	some	1–24	n.a.	0
health centres	25–49	25–49	<25	some	25–49	<25	1–24
hospitals/doctor	0	0	n.a.	some	1–24	n.a.	0
immunisation	50–74	some	some	some	74–99	n.a.	0
infectious disease control	1–24	some	n.a.	all	74–99	n.a.	0
Recreation and culture							
sporting clubs	1–24	some	n.a.	some	50–74	n.a.	0
museums and art galleries	25–49	25–49	some	<25	25–49	<25	0
caravan/camping grounds	25–49	50–74	50–74	25–49	25–49	50–74	1–24
parks and gardens	74–99	>74	>74	>74	>74	>74	100
swimming pools/recreation	74–99	>74	>74	25–49	74–99	>74	25–49
community halls/centres	74–99	>74	<25	some	74–99	n.a.	50–74
libraries	100	>74	>74	>74	74–99	<25	25–49
preservation of historic places	50–74	some	n.a.	some	74–99	n.a.	1–24
theatres	1–24	<25	<25	<25	1–24	<25	0
festivals	n.a.	some	n.a.	n.a.	74–99	n.a.	0
citizenship and other civic ceremonies	n.a.	n.a.	n.a.	100	n.a.	n.a.	n.a.

(Continued)

Notes: a These estimates are derived from a range of sources, of varying precision and reliability. They illustrate the degree of similarity and the extent of differences in the activities undertaken by local government. Caution should be used in interpreting this information for other purposes which require more robust estimates.

n.a. Not available

Table C.1 Estimated proportion of councils providing each service (per cent)^a (continued)

<i>Council services</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>
Environment							
environmental protection	100	100	some	100	25–49	n.a.	1–24
foreshores	25–49	some	some	some	25–49	n.a.	1–24
Other services							
household garbage	74–99	100	100	>74	74–99	>74	74–99
other garbage collection	50–74	100	50–74	25–49	74–99	<25	1–24
recycling	50–74	>74	50–74	50–74	50–74	>75	1–24
dump/incinerator	50–74	50–74	50–74	50–74	50–74	>74	100
street cleaning	74–99	>74	some	some	50–74	n.a.	1–24
sewerage	50–74	25–49	>74	25–49	1–24	>74	50–74
septic tank approvals	n.a.	n.a.	n.a.	n.a.	74–99	n.a.	n.a.
public conveniences	74–99	>74	>74	>74	74–99	>74	50–74
water supply	50–74	0	>74	<25	1–24	n.a.	50–74
stormwater drainage	74–99	>74	>74	>74	74–99	>74	25–49
flood prevention	74–99	100	some	some	74–99	n.a.	1–24
street lighting	74–99	some	n.a.	some	74–99	n.a.	50–74
roads and bridges, foot and cycle paths	100	>74	100 ^d	>74	100	>74	100
traffic control	100	100	some	some	74–99	n.a.	25–49
car parking	74–99	<25	<25	<25	1–24	<25	1–24
parking meters	1–24	<25	<25	<25	1–24	<25	0
animal pounds	50–74	some	some	some	50–74	n.a.	1–24
tourist development	74–99	100	some	some	1–24	n.a.	1–24
abattoirs	1–24	0	<25	<25	1–24	n.a.	1–24

(Continued)

Notes: a These estimates are derived from a range of sources, of varying precision and reliability. They illustrate the degree of similarity and the extent of differences in the activities undertaken by local government. Caution should be used in interpreting this information for other purposes which require more robust estimates.

d Roads only

Table C.1 Estimated proportion of councils providing each service (per cent)^a (continued)

<i>Council services</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>
Other services (cont.)							
markets/ saleyards	25–49	25–49	<25	<25	1–24	n.a.	1–24
electricity	0	0	<25	<25	1–24	<25	50–74
gas supply	1–24	0	<25	<25	1–24	<25	1–24
gravel/quarries	25–49	25–49	25–49	<25	1–24	n.a.	1–24
plant nurseries	1–24	<25	<25	<25	1–24	n.a.	25–49
aerodomes	25–49	25–49	25–49	25–49	25–49	<25	50–74
public transport	1–24	<25	<25	<25	1–24	<25	1–24
wharves	25–49	0	some	n.a.	0	n.a.	0
barge landings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1–24
school holidays recreational programs	n.a.	some	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: a These estimates are derived from a range of sources, of varying precision and reliability. They illustrate the degree of similarity and the extent of differences in the activities undertaken by local government. Caution should be used in interpreting this information for other purposes which require more robust estimates.

n.a. Not available

APPENDIX D PERFORMANCE MEASUREMENT — INSIGHTS AND LESSONS

The goal for the performance measurement work carried out by the Commission has been to develop and publish dispassionate and objective data to facilitate mature judgements which result in sound public policy action. This appendix draws on the Commission's experience as Secretariat for two COAG performance monitoring projects¹ and outlines lessons learned in terms of methodology and process.

D.1 Summary

The main insights in relation to performance measurement which the Commission considers relevant to local government are that:

1. performance measurement should be linked to service outcome objectives directly (box D.1);
2. comparative performance measurement is most effective where there is responsibility and accountability but no competitive market pressure (In this case, resulting 'yardstick' competition can provide pressure for improved performance.);
3. the performance measurement process is likely to work more effectively when it:
 - (a) tackles data issues iteratively;
 - (b) makes any assumptions and qualifications transparent; and
 - (c) is managed independently of service providers but takes advice from them;

¹ The Commission provides the Secretariat to the Steering Committee for Commonwealth/State Service Provision and the Steering Committee on National Performance Monitoring of Government Trading Enterprises. Comments here relate largely to the Review of Government Service Provision because it covers a wide range of services provided on a non-commercial basis in a non-competitive environment and, thus, relates to most council activities more directly.

4. it is helpful to develop a framework which outlines the relationship between efficiency and effectiveness objectives and each outcome indicator;
5. the context in which services are delivered needs to be taken into account in interpreting reported performance, with descriptive indicators identified and separately presented from the performance indicators; and
6. performance measurement does not obviate the need for sound judgement in assessing the level of performance, that takes account of the local conditions and preferences.

Box D.1: Common set of objectives for local government?

Many local governments have outlined their objectives in terms of the outcomes to be achieved, often as part of their corporate planning . However, an important part of developing comparative performance indicators is reaching agreement on a common set of objectives for activities across the participating organisations, recognising that differences in local communities will be reflected in the weightings placed on each objective in the set.

For example, the seven state and territory correctional systems participating in the Review of Commonwealth/State Service Provision have agreed that their common effectiveness objectives (against which performance should be measured) are in the areas of: containment and supervision; offender care; reparation; and rehabilitation and personal development. However, as sovereign governments, the different preferences of their communities would be reflected in the different weightings they place on the achievement of each objective in any assessment of overall performance.

As yet, a process to reach agreement across each state on a common set of objectives against which performance should be measured for local government and/or each of its activities does not seem to have been undertaken.

Source: SCRCSSP 1997

D.2 How comparative performance measurement can drive ongoing performance improvement

Measuring performance can help facilitate continuous improvement in a number of ways.

First, the process of developing performance indicators can help clarify objectives and responsibilities. Making outcome objectives explicit not only

provides a basis on which performance indicators can be linked to these objectives, but also encourages an informed debate about whether these objectives are appropriate.

Second, it can make performance more transparent by providing information on the extent to which program objectives are being met.

Third, it can facilitate ‘yardstick’ competition . By comparing programs with similar objectives across providers and over time, service providers can become aware of more effective models and approaches, and of areas in which they can improve. Performance information prepared on a similar basis over time may also allow the community to assess whether real improvements are being made.

D.3 Background

The Review of Commonwealth/State Service Provision was established by the Prime Minister, State Premiers and Chief Ministers in July 1993. One of the main objectives of this project is to develop agreed national performance indicators of the efficiency and effectiveness of government services.

The project is managed by a Steering Committee comprising senior representatives from central agencies of the Commonwealth, state, territory and local governments.² Mr Bill Scales (Chairman of the Industry Commission) chairs the Steering Committee, and it is supported by a Secretariat from the staff of the Industry Commission.

Service provision performance indicators are reported in a regular publication — *Report on Government Service Provision*. Reporting currently includes groups of services within the areas of education, health, justice, housing and community services. The data are aggregated to a state level (as opposed to results being presented for individual hospitals or schools) because the purpose is to compare the performance of each state system. Two reports have been produced so far, the latest in February 1997.

The Report aims to inform parliaments, governments, service providers, tax payers and the clients of services and the wider community about overall performance. It promotes ongoing performance improvement through ‘yardstick’ competition which informs policy development and implementation.

² Local government is represented by the Australian Local Government Association.

Coverage in the Commonwealth/State Service Provision Review of services provided by local government

The focus of this COAG project is on services which are the responsibility of the Commonwealth, state or territory governments. However, while all these services are funded by these governments, many are *delivered* by the charitable sector, for-profit providers and local government. Examples of services covered by the project which are delivered by local government in some jurisdictions include childcare, disability services and aged care services.

The companion COAG project, the Steering Committee on National Performance Monitoring of Government Trading Enterprises, also covers some local government trading enterprises, mainly water supply authorities.

The Steering Committee has expressed a strong desire to see the scope of the *Report on Government Service Provision* expand into new areas. There has also been considerable interest in the Report elsewhere in government and among commentators.

D.4 Lessons from the Review of Commonwealth/State Service Provision

The Secretariat considers that a number of features of this project have contributed to its apparent success. These might be relevant to the development of any comparative performance measurement program.

First, the project does not involve comparisons or evaluations of policy.³ Rather, it aims to report performance within the existing policy framework of governments. However, performance reporting does assist governments to formulate and review policy objectives and priorities.

Second, the service outcomes for which performance is reported are those which are considered most likely to be affected by system-wide policy decisions, reflecting the purpose of comparing the performance of systems. For example, average cost per patient in acute care hospitals is an outcome which may be significantly affected by the extent to which governments use casemix funding. ‘Yardstick’ competition between jurisdictions, through the reporting of system-wide outcomes, has helped to drive policy reform (including better management).

³ The Audit Commission in the United Kingdom has also avoided judging the quality of local government performance, seeing its role as limited to developing, collecting and publishing indicators, with others left to assess relative performance.

Third, performance in relation to each service is reported using a framework encompassing a range of interconnected indicators.⁴ This recognises the multiple objectives of government services, and that the relative priorities given to each of these objectives may differ across jurisdictions.

Fourth, the project is managed on a cooperative basis by a Steering Committee composed of officials from central agencies from Commonwealth, state and territory governments. Line agencies are kept informed and involved, but do not control the process (although the reporting process is informed by expert working groups comprising members drawn from the relevant line agencies).

The Steering Committee is chaired by a person independent of the Commonwealth or the states, and is supported by the Industry Commission independently.⁵ This approach ensures that jurisdictions are treated equally and that their reform focus and priorities are not at issue in the process, thereby promoting their continued voluntary involvement.

Fifth, the reporting of performance by the project is an iterative process in which the difficulties and shortcomings of the data are addressed as they arise. This reduces the delay associated with attempting to address all potential data problems before publication.⁶ However, to improve the transparency of the data, all definitions, caveats and qualifications are acknowledged. Together, these factors facilitate the interpretation of the existing data and the development of improved indicators in the long run.

Finally, to place performance information in context, information on the environment in which services are delivered is also provided.⁷ This assists

⁴ The Audit Commission has developed a framework for its measurement exercise which also uses a suite of indicators for each local government activity covered.

⁵ The Audit Commission is independent of both central government and local government authorities.

⁶ A number of submissions to the Review of National Performance Indicators for Local Government raised concerns about the consistency of existing data sources (Northern Territory, sub. 60, pp. 7–8; Western Australia, trans. pp. 15–16). The adoption of AAS27 has improved consistency of aggregate financial reporting, but there is still scope for considerable differences in how costs are allocated across services. Similar problems have been encountered in the work of the Commonwealth/State Service Provision project. This has not precluded publication, with the appropriate caveats.

⁷ The Audit Commission publishes information on local circumstances (often known as contextual indicators) with its performance indicators. Some of the circumstances which they consider affect council services in the United Kingdom include: population density; social deprivation; geographical differences; language and cultural differences; age of population; housing and historical differences; regional pay and cost differences; and daily or seasonal changes in population.

readers in interpreting indicators where comparisons may not be straight forward.

D.5 Costs of performance measurement

Performance measurement is not costless, requiring considerable effort to identify appropriate indicators and collect and analyse data. Thus, wherever practicable, the project has:

- drawn on the work and information collected as part of other performance measurement exercises for service areas covered by the project (parallel exercises), such as the acute care hospitals work by the National Health Minister's Benchmarking Working Group;⁸ and
- used existing data collections such as those for agency annual reports and those undertaken by the Australian Bureau of Statistics (its local government data collections are outlined in appendix F) and the Australian Institute of Health and Welfare.

However, as a result of differing objectives and priorities, all of the data required for performance measurement may not be available from parallel exercises and existing data collections. In this case, additional data collection effort may be required for the timely reporting of a complete range of performance information.⁹ The project has augmented existing and parallel collections with data collections undertaken by specialist working groups with close links to the jurisdictional agency databanks. In the longer term, the project team is pursuing the alignment of its data requirements with other data collections.

D.6 Developing a framework for performance measurement

In developing indicators for each service area, the project has used the following steps as a guide:

⁸ Similar parallel exercises in local government include performance measurement being developed at a national level for a number of services, including public libraries, planning and roads.

⁹ The Audit Commission has indicated that it would like to include more indicators of the consumer's view of services. However, given the cost of such data collections, the Commission initially is focusing on services for which these data are already collected, particularly the police.

1. identify and clarify the common outcome objectives of the service across jurisdictions (recognising that the weightings given to individual objectives will differ);
2. establish a framework of indicators based on those service outcome objectives against which performance can be measured;
3. collect, analyse and publish data on each jurisdiction's performance in relation to the indicators; and
4. collect and publish data which describe the particular context in which performance occurs (for example, descriptors such as age structure of the population or population density).

The underlying assumption for each service area is that all jurisdictions have objectives which are similar enough to make performance comparisons using a common indicator framework useful.¹⁰

The project has recognised that a service may have multiple outcome objectives each of which needs to be considered in the assessment of its performance. For example, the project reports performance of corrective services in terms of their success in fulfilling containment and supervision, offender care, reparation, rehabilitation and personal development objectives (SCRCSSP 1997, p. 767).

A generic assessment framework encompassing effectiveness and efficiency objectives has been developed for measuring performance (See figure D.1). This recognises the need to analyse performance in terms of a suite of outcome indicators which should be viewed collectively.

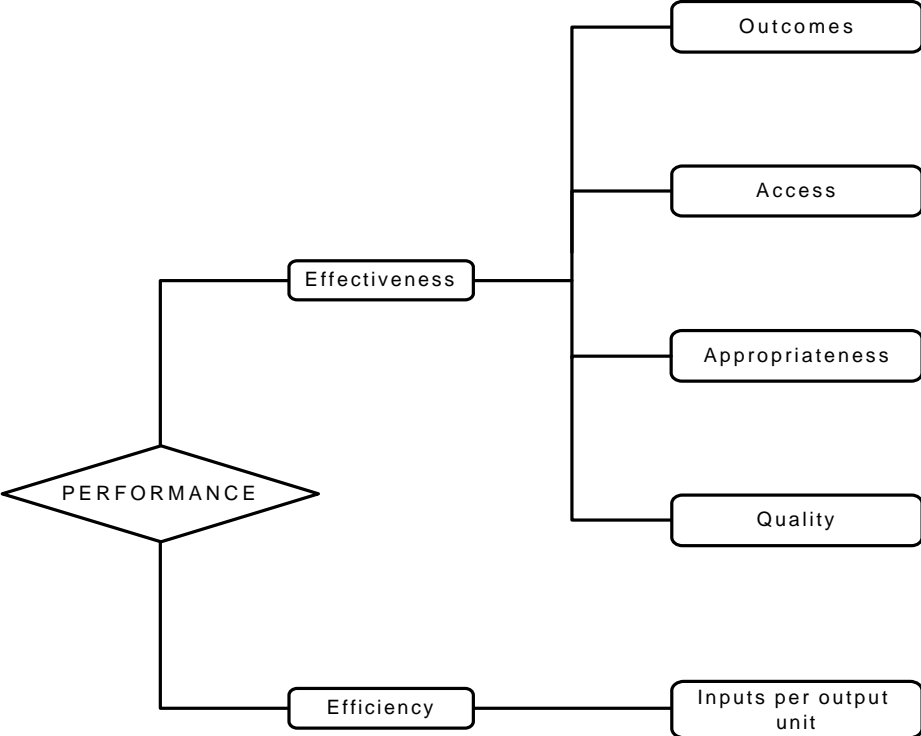
Efficiency describes how well organisations use their resources in producing services: that is, the relationship between the actual and optimal combination of inputs used to produce a given bundle of outputs.

Effectiveness is the degree to which a system achieves its program and policy objectives. It normally encompasses a number of different, desired aspects of a service linked to program outcome objectives. These outcomes can be classified in terms of:

1. appropriateness (matching service delivery to client needs);
2. accessibility (aspects such as waiting times, affordability, representation among users of priority groups, and physical accessibility); and
3. quality (meeting required standards or incidence of service failures).

¹⁰ It is unclear whether this would be a valid assumption for all local government activities across councils and the states and territories.

Figure D.1: Framework for performance measurement



Source: SCRCSSP 1997, p. 12

The outcomes range from immediate and specific results of a service, such as the achievement of a certain level of literacy, to long term major changes in the community, such as increased workforce productivity.

The priority given to each of these general areas of efficiency and effectiveness differs between policy makers, service providers and funders.¹¹

¹¹ There can be debate about whether various indicators measure effectiveness or efficiency, but the classification adopted is not crucial to the value of having an overall framework which serves to ensure that all aspects of performance are assessed in an integrated way. The same types of indicators will always be relevant.

APPENDIX E LOCAL GOVERNMENT PERFORMANCE INDICATORS

The operations of local government are coming under increasing scrutiny. Most state and territory governments are developing performance indicators for local government in cooperation with councils. In many instances, councils have also initiated benchmarking of core functions to compare their performance and identify better practices. There are some common features of performance measurement practices across the states and territories, but there is also considerable variation in the nature and scope of these practices.

E.1 Introduction

The development of local government performance indicators at the council, state and national level in Australia (relying on information provided by review participants mainly) is discussed in this appendix, and an overview of local government performance measurement in the United Kingdom and New Zealand is also provided.

Interest in developing performance indicators for local government has been evident at the Commonwealth, state and local government levels since the 1980s.

A range of benchmarking and performance indicator studies have been sponsored through the Local Government Development Program and the Local Government Ministers' Conference. State departments of local government, local government associations and councils have also undertaken studies in this area (see, for example, Coopers & Lybrand 1993; Econsult 1990; Gailit 1989; Local Government Ministers' Conference 1995a, 1995b; and Queanbeyan City Council 1990).

The use of performance indicators in local government also received support from the accountancy profession with the introduction of the Australian Accounting Standard AAS27 'Financial reporting by local governments' in January 1993. The standard states that financial performance indicators should satisfy the concepts of relevance and reliability, and should be presented in a manner which facilitates comparability and ease of comprehension. The

standard also encourages councils to report non-financial performance indicators to facilitate performance assessment.

In the early 1990s, the national drive for microeconomic reform and associated attempts to improve efficiency and effectiveness in the public sector provided further impetus to the Local Government Ministers' Conference to develop national performance indicators for local government. In 1994, the Conference commissioned a study to develop performance indicators in seven selected areas and a manual to help councils to benchmark their performance.

E.2 Performance indicators at the council level

The development and use of performance indicators by councils for internal management purposes has increased markedly in recent years. This is being driven in part by the changes in local government legislation (for example, in New South Wales and Victoria) to require councils to adopt more strategic planning processes, including the development of corporate plans. In addition, the increasing sophistication of local government management is encouraging improved planning and performance measurement. The development of council and service specific objectives is a core element of corporate planning and the development of performance indicators to measure achievement of these objectives is now common. The Maribyrnong City Council noted that 'in Victoria, implementation of corporate planning principles has stimulated the development of performance indicators' (sub. 33, p. 1).

However, the objectives defined by councils and the indicators developed will vary between councils. For example, in New South Wales, the *Local Government Act 1993* requires councils to prepare management plans which include objectives and performance targets/indicators against which actual performance is measured and reported. However, the New South Wales Department of Local Government noted that 'the essential autonomy of each council would suggest that the combination of indicators selected by each council in New South Wales would be unique' (sub. 65, p. 4).

Councils usually develop measures to monitor their own performance over time. This is good management practice. However, councils cannot use council level indicators to compare their performance with that of others. To maximise their performance, they need to be able to identify what is attainable. They cannot know this unless they can compare their performance with that of other councils or other similar organisations.

The lack of uniformity in the indicators developed at the council level and the extent to which this restricts intercouncil comparison by councils, governments

and taxpayers, is creating greater interest in development of state-wide sets of indicators. This is discussed in the following section.

E.3 Local government performance indicators in the states and territories

Most states and territories require that councils report against a range of financial indicators. However, New South Wales is the only state that regularly publishes comparative information on service delivery by councils. Furthermore, the extent to which councils monitor their own performance and use tools such as benchmarking to improve it varies among the states and territories.

New South Wales

The use of performance indicators in New South Wales councils was encouraged through the release of a *Reference Manual for the Development of Performance Indicators* (Econsult 1990). The New South Wales Department of Local Government also began publishing comparative information on council costs, revenues and other financial information in 1991.

In 1992, the Local Government Ministers' Conference provided the Local Government and Shires Associations of New South Wales with funding for a project to identify and develop performance indicators. The study developed 108 indicators of financial and operational activity, including 24 key performance indicators (LGSA 1994). The indicators developed were not extended nationally because the Conference considered that they did not adequately reflect the diversity of local governments across Australia. However, the New South Wales Department of Local Government (1995, 1996a) adopted the key performance indicators and began reporting on these in 1995.

The department requires all councils to report against 26 performance indicators (table E.1), and data are published annually. To encourage meaningful comparisons, councils are grouped according to the Australian Classification of Local Government (ACLG Steering Committee 1994). The classification is largely based on characteristics of the population and council area. The performance indicators manual (LGSA 1994) identifies factors affecting performance against each indicator, but contextual information on these factors has not been published with the performance data: this information will be developed and included in future publications.

Indicators are published for financial and corporate operations and a range of core service areas. However, the objectives of each activity against which performance is measured are not noted. A consistent set of definitions underpins the performance indicators. The definitions are included in the performance indicators manual (LGSA 1994). The data submitted by councils is not audited, but the Department of Local Government undertakes validity and reasonableness checks to determine accuracy of the data (sub. 65).

The LGSA has developed a software package, Management Indicators for Councils, to help councils evaluate their own performance against the key performance indicators. The software allows councils to include comments on their performance results as an aid for interpreting trends in council performance.

The local government regulations require that councils' financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting (NSW Department of Local Government 1996b). The Code requires councils to include five financial ratios in their reports — current ratio; quick assets ratio; debt service ratio; rate coverage ratio; and outstanding rates and annual charges.

In 1996, the New South Wales Minister for Local Government established a Working Group to review the comparative performance publication to improve its quality, consistency and completeness. The Working Group proposals include: improved presentation with a greater use of graphics; the introduction of time series analyses; the provision of additional contextual information; and a profile of each council. Better data definitions are also intended to improve the accuracy and reliability of the information. The Working Group will continue to monitor the outcomes of other projects relating to performance indicator development — projects developing indicators for local government community services and road maintenance and construction, as well as benchmarking projects (sub. 65).

In addition, the Independent Pricing and Regulatory Tribunal has been asked to review the application of benchmarking to local government in New South Wales. The review will cover both process and results benchmarking. The Tribunal will consider the role and scope of benchmarking in improving the level of local government performance, and examine mechanisms which may support local government in effectively benchmarking their activities. The Tribunal's report is expected to be released in March 1998.

Benchmarking studies conducted by New South Wales councils also contribute to performance monitoring of local government functions in that state. A

number of councils in New South Wales are involved in benchmarking with other New South Wales councils, for example:

- Wyong, Liverpool, Sutherland, Gosford and Newcastle councils have benchmarked activities in a range of areas including mobile plant workshops, civil engineering design, civil infrastructure maintenance and building maintenance;
- Parramatta Council has developed key indicators for customer satisfaction, quality and efficiency, and is benchmarking against other childcare providers;
- North Sydney Council has developed performance indicators for public library services; and
- SHOROC (Warringah, Pittwater, Manly and Mosman) and four councils from the WSROC (Baulkham Hills, Blacktown, Fairfield and Liverpool) have benchmarked local building and development approval processes.

New South Wales councils are also benchmarking with councils in other states and territories (box E.2).

Victoria

In 1991, the Municipal Association of Victoria published comparative financial data on councils (Pensabene 1991) and subsequently developed core performance indicators for local government (Municipal Association of Victoria 1993). The indicators were intended as a source document from which councils could select indicators relevant to their internal management purposes. They included corporate indicators — to measure overall council performance — and functional (workload, efficiency, effectiveness and service delivery) indicators — to measure the performance of individual council services or functions.

Between 1989 and 1996, the Association conducted an annual Local Government Finance and Efficiency Survey of Victorian Councils to give councils access to a finance database. The survey collected information on revenue, expenditure, debt, staffing, rates, facilities and functions. The restructuring of local government and changes in valuations, rating years and accounting procedures have had an impact on the accuracy and comparability of the data collected in recent years.

The data collected in the survey can be manipulated by councils using the software package, Statistical Performance Indicators for Council Evaluation, which contains 82 comparative performance indicators covering the main council activities.

In 1990, the Victorian Government's Municipal Accounting and Audit Practices Review Committee identified the need for a small number of uniform state-wide indicators that would be reported by all councils for the purposes of indicating overall financial performance. In response, the Victorian Office of Local Government produced comparative information on Victorian councils (1992, 1993) as a step towards monitoring the financial condition of councils in Victoria. The document was intended to enable councils to better understand their financial circumstances, to identify existing and emerging financial problems, and to develop strategies to deal with these problems. The publication included 13 revenue and expenditure indicators. The data compared councils' performance on measures such as rate revenue, administrative expenditure, and debt service payments. Data were compared both on a per capita basis and as a percentage of total council budgets. For comparative purposes, councils were grouped into 11 categories, based on urban/provincial centre/rural categories and size (Victorian Department of Premier and Cabinet, sub. 81).

The publication of comparative information was suspended during the recent local government restructuring. However, the development of new comparative performance measures for councils is now underway. The Victorian Government is proposing that councils report against two groups of indicators — annual plan indicators and comparative indicators (box E.1).

A discussion paper proposing 19 annual plan indicators and 22 primary and 23 secondary comparative indicators (table E.2) was distributed by the Victorian Office of Local Government to councils in June 1997. The proposed array of indicators will be piloted with a small number of councils to identify the extent of inconsistency in council costing measures. It is envisaged that an initial set of performance indicators will be published in the second half of 1998. The discussion paper (sub. 81) provides no statement of either corporate or service objectives against which the proposed indicators have been developed.

Box E.1: Proposed performance measures, Victoria

Section 14 of the *Local Government (Amendment) Act 1996*¹ requires councils to include performance indicators in their corporate plans. Annual plan indicators will be used as a basis for each council's annual business plan. The objective of these indicators is to provide a mechanism for councils to publicly account to their communities. Councils will be required to establish targets for these indicators and publish their performance against the target in their annual report.

The annual plan indicators will include financial indicators as well as a selection of service performance indicators. They will replace the five mandatory financial indicators required by the Local Government Regulations 1990.

Comparative indicators will provide a broader range of indicators which councils might use to benchmark their service performance against that of other councils. The aim of these indicators is to focus council and management on the key governance function of services management as a means of optimising the community value of service provision.

Under the Victorian Government proposal, all councils would be required to report against at least the 22 primary comparative indicators. A standard list of definitions for all measures and ratios used in calculating comparative performance indicators would be developed, along with a standard methodology for measuring community and customer satisfaction. Comparative information for the five groups of Victorian councils — inner, middle ring, outer urban, regional centres and rural shires — would be published annually by an independent authority. These groups would also have the scope to include contextual information to reflect size and geographic differences.

Source: Victorian Department of Premier and Cabinet (sub. 81)

The Victorian Government is also encouraging councils to become more customer focused, requiring councils to develop service charters (including time frames and quality levels).

In 1996, the Victorian Office of Local Government (1996a) surveyed Victorian councils to assess the extent to which benchmarking initiatives were being implemented, and to identify those services and functions being monitored and for which performance measures were being developed. The survey indicated that 47 per cent of respondents (28 councils) were undertaking benchmarking

¹ The Act received the Governor's assent on 29 October 1996. However, some sections, including section 14, are to come into operation on 1 July 1998 if they have not been proclaimed already before that date.

studies, of whom 71 per cent were benchmarking with external partners. Partners included Victorian and interstate councils and, to a far lesser extent, non-government organisations. 11 of the 28 councils were involved in benchmarking with interstate councils (box E.2).

The survey indicated that the most common areas for benchmarking were building and planning approvals, libraries, finance and administration, and infrastructure and maintenance.

Queensland

The Queensland Department of Local Government and Planning conducts an annual collection of local government financial information used to prepare a statistical publication, the *Local Government Finance Review*.

In 1996, the department initiated a project to collect, collate and publish financial and non-financial performance information on councils. The department views this project as being consistent with the Local Government Ministers' Conference commitment by the states and territories to publish comparative data on the performance of local government.

The publication of performance information will provide information to councils, communities and the state. For councils, it will facilitate the broad comparison of their performance, and identify areas in which improvement may be possible. For communities, it will provide accountability and information on which to judge council performance. The department argues that this information will also provide the state with a means to gauge the impact of change on local government performance (sub. 63).

Draft performance indicators measuring efficiency, effectiveness and quality have been developed for water, sewerage, library services, road maintenance and waste management (table E.3). A pilot collection of data is planned for August 1997, and performance indicators are expected to be introduced in 1998. Following the pilot testing of the preliminary indicators, further performance indicators will be developed for corporate or financial services, health services and planning services.

The draft indicators do not specify agreed objectives for the five services for which performance indicators have been developed (sub. 83). Data definitions accompany the indicators.

Provision of comparative performance information by councils will be voluntary, and 44 of Queensland's 125 councils have agreed to participate in the development and trial stages of the project. However, the information provided will be collated and published. Contextual information will be

developed and included in the publication, and councils will be grouped according to their ACLG characteristics. The draft indicators specify factors which may influence performance against each indicator.

A local government information system will be established to link performance information with other relevant data, and a single annual electronic collection of data will be introduced to meet the requirements of the performance indicators, the *Local Government Finance Review*, the Australian Bureau of Statistics and any other relevant collections.

The department will design a generic customer survey for councils to use to assess the level of community satisfaction with local government operations and services, and to assess the effectiveness of council services.

The Local Government Association of Queensland is concerned with providing outcome focused indicators which measure outcomes from a client perspective as a means of integrating perceptions of service quality and price (sub. 7). Accordingly, the Association has been involved in work on customer satisfaction with local government services. In 1995, the Association commissioned research of overall community attitudes to local government. This work was extended in 1997 to develop concepts and tools to allow local government, at both a collective and individual level, to monitor and track performance in terms of their customers' priorities. The study developed and carried out a survey of community attitudes towards the importance of and performance of local government services and functions. The results provide an initial collective benchmark against which other councils, using the survey, can assess their own performance (Market Facts and Morton Consulting Services 1997).

A number of Queensland councils are involved in interstate benchmarking exercises (box E.2). Pine Rivers Shire Council and Brisbane City Council are leading two of the interstate projects. The WESROC group of councils from the Darling Downs area is in the early stages of establishing a benchmarking partnership. The South East Queensland Purchasing and Supply Group has been collecting and exchanging performance information for some time, and the South East Queensland Engineering Services Group is involved in benchmarking local government engineering services (sub. 63).

Another group of Queensland councils — Logan City, Caboolture, Redland, Pine River, Toowoomba and Ipswich — is benchmarking costs of road services delivery.

Western Australia

The Western Australian Department of Local Government (1995) publishes comparative data on councils in ACLG groupings. Most data are contextual, relating to statistics on demographics, area, dwellings, schools, hospital and nursing home beds, production and building activity, and local government operations. The latter includes financial indicators and some performance measures for library and recreation services.

The Local Government Statistics Committee, which includes the department, the Western Australian Municipal Association, the Institute of Municipal Management, and the Australian Bureau of Statistics, has developed a draft set of 30 key functional and financial performance indicators to highlight significant areas of local government operations (table E.4). The committee proposes that these indicators be reviewed and refined over the next two years in consultation with local government.

It is the Committee's intention that these two groups of data, the 30 key performance indicators and the comparative statistics (contextual information), be published jointly each year. The key performance indicators will be presented according to the ACLG. The comparative statistics will be provided on disk in alphabetical order, with each council's ACLG grouping identified. The indicators do not yet appear to be linked to specific corporate or program specific objectives. However, the department intends that the key performance indicators will cover each main area of local government operation in Western Australia. Detailed definitions will be developed and provided to councils for each of the performance indicators, together with the method for their calculation and the meaning of the measurement produced.

Annual reports of Western Australia councils are required to include five financial indicators: the current ratio, the debt ratio, the debt service ratio, the rate coverage ratio; and the outstanding rates ratio. The 30 proposed performance indicators will be based on information drawn from existing local government statistical returns to the grants commission, plus other statistical returns to government bodies.

A number of councils are pursuing benchmarking partners and are conducting benchmarking exercises. These councils include the Shire of Swan and the City of Bunbury, while the Augusta–Margaret River Council is involved in an interstate benchmarking exercise (box E.2). The Western Australia Municipal Association recently held a one-day session on benchmarking for local government to promote the concept.

South Australia

The South Australian Department of Housing and Urban Development (now the Office of Local Government) initiated a project in 1995 to develop indicators for core corporate and general activities of local government. These indicators were both to assist the program of structural reform and to help the State Minister to provide performance information to the Local Government Minister's Conference for inclusion in the Federal Minister's report to Parliament (sub. 72). The indicators developed relate to the efficiency, effectiveness and resource capacity of 24 local government functions and services (table E.5).

The indicators were developed in accordance with corporate and program specific objectives, and data definitions and sources were specified.

Since 1995, the focus of reform for most South Australian councils has been on amalgamation. The Office of Local Government is now proposing that the indicators developed as part of that process be circulated to councils for comment and further refinement if necessary. The indicators will then be made available as a resource to assist councils with their own performance measurement activities, and to stimulate further debate on issues such as data comparability and costing.

The Local Government Association of South Australia assists councils in a number of ways. Its Workers Compensation Scheme data on indicators of workers compensation and occupational health and safety are provided to councils to help improve their management of these functions.² Recently, the Association established a performance management project to assist councils with data definitions and collections and with developing management improvement strategies.

The South Australian *Local Government Act 1934* is under review. The draft Bill for replacing the Act may provide for the publication of council performance against targets. However, the South Australian Government does not plan to collect and publish comparative performance information (sub. 72). Nor is such a policy encouraged by the South Australian Local Government Association (sub. 61). The Local Government Association's policy is that it will collect and publish performance information in consultation with councils.

A number of South Australian councils are involved in benchmarking. Noarlunga and Victor Harbour are involved in interstate studies (box E.2). Five large councils (City of Charles Sturt, Marion, Noarlunga, Salisbury and Tea

² Data on libraries are also provided to councils through PLAIN central services, which is part of the Department for the Arts and Cultural Development.

Tree Gully) have formed the G5 Association for Best Practice (sub. 85). The purposes of the Association are to achieve demonstrable gains in operational efficiency and effectiveness in each council, to promote the mutual interests of participating councils, and to promote appropriate reform in the Association and, by example, in local government as a whole.

Tasmania

The Tasmanian budget papers present ten comparative financial performance indicators (table E.6) for each council derived from Australian Bureau of Statistics data on local government in Tasmania.

The Tasmanian Minister for Local Government requested in late 1996 that the Local Government Association of Tasmania work with the Government to progress a performance indicator program. A group comprising representatives from the Tasmanian Government, the Local Government Association, general managers from councils, and the Institute of Municipal Management subsequently developed 11 key financial indicators (table E.7).

The Tasmanian *Local Government Act 1993* does not require councils to include performance indicators in their strategic or operational plan. A discussion paper (Tasmanian Local Government Office 1997) released as part of a review of the Act did not propose that such indicators be required as part of a revised Act. However, the Government argues that there is increasing support within Tasmanian local government for a consistent set of state level performance measures which can be applied uniformly across all councils (trans. p. 16).

A group of Tasmanian councils are undertaking a benchmarking project involving roads, water, waste water, solid waste and cleaning activities. The eight councils involved are Break O'Day, Glamorgan-Spring Bay, Tasman, Central Coast, Launceston, Central Highlands, Kingborough and Flinders.

Northern Territory

The Northern Territory initiated a collection of financial data from councils in 1996 to assist councils to better understand their financial position, identify emerging and existing financial problems, and develop strategies to deal with these problems. The data collected confirmed the large variation in financial reporting practices between councils (sub. 60).

The Department of Housing and Local Government is planning to focus on promoting the use of performance indicators, benchmarking and CTC for the

Territory's six municipal councils. The development of performance indicators in Queensland is being monitored to assess their applicability to these councils.

The Department is developing a strategy to introduce the performance monitoring of councils. A significant outcome of the July 1997 Performance Indicator and Benchmarking Seminar hosted by the Territory was the agreement between councils and the department to develop indicators in the following three areas:

- waste management;
- road maintenance; and
- community management (corporate indicators).

It is hoped that the indicators will be developed soon, and that a pilot program will be running by January 1998, with full implementation by July 1998.

There has been little involvement in benchmarking by Northern Territory councils. However, the Alice Springs Town Council undertook an organisational and efficiency audit review in 1996. This study involved the evaluation of the efficiency levels of 13 existing operational areas and the council's overall planning and management against operations in 12 South Australian councils. The project developed 69 key performance indicators for consideration by the council.

Australian Capital Territory

ACT City Services, part of the Department of Urban Services, provides many of the services typically provided by councils in other states and territories — for example, garbage collection, parks and nature reserves, infrastructure management (including roads) and libraries.

Since the 1996-97 budget, all agencies in the Australian Capital Territory have been required to report on performance against performance indicators addressing quantity, quality/effectiveness, timeliness and cost. Performance information is published in the Australian Capital Territory budget papers. Output statements are required as part of the financial statements and are subject to audit.

The performance indicators used are subject to refinement, and ACT City Services has concentrated on benchmarking as a means of identifying the best indicators. The Australian Capital Territory is a member of the Austroads Benchmarking Group and ACT City Services is a member of the Strategic Partners' Agreement, participating in an ongoing benchmarking project on urban and nature parks. The partners include city and municipal councils,

mainly in south-east Australia and in New Zealand. A benchmarking study of the ACT library service was conducted in 1995 comparing performance with six municipal libraries in New South Wales and Victoria.

The ACT Planning Authority, which carries out the town planning function in the Australian Capital Territory, is also participating in a benchmarking study of a range of statutory, building and planning functions with councils in Victoria, Queensland and New South Wales (box E.2).

E.4 National pilot study

In 1994, the Local Government Ministers' Conference funded a study to demonstrate how benchmarking, including the development of performance indicators, can be used in local government. The first phase of this study involved a national pilot study of a benchmarking methodology. 24 councils from all states, representing urban and rural municipalities, were involved in benchmarking seven services — residential building approvals, fleet maintenance, library lending services, payroll, rates notification and collection, unsealed rural roads maintenance and home care. Performance indicators were developed for each of these areas (table E.8).

Some conclusions of the study have implications for the development of national performance indicators.

- Unit costs for a service or process are important indicators but detailed costing systems or extensive unit costing practices are not a feature of local government. Costing guidelines had to be developed.
- Each service should be measured on customer satisfaction, quality, responsiveness and cost.
- The four indicators should be combined, using a common set of weights, to produce a 'balanced scorecard'.
- Difficulties were experienced in agreeing on common definitions of service scope and performance indicators. This was particularly the case where services differed from state to state as a result of differences in state legislation for example. These problems could be reduced through the use of regional or state benchmarking networks rather than national networks. (Local Government Ministers' Conference 1995a)

E.5 Local government benchmarking

In April 1995, the Local Government Ministers' Conference agreed to establish a three-pronged benchmarking and efficiency program covering:

- the development of national benchmarking and performance indicators for specific services or functions of councils which measure not only unit costs but also quality and appropriateness of services;
- processes of continuous improvement that enable councils and their staff to identify best practice by comparing their performance and strategies with other councils through informal networks of councils; and
- projects to develop (at a national level) specific new technologies, new practices and systemic reforms that substantially increase efficiency and/or effectiveness of local government performance.

Financial support has been provided under this program for a range of benchmarking studies and training. There now appears to be sustained interest in benchmarking at the council level, with an increasing number of councils benchmarking their performance in specific service areas. The examples referred to in section E.3 indicate that the main benchmarking partners are other councils. Examples of interstate benchmarking studies are provided in box E.2.

An examination of selected benchmarking studies in local government and discussions with some of the participants revealed that:

- *the type of councils within benchmarking groups varies*. Membership of most groups was drawn from across the 22 national classifications (ACLG Steering Committee 1994) rather than from within a single classification (table E.9). This suggests that criteria other than those underpinning the classification are being used by councils to identify benchmarking partners. The critical criteria appear to relate to the context in which the particular service being benchmarked is carried out, rather than the overall context in which a council operates. For example, in a benchmarking study initiated by the City of Brisbane, suitable benchmarking partners were those that had a large population, were undertaking strategic planning, and had a similar industrial and multicultural profile. The eight councils ultimately involved spanned six council classifications;

Box E.2: Examples of interstate benchmarking studies

Nine councils across Australia classified as Urban Fringe Large (Whittlesea and Casey in Victoria; Noarlunga in South Australia; Pine Rivers, Caboolture and Redland in Queensland; and Liverpool, Blue Mountains and Wyong in New South Wales) are involved in a project comparing their performance in key service areas including community facilities, waste management, customer complaints, libraries and building and development applications. This project is partly funded by the Commonwealth's Local Government Development Program.

Eight councils (Surf Coast, Mornington Peninsula and Bass Coast in Victoria; Victoria Harbour in South Australia; Byron Bay and Tweed Shire in New South Wales; Whitsunday in Queensland; and Augusta–Margaret River in Western Australia) are benchmarking development approvals, community protection and finance administration.

Boroondara, Ballarat, Frankston, Hume and Maribyrnong councils in Victoria are benchmarking with Wollongong City Council, New South Wales, across a range of corporate service functions

Nine councils (Greater Dandenong in Victoria; Brisbane, Caboolture, Gold Coast, Noosa, Toowoomba and Redland in Queensland; and Sutherland and Blacktown in New South Wales) and the ACT Planning Authority are benchmarking planning strategies, development control statutory planning, building infrastructure planning and customer services.

Source: Victorian Office of Local Government 1996

- *councils within benchmarking groups are relaxed about the effect that contextual factors may have on the performance of their partners* because the influence of those factors is understood within the group and can be incorporated in any qualitative assessment. However, the general public's understanding of the contextual situation cannot be assumed;
- *most councils involved in benchmarking appreciate the importance of defining the objective of the service being benchmarked, but there is often considerable divergence within the benchmarking groups as to the appropriate objective(s).*
- *data consistency is a problem for most benchmarking groups*. Differences in allocation of costs that spread across a number of activities are a major concern, although some councils report that the increasing use of activity based costing should alleviate this.

E.6 International experience

In the time available for this review it was not possible to investigate the international use of performance measurement in local government in any depth. However, the following sections provide a brief overview of developments in the United Kingdom and New Zealand.

United Kingdom

In the United Kingdom, performance measurement has been used widely since the 1980s to improve the quality and responsiveness of the public service. Individual local councils, consumer bodies (such as the National Consumer Council) and the Audit Commission have developed indicators on the performance of local councils. The work of the Audit Commission is significant in that it has raised the level of public awareness of the importance of performance indicators for public accountability. The Audit Commission program was an initiative introduced under the Major Government's National Citizen's Charter.

The Charter was introduced in 1991 to improve the efficiency and accountability of the public sector. The Charter requires public sector agencies to be more accountable to the public by adopting open and consultative processes, and by publishing standards of service and performance measurements annually.

For local authorities in England and Wales, performance indicators are set by the Audit Commission. The Audit Commission widely consulted on the choice of indicators. It conducted a public survey of councils, consumer groups, government departments and other interested parties to identify the indicators which are relevant and of interest to the public. The independence of the Audit Commission from central government is cited as a particularly useful factor in its dealings with local governments. The Accounts Commission sets the indicators for local authorities in Scotland.

Local councils are required to publish council performance indicators in local papers. The Audit Commission collates and publishes all council information to enable the comparisons of one local government authority with another.

Selection of indicators

Under the *Local Government Act 1992*, the Audit Commission must collect indicators measuring the efficiency and effectiveness of council services. In selecting the indicators, the Audit Commission takes into account the usefulness of the information for comparing local government authorities, the cost of gathering the information, and the need to limit the number of indicators which local authorities have to monitor.

A wide range of services are covered by 200 indicators. The Audit Commission uses more than one measure of the performance of a service. This is to discourage councils diverting money or other resources into one part of the service where its performance is measured under the Citizen's Charter.

Some indicators on service quality have also been included to help in the assessment of unit cost comparisons. Contextual information (for example, population density; social deprivation; geographic differences; language and cultural differences; age of population; housing and historical differences; regional pay and cost differences; and daily or seasonal changes in population) is also published to help the community understand the differences between council performance. However, no measures of customer satisfaction, equity or access are included at this stage.

Reporting of indicators

The Audit Commission sees its role as limited to developing, collecting and publishing indicators. It avoids judging the quality of local government performance unless services are set by legislation or by central government departments. Others (the media, voters, councillors, managers, commentators, central departments) are left to judge the adequacy or otherwise of each council's performance.

Impact of performance indicators

The Audit Commission considers that the publication of comparative data influences public opinion, creating pressure to improve management. The publishing of performance indicators appears to have encouraged councils to set performance targets in areas previously unmeasured.

After its third year of publishing information, the Audit Commission suggested that:

- it has the greatest impact on the worst performers;
- its impact on the bulk of councils — that is, those clustered around the average — is slower and less marked;

- there are big variations between the performance of similar councils for some services; and
- in a few services for some groups of councils, there has been no significant improvement in performance while other similar councils have advanced (Audit Commission 1997).

New Zealand

In New Zealand, the *Local Government Act 1974* requires local authorities to report annually against performance targets which must address quality, quantity, timeliness, location and cost. Performance targets are published and the reports are audited. However, there is no standardisation of performance targets, and this precludes meaningful comparisons (Personal correspondence with D. Bull, New Zealand Department of Internal Affairs, October 1995).

The Department of Internal Affairs is undertaking a project titled Overview of Local Government. A component of the project consists of the identification of key financial and other measures of performance which can be analysed and published. The project is in its developmental stage (Personal correspondence with D. Smith, New Zealand Department of Internal Affairs, June 1996).

Some recent New Zealand research has also investigated the conduct of the local government governance function in ten local authorities (Howell 1997). Issues examined included procedures for policy formulation, the documentation of policies, the extent to which decision making is delegated to managers, the number of agenda pages and items, and the number of committees.

Table E.1: Key performance indicators, New South Wales

Financial and corporate	Sewerage services
Average rate per residential assessment	Average account (\$/connection)
Sources of total revenue	Operating costs (\$/connection)
Current ratio	
Debt service ratio	Water supply services
	Average account (\$/connection)
	Operating costs (\$/connection)
Library services	Environmental management and health services
Expenditure per capita	Environment management and health costs per capita
Issues per capita	
Domestic waste management and recycling	Planning and regulatory services
Average charge for domestic waste management services	Mean turnaround time (in calendar days) for development applications
Collection costs per service for domestic waste management	Mean turnaround time (in calendar days) for building applications
KCA recyclables — kilograms per capita per annum	Median time (in calendar days) for development applications
KCA domestic waste — kilograms per capita per annum	Median time (in calendar days) for building applications
	Legal expenses as a % of total planning and regulatory costs
Road services	Recreation and leisure services
Road maintenance costs per laned kilometre of urban sealed roads	Net recreation and leisure expenses per capita
Road maintenance costs per laned kilometre of rural sealed roads	Community services
Road maintenance costs per laned kilometre of unsealed roads	Community services expenses per capita
	Environmental management and health services
	Environmental Management and Health expenses per capita

Source: NSW Department of Local Government 1996a

Table E.2: Draft annual plan and comparative indicators, Victoria

Annual plan indicators	
<i>Financial indicators</i>	<i>Service quality indicators</i>
Rates collected (% is amount of rates collected)	Community satisfaction index (%) with overall performance of the council
Rates collected as a % of CIV of property	'First time call resolution rate' – % of enquiries and complaints resolved on the first call
Rates collected as a % of total revenue	% of all garbage and recyclables bins collected on time, first time
Operating surplus/deficit (before depreciation):	% of household waste recycled
(a) as a % of total revenue	Average time taken to process planning applications to council decision
(b) as a % of capital outlays	
(c) % achievement against original budget	
Total expenditure	Community Satisfaction Index (%) with quality of municipal cleaning
Recurrent operating expenditure (% is the proportion of total expenditure)	% of elderly persons aged over 75 receiving help from the municipality to live in their own home
Capital outlays (% is the proportion of total expenditure)	Average operating unit cost of municipal library loans
Debt (% is debt servicing costs to rate revenue)	% of number of environmental health inspections to number of registered premises
Contract management efficiency — % of actual expenditure to original contracted amounts	
Comparative indicators	
<i>Human services — primary indicators</i>	<i>Human services — secondary indicators</i>
% of elderly persons aged over 75 receiving help from the municipality to live in their own home	Number and average total cost of childcare places offered by the council in the municipality
Average price charged for meals on wheels	Average council subsidy per childcare place
Number and average cost per hour for home care services provided for the aged and disabled	% of home care service users who rate the service as 'Very Good' or better
% of eligible infant immunisations completed in the municipality	% of child care service users who rate the service as 'Very Good' or better
	% of maternal and child health service users who rate the service as 'Very Good' or better

(Continued)

Table E.2: Draft annual plan and comparative indicators, Victoria
(continued)

Comparative indicators (cont.)	
<i>Environmental health/regulatory — primary indicators</i>	<i>Environmental health/regulatory — secondary indicators</i>
Average cost of service per registered premise in the municipality	% of parking infringement notices collected within 60 days
Number of inspections in the year and their % of total registered premises	
<i>Town planning — primary indicators</i>	<i>Town planning — secondary indicators</i>
Average time taken to process planning applications to final decision	Number and % of planning permits decided during the year:
Average cost per planning decision	(a) under delegation by officers
% of appeals that were successful	(b) by council
	(c) through appeal
	Legal costs as a % of total expenditure
<i>Waste management — primary indicators</i>	<i>Waste management — secondary indicators</i>
Average cost per rateable property of garbage collection	Average cost per rateable property of recyclable waste collection
% of total recycling cost recovered	% of household waste sent to landfill
% of garbage and recyclable bins collected on time first time	% of household waste recycled
<i>Public library services — primary indicators</i>	<i>Public library service — secondary indicators</i>
Number and average cost per loan issued by municipal libraries	Total amount spent per head of population on books and other materials
Number and average cost per hour of operation by municipal libraries	Average time to fill reservations — days
Lending stock turnover rate - times per annum	% of population registered as members
	Number of visits and average loans per visit by members of the public to municipal libraries
<i>Municipal cleaning and parks management — primary indicators</i>	<i>Municipal cleaning and parks management — secondary indicators</i>
Average cost per rateable property of municipal cleaning	Community satisfaction index (%) with quality of municipal cleaning services
Average cost per rateable property of parks and gardens maintenance	Community satisfaction index (%) with condition and maintenance of parks and gardens

(Continued)

Table E.2: Draft annual plan and comparative indicators, Victoria
(continued)

Comparative indicators continued	
<i>Road construction and maintenance — primary indicators</i>	<i>Road construction and maintenance — secondary indicators</i>
Average cost per rateable property	% utilisation of road making equipment — actual hours deployed/available hours
Average cost per kilometre of maintenance for fully constructed roads	Community Satisfaction Index (%) with condition and maintenance of municipal roads, streets and footpaths
Average cost per kilometre of maintenance for unmade roads	
% of road network requiring work within the next five years	
<i>Dealing with the public — primary indicators</i>	<i>Dealing with the public — secondary indicators</i>
First time call resolution rate (%) of enquiries and complaints resolved on the first call	% of correspondence answered within the council's target time
Community Satisfaction Index (%) with council's responsiveness to resolving problems and enquiries	Cost per rateable property of providing customer service/community communications
	Target time for answering letters — days
	Community Satisfaction Index (%) with quality of information about council services

Source: Victorian Department of Premier and Cabinet (sub. 81)

Table E.3: Draft performance indicators, Queensland

Water services*Efficiency*

Water operating costs per connection

Cost of maintaining water pipes per 100 kilometres of main

Treatment costs per megalitre

Effectiveness

Pipeline breakages per 100 kilometres of main

Number of complaints received per 1000 connections:

– for quality

– for service

Water quality compliance

Sewerage services*Efficiency*

Sewerage operating costs per connection

Cost of maintaining sewerage pipes per 100 kilometres of main

Treatment costs per megalitre

Effectiveness

Service complaints per 1000 connections

Service quality

Compliance with sewerage effluent standards

Road maintenance services*Efficiency*

Road maintenance costs per laned kilometre — sealed roads (rural and urban)

Road maintenance costs per laned kilometre — unsealed roads

Effectiveness

Percentage of sealed roads 'resealed'

Service measure

Number of complaints regarding road surface per 100 kilometres of roads within shire

Customer satisfaction rating

(Continued)

Table E.3: Draft performance indicators, Queensland (continued)

Waste management services*Efficiency*

Garbage collection costs per property serviced

Effectiveness

Total garbage collected per property serviced

Total tonnage of recyclables collected per residential property

Number of complaints per 1000 properties serviced (complaints to both council and contractor)

Apparent recycling rate percentage

Service quality

User satisfaction with service provided

Library services*Efficiency*

Expenditure per capita

Average cost per registered active borrower

Effectiveness

Issues per member

Average number of issues per volume (excluding reference stock)

Service measure

Level of customer satisfaction

Library membership as a percentage of population

Source: Queensland Department of Local Government and Planning (sub. 63)

Table E.4: Proposed key performance indicators, Western Australia

Functional performance indicators	
<i>General administration</i>	<i>Health services</i>
Members expenses as a percentage of total operating expenditure	Health expenditure as a percentage of total operating expenditure
Average member expenses per elected member	Average health expenditure per head
Average number of residents per elected member	
Average number of residents per full-time-equivalent staff member	<i>Waste management</i>
	Average waste management expenditure per sanitation service population
<i>Welfare services</i>	Waste management revenue coverage of waste management expenditure
Welfare expenditure as a percentage of total operating expenditure	<i>Building control</i>
Average welfare expenditure per head	Building control revenue coverage of building control costs
<i>Recreation and culture</i>	<i>Roads</i>
Recreation and culture as a percentage of total operating expenditure	Road condition ratio
Average recreation and culture expenditure per head	Road preservation ratio
<i>Library services</i>	Road maintenance expenditure ratio
Average library expenditure per member	Average sealed road maintenance expenditure in built-up areas
Average cost of a library loan	Average sealed road maintenance expenditure outside built-up areas
Library membership levels	Average unsealed road maintenance expenditure outside built-up areas
Number of library loans per member	
Financial performance indicators	
Autonomy ratio	
Rates coverage ratio	
Debt service ratio	
Commercial and industrial rates as a percentage of total gross rental value rates	
Average cost of agricultural rates	
Average cost of residential rates	
Average expenditure per head	

Source: Correspondence with Western Australian Department of Local Government, 25 July 1997

Table E.5: Draft performance indicators, South Australia

Efficiency indicators	Effectiveness indicators
<i>Governance</i>	<i>Governance</i>
Expenditure on governance matters per resident	No. of electors per councillor
	Is a current overall strategic plan in existence
	Has this plan been updated in the last three years
	Checklist of areas covered by strategic plan
	Elector rating of overall council performance
	What other forms of communication does council have and how often?
	Expenditure on training programs for elected members
	<i>Financing and debt management</i>
	Debt servicing as % of revenue
	Long term debt to non-current assets ratio
	Council net assets per rate payer
	Specific purpose grant revenue per household as % of average weekly income
	Recurrent grant revenue as a % of total recurrent revenue
	Average rate payable per residential rate payer
	Average rate payable per non-residential rate payer
	Rates payable on median property value for council area
	Proportion of residential rate payers who pay below the average residential rate.
	Five year trend analysis of rate levels by rate payer category
	User charges per household
	Revenue as % of recurrent cash expenditure
	Trend in recurrent expenditure under programs and sub-programs for the past three years

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Administration</i>	<i>Administration</i>
Ratio of administrative expenditure against total recurrent expenditure	Elected members' assessment of the quality of administration services provided to them
Administrative costs per taxpayer	Ratepayers assessment of the quality of administration and public inquiry services
Ratios of individual administrative services as a proportion of total administrative expenditure	Checklist of administrative services
<i>Emergency and fire protection services</i>	<i>Emergency and fire protection services</i>
Cost of council resources applied to fire services (protection and response) including MFS levy	Checklist of essential services which normally involve councils
Cost of council provided emergency and disaster response services per rate payer	Number of CFS units for the council area (if not in MFS area)
Cost of the council resources applied to safety services per rate payer	CFS standards of fire cover are adhered to
Full-time equivalencies of council staff dedicated to these services	Is there a fire prevention plan resourced, implemented and monitored
	CFS rating of overall adequacy of fire prevention and response services
	Council contributes to formulation of disaster plans
	Council assists in formulation of relevant programs
<i>Domestic animal and pest control</i>	<i>Domestic animal and pest control</i>
Animal control costs per rate payer	Council provides an adequate range of enquiry and control services
Average cost per food premises inspected	
	<i>Health inspection and regulation</i>
	No. of complaints received regarding food premises
	% of establishments inspected per annum
	% of all premises inspected rated at or above satisfactory

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Health — general</i>	<i>Health — general</i>
Expenditure on council funded health programs per resident	Checklist of primary health care services
	Checklist of health care education, assistance and promotion activities undertaken by council
	Integrated health plan is in place and has been updated in the last three years
<i>Welfare — aged and disabled</i>	<i>Welfare — aged and disabled</i>
Recurrent Council cost per aged person (>60 years) and disabled persons	Nursing home and hostel places in the council area as a % of over age 70 population
	HACC funds attracted to the council area per 1 000 of aged (> 60 years) and disabled in the community
	Checklist of services offered to target group
	Council has a plan
<i>Welfare — family and children's services</i>	<i>Welfare — family and children's services</i>
Council expenditure per person in target group in council area	A needs assessment and services plan has been undertaken and updated during the past three years
	Checklist of essential services provided locally
	Council provides relevant information services to rate payers
<i>Welfare — other services for people with special needs</i>	<i>Welfare — other services for people with special needs</i>
Council expenditure per resident in target group	Council programs address special welfare support needs
	Council provides relevant information on services
	Checklist of other agencies located in council area

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Town planning</i>	<i>Town planning</i>
Overall expenditure on development plans and applications per rate payer	Council development plans in place for entire council area
Average cost per type of application processed	Number of development applications for which objections are received
Average time taken to determine applications by type	% of appeals about development decisions in which council is unsuccessful
<i>Community development — other</i>	<i>Community development — other</i>
Outlays on community development activities per resident	Community development is addressed by council's strategic planning
Capital investment in community development	Grants attracted by community development boards
	Number of volunteers and volunteer hours on community development activities
<i>Sanitation and garbage</i>	<i>Sanitation and garbage</i>
Average cost of waste collection services per residential property serviced	% of residents receiving council arranged waste collection services
Average collection cost per tonne of domestic waste collected	% of residential properties within 10 kilometres (40 kilometres for non-metro councils) access to waste disposal sites (transfer station or depot)
Average street cleaning costs per resident	No. of complaints prosecuted against business
	No. of complaints received regarding cleanliness of the council area
<i>Urban stormwater drainage service</i>	<i>Urban stormwater drainage services</i>
Cost of capital works and planned and unplanned maintenance	Cost of council repairs to public and private property caused by flooding
Average cleaning costs of side entry pits	No. of flooding/blocked drain complaints received per annum
Expenditure on educating rate payers re correct stormwater management practices	Frequency of cleaning side entry pits
	Sanitary requirements are complied with

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Protection of the environment</i>	<i>Protection of the environment</i>
Cost per hectare to maintain habitat reserves and other environmental preservation areas	Hectares of natural environment reserves as % of council area
	Checklist of coastal protection services
	Checklist of flood mitigation measures
	Checklist of compliance/implementation of environmental legislation
	Rating of council area by EPA in relation to council's performance
	No. of complaints received regarding pollution in this area
<i>Library services</i>	<i>Library services</i>
Expenditure per resident by:	% of population who have access to a library service within 5 kilometres of residence (20 kilometres for non-metro)
– library operating	Is there a mobile library service operating in the council area?
– purchases (council funded)	Estimated number of active users
– purchases (government grant funded)	Checklist of library services available
– PLAIN central services purchases	
– total expenditure	
No. of library staff per 1000 users	
<i>Other cultural facilities and services</i>	<i>Other cultural facilities and services</i>
Expenditure per capita on cultural facilities and activities	Checklist of facilities and activities
	Checklist of services
	Rate-payers satisfaction for:
	– ethnic group activities
	– all activities
<i>Sport and recreation</i>	<i>Sport and recreation</i>
Recurrent cost per resident	Checklist of sport and recreation facilities available in council area
Resource capacity	
Council capital investment per resident in the last five years	Utilisation rate of council owned sport and recreational complexes

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Road and traffic management</i>	<i>Road and traffic management</i>
Average cost per kilometre of road maintenance activities:	Proportion of road network within council responsibility which is sealed
– sealed roads	A best practice pavement testing and management system is used
– unsealed roads	No. of complaints received regarding traffic management
% of annual road maintenance expenditure to total road asset value	No. of complaints received regarding the state of the roads
\$ backlog in road maintenance cost per 100 kilometres and \$ replacement needs per 100 kilometres (excluding footpath paving)	
Planned expenditure on development for next three years	
Average lifecycle cost per square metre of road resealing (sealed roads)	
Average lifecycle cost per square metre of road resheeting (unsealed roads)	
\$ backlog in new sealing of roads where essential	
Cost per rate payer of traffic management services	
<i>Footpath maintenance and construction</i>	<i>Footpath maintenance and construction</i>
Average cost per kilometre of footpath maintenance activities	No. of kilometres of urban footpaths network within council responsibility per 1000 urban population
	% of footpath system with sealed pavement
	% of urban footpath system where surface condition rated as satisfactory for resident needs
	No. of complaints received regarding the standard of footpaths
	% of urban footpath systems usable by the disabled

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

<i>Efficiency indicators</i>	<i>Effectiveness indicators</i>
<i>Parking</i>	<i>Parking</i>
Annual cost of on-road parking	% of demand for urban off-road public car parks/parking spaces rated by council as satisfied
Average annual cost per off-road public car parking space to provide and maintain	Adequate off street parking for residential purposes
Recurrent expenditure desegregated by major problem area	No. of infringement notices issued per restricted parking spaces per annum
Average net surplus/deficit received per car parking space	
Cost per car parking space of enforcement activities	
<i>Transport — community</i>	<i>Transport — community</i>
Recurrent cost per person in target group	Community transport services available checklist
	% of target population residing within 500 metres of community bus/car route
	% of regional centres/towns/neighbourhoods/district centres serviced by community transport services
	% of nursing homes, hostels, retirement villages serviced by community transport services
<i>Economic development</i>	<i>Economic development</i>
Net recurrent expenditure of council resources	Economic and tourism plans established where appropriate within a regional context
Staff resources dedicated to economic development (full-time equivalencies)	Checklist of economic development programs including information/advisory services available
	Relevant grants attracted to:
	– council
	– council sponsored organisations
	– enterprises where the grant was facilitated by the council or Development Board
	Direct investment of council resources to meet the needs of disadvantaged groups

(Continued)

Table E.5: Draft performance indicators, South Australia (continued)

Efficiency indicators	Effectiveness indicators
<i>Business ventures</i>	<i>Business ventures</i>
\$ invested in business ventures in the past three years as % of total council assets	Net financial return on investment per annum
\$ invested in assets as at 30 June 1995 held for future business development projects	Direct employment and local purchases generated through council investment

Source: Coopers & Lybrand 1996

Table E.6: Financial indicators, Tasmania

Rate revenue as a percentage of total revenue
Government grants as a percentage of total revenue
Government grants per capita
Total outlays per capita
Administration outlays per capita
Administration outlays as a percentage of rate revenue
Net interest expenditure as a percentage of total expenditure
Net interest expenditure per capita
Net interest expenditure as a percentage of rate revenue

Source: Tasmanian Treasury 1996

Table E.7: Draft indicators, Tasmania

Current ratio
Interest expense to operating revenue ratio
Rate coverage ratio
Outstanding rates (or rate debtors) percentage
Net loan liability per capita
Rate revenue per modal (most common residential) valuation
Depreciation to revenue ratio
Capital expenditure to depreciation ratio
Contracting and day labour ratio
Expenditure per capita
Rate revenue per capita

Source: Local Government Association of Tasmania (sub. 26)

Table E.8: Indicators developed by Local Government Ministers' Conference benchmarking pilot study

Library lending services	Rates notification and collection
Customer satisfaction with service	Customer satisfaction with service
<i>Accessibility of service</i>	<i>Response times</i>
Total no. of opened hours for central and branch libraries per annum	No. of (working) days between the date of closing the rate file and the date of posting rate notices, and/or
Distribution of opening hours throughout the week	No. of (working) days between the date of declaration of the new rate and the date of posting rates notices
Population served per service input	<i>Rate recovery</i>
<i>Penetration of the market for library services</i>	Value of rates recovered/total value of rates as per the issued rate notices
Registered borrowers per capita	Percentage of the value of rates paid by:
Activity rate of registered borrowers	– the due date
Loans per borrower	– within 30 days of the due date
Loans per staff member	– 31–60 days of the due date
<i>Cost of service</i>	– 61–90 days of the due date
Cost per issue	– more than 90 days overdue
Cost per capita	<i>Cost of service</i>
Cost per hour of operation	Labour hours per rates notice
Stock turnover	Cost per rates notice
Stock in excess of five years of age	Rate recovery cost
Residential building approvals	Unsealed rural roads maintenance
Customer satisfaction with service levels and price	Conformance to service or intervention standard
<i>Response time</i>	Accidents/kilometres per annum
No. of notices (decisions) issued within target response time/total no. of notices (decisions) issued	Customer complaints
Time taken from lodging to decision (working days) — building applications	Response time for customer concerns
Outside authority response times: time taken from referral to response (working days) — building applications	Roads re-sheeted per annum
Net Council administration time (working days) — building applications	Expenditure per kilometres per annum
	Plant availability and utilisation

(Continued)

Table E.8: Indicators developed by Local Government Ministers' Conference benchmarking pilot study (continued)

Residential building approvals (cont.)	Fleet maintenance
<i>Cost of service</i>	Unscheduled downtime
Total labour hours by type of application per annum/ no. of issued building approvals and rejections of this type	Downtime due to scheduled maintenance
Total cost (direct, indirect, corporate) for the application process (either total or by type of application) per annum /no. of building approvals issued	Services completed within standard hours
	Cost of maintenance
	Standard of presentation
	<i>Customer satisfaction survey</i>
Home care	Payroll production
Client satisfaction with service levels and price	Customer satisfaction with service
<i>Response time</i>	<i>Response times</i>
Sum of responses in hours (time of inquiry to time of first service call) for all initial requests/no. of initial requests	No. of pay advices on or within the standard response time for that payroll category/no. of advices that should have been issued by the standard response time
Sum of responses in hours (time of inquiry to time of emergency call) for all emergency calls/no. of emergency requests	No. of reports issued on time/no. of reports that should have been issued by the standard time
<i>Quality of service</i>	<i>Accuracy of pay advices</i>
No. of requests for changes of carer/total clients	No. of complaints (by type)/total no. of pay advices issued
No. of verified complaints/total clients	<i>Cost of service</i>
<i>Client care demand</i>	Total cost (direct and indirect) for the payroll process/no. of pay advices issues
No. of hours of delivered care per annum/no. of clients	
Delivered hours of care per annum/no. of requested hours of care per annum	
<i>Cost of service</i>	
Total direct and indirect costs per annum/no. of hours of delivered care	

Source: Local Government Ministers' Conference 1995a

Table E.9 Distribution of benchmarking partners by ACLG classification

	A	B	C	D.	E	F	G	H
Capital Cities				1				
Urban Developed Small						1		
Urban Developed Medium			1			2		
Urban Developed Large			1					
Urban Developed Very Large			1	3	1	1	2	
Urban Regional Small		1						
Urban Regional Medium		1						1
Urban Regional Large			1	1				3
Urban Regional Very Large			1	1	1			
Urban Fringe Small		1						
Urban Fringe Medium				1				
Urban Fringe Large	9	1	1	2	2		1	
Urban Fringe Very Large					1		1	
Rural Significant Growth		2						
Rural Agricultural Small								
Rural Agricultural Medium								
Rural Agricultural Large								
Rural Agricultural Very Large		2						
Rural Remote Extra Small								
Rural Remote Small								
Rural Remote Medium								
Rural Remote Large								

A: Whittlesea and Casey in Victoria; Noarlunga in South Australia; Pine Rivers, Caboolture and Redland in Queensland; and Liverpool, Blue Mountains and Wyang in New South Wales

B: Surf Coast, Mornington Peninsula and Bass Coast in Victoria; Victoria Harbour in South Australia; Byron Bay and Tweed Shire in New South Wales; Whitsunday in Queensland; and Augusta–Margaret River in Western Australia

C: Boroondara, Ballarat, Frankston, Hume and Maribyrnong councils in Victoria are benchmarking with Wollongong city council, New South Wales,

D: Greater Dandenong in Victoria, Brisbane, Caboolture, Gold Coast, Noosa, Toowoomba and Redland in Queensland; Sutherland and Blacktown in New South Wales

E: Wyong, Liverpool, Sutherland, Gosford and Newcastle

F: Warringah, Pittwater, Manly and Mosman

G: Baulkham Hills, Blacktown, Fairfield and Liverpool

H: Greater Bendigo, Ballarat, Greater Shepparton and Latrobe

Source: National Office of Local Government

APPENDIX F **AUSTRALIAN BUREAU OF STATISTICS DATA ON LOCAL GOVERNMENT**

The Australian Bureau of Statistics collects a wide range of data on the activities of local government. It is a key source of data on the characteristics of each local government area and thus the context in which services are delivered. Current Australian Bureau of Statistics collections on local government activity are largely based on the administrative data provided by councils and are less useful as sources of nationally comparable data on performance.

Between 1979 and 1989 the Australian Bureau of Statistics published *Standardised Local Government Finance Statistics*, a comprehensive listing of local government financial statistics derived from statements of accounts, grants commissions returns and other sources. This publication was ceased as a result of its high production costs coupled with low demand for the data.

The Australian Bureau of Statistics has continued to collect and publish data on local government nationally and by state in relation to government finance statistics, expenditure on education, taxation revenue, public sector financial assets and liabilities, and wage and salary earners. In addition, data on local government is published to varying degrees of detail and timeliness by the Bureau's state offices. State offices in Victoria, Queensland and South Australia have developed joint arrangements with the local government grants commission in their respective states to collect local government finance data.

The amount of data collected on local government has declined only slightly in the past five years. However, there has been a significant decline in the amount of data published on individual local governments. Since 1992 publication of local government finance statistics at local government area level has been discontinued or suspended in Western Australia, New South Wales, Victoria, South Australia and Queensland. Tasmania is the only state for which local government finance statistics by council continue to be published on a regular basis. The main factors influencing the decline in published data are the recent local government amalgamations in Victoria and South Australia together with the move to the local government accounting standard AAS27 in 1993. These factors have influenced the continuity of Australian Bureau of Statistics data

collections and the quality of the data received. These difficulties, together with a relatively low level of demand for local government data, have resulted in a contraction in the amount of local government data published in recent years.

A summary of the nature of local government data published by the Bureau is provided in table F.1. However, the Australian Bureau of Statistics collects and holds significantly more data on local government than it publishes.

Table F.1 Australian Bureau of Statistics data on local government

National data collections specifying local government data*Government Finance Statistics, Australia*

Provides details of the consolidated financial transaction of the non-financial public sector for all levels of government compiled in accordance with standards promulgated by the International Monetary Fund and United Nations. Data include outlays, revenue and financing transactions for both general government and public trading enterprises, components of current and capital outlays by purpose (including details of payments from one level of government to another), and outlays, revenue and financing transactions excluding intergovernmental transfers, by level of government.

Local government data for inclusion in *Government Finance Statistics* is collected through distribution of an annual form to local government directly by the Australian Bureau of Statistics or through the local government grants commissions, for example, in Queensland, Victoria and South Australia.

More detailed information than that published is available. Data are collected separately by each state office of the Bureau. Some offices publish this information, but all offices collect the same data and are able to make them available for further analysis (ABS, sub. 40).

Taxation Revenue, Australia

Provides details of revenue from taxation of Commonwealth, state and local authorities in Australia. Taxation by level of government is classified by type of tax and method of taxation (indirect/direct) and figures are also given per head of mean population.

Public Sector Financial Assets and Liabilities, Australia

Statistics are presented on the cash and deposits, advances and lending/borrowing and for the financial position of governments in relation to those categories and its components, as at 30 June. Statistics are broken down by level of government and state of jurisdiction (for example, Commonwealth, state/territory government by state/territory and local government by state/territory).

Wage and Salary Earners, Australia

Contains estimates for Australia, states and territories of employees, classified by sex, full time/part time, industry and sector (public sector further split by institutional sector and level of government). Estimates of gross earnings classified by industry and sector (public sector further split by institutional sector and level of government) are also shown for Australia, states and territories

Integrated Regional Database

The Australian Bureau of Statistics has developed an integrated collection of time series data assembled on a common geographic framework in response to demand for sub-state statistical data. The database holds approximately 10 000 individual data items drawn from data sources within the Bureau and other Commonwealth agencies. Major groupings of data relate to population geography, natural resources, land use, government services, socioeconomic profile, demography and health, economic indicators, business profile, labour market, Aboriginal and Torres Strait Islander profiles. The database uses the Australian Standard Geographical Classification and provides data from Statistical Local Area level (loosely, Local Government Areas) to all Australia.

Census data

Standard census data is available at the Local Government Area level. Basic community profile data include information on population, age, birthplace, education, ethnicity, income, language, qualifications, housing costs, dwellings, industry, journey to work, labour force and motor vehicles.

Table F.1 Australian Bureau of Statistics data on local government
(continued)

State data collections specifying local government data

In addition there are a number of Australian Bureau of Statistics publications which relate to local government in particular states. The extent to which local government statistics are collected by the state offices varies considerably.

New South Wales

Regional Statistics, NSW

Principal statistics for each municipality and shire on area, population, births, deaths, building activity, agricultural activity, manufacturing, tourist accommodation and local government finances

Local Government Finance, NSW

Local government financial data (based on statements of cash flows and statements of financial position published by local government councils in their annual statements) are available by council.

Data are aggregated to state level for inclusion in the *Government Finance Statistics, Australia*. The data were published to 1993. However, the move to AAS27 caused major problems with the quality of the data and the data were no longer comparable with data of previous years. The quality appears to be improving and it is possible that the 1996 data will be published. Data are currently only available on floppy disc on request.

Estimated Resident Population of Statistical Local Areas, NSW at 30 June

Contains area and preliminary estimated resident population of municipalities and shires as at 30 June. Also contains final estimated resident population for the previous year

Victoria

Dwelling Unit Commencement Reported by Approving Authorities, Victoria (monthly)

Includes number of dwelling commencements (housing and residential buildings) as reported by approving authorities, by local government area

Queensland

Local Government, Queensland (currently suspended)

Up until 1993-94 the published data included for all local authority areas: general summary (area, population, value of property, indebtedness and financial assets); finance, all funds (receipts and expenditure); finance, ordinary services (receipts and expenditure); roads (receipts and expenditure); water supply (receipts and expenditure); sewerage (receipts and expenditure); other services (receipts and expenditure); length of roads normally open to traffic.

The publication is currently suspended (the latest issue being for 1993-94). The move to AAS27 has meant that the data are no longer available for reporting at the level of 1993-94 and previously. In 1994-95 little data were received and no data at individual council level were published for that year. The local government data for 1994-95 for inclusion in *Government Finance Statistics 1994-95* was estimated. The Australian Bureau of Statistics carries out a joint collection of data with the Queensland Local Government Grants Commission. If the quality of the 1995-96 data is adequate, a 1995-96 edition of *Local Government, Queensland* may be published.

**Table F.1 Australian Bureau of Statistics data on local government
(continued)**

Queensland (continued)

Age and Sex Distribution of the Estimated Resident Population, Queensland

Age and sex distribution of estimated residential population as 30 June by local government areas

Regional Statistics Queensland

Data for local government areas includes area and population, dwelling commencements, dwelling unit approvals and value of residential and non-residential approvals. Data are also available on businesses by type, area of agricultural establishments, manufacturing and retail turnover, education, tourist accommodation and motor vehicles. Statistics on outlays and receipts of local government and value of rateable property are also included.

Building Approvals, Queensland (monthly)

Includes summary information for selected local government areas

Dwelling Unit Commencements Reported by Approving Authorities, Queensland (monthly)

Number of dwelling units commenced for private and public sectors by local government areas

South Australia

Local Government Area Statistics, South Australia (irregular)

For local government areas estimated resident population by age group, population census characteristics, number of students, local government finance, manufacturing establishments, building approvals, agricultural activity, motor vehicles on register and number of hotels

Western Australia

Estimated Residential Population by Age and Sex in Statistical Local Areas, Western Australia

Data are aggregated to local government area level.

Tasmania

Government Finance Statistics, Tasmania

Provides state and local government finance statistics showing current/capital outlays, revenue and grants received, financing transactions, interest paid/received, current/capital outlays by purpose, taxes, fees and fines, municipal rates, state and local government financial assets and liabilities.

Population Statistics, Tasmania

Includes estimated resident population of local government areas, time series population, rates of change and proportion of state

Building Approvals, Tasmania

Includes some data on local government areas

Northern Territory

Estimated Resident Population; Selected Areas, Northern Territory

Investigates estimated residential population by community government councils and incorporated associations. Small populations in many areas mean that breakdowns by age and sex are not possible.

Source: Australian Bureau of Statistics Internet site

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