

**MEASURING UP:
linking planning
& performance**

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abbreviations

AG.....	Auditor General Victoria (www.audit.vic.gov.au)
CA.....	The Institute of Chartered Accountants Australia (www.charteredaccountants.com.au)
CPA	Certified Practising Accountants Australia (www.cpaaustralia.com.au)
DPCD.....	Department of Planning and Community Development (www.dpcd.vic.gov.au)
FinPro	Local Government Finance Professionals (www.finpro.org.au)
LGV.....	Local Government Victoria (www.localgovernment.vic.gov.au)
LGMA.....	Local Government Managers Australia (www.lgma.org.au)
LGPMC	Local Government and Planning Ministers' Council (www.lgpmcouncil.gov.au)
LGPro	Local Government Professionals (www.lgpro.com)
MAV	Municipal Association of Victoria (www.mav.asn.au)
VAGO	Victorian Auditor General's Office (www.audit.vic.gov.au)
VLGA	Victorian Local Governance Association (www.vlga.org.au)

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background

LOCAL GOVERNMENT..... manages over \$5.7 billion in revenue, procures around \$2.7 billion in goods and services annually, manages assets worth more than \$47 billion, and contributes around 2% of Victoria's Gross State Product.

the LOCAL GOVERNMENT ACT 1989 (the Act)....

says that:

- local government is a distinct and essential tier of government
- its role is to provide governance and leadership for the local community through advocacy, decision making and action
- councils must be accountable to their local communities in the performance of functions and the exercise of powers and the use of resources.

2004 REFORMS....

to the Act introduced the reporting framework that councils operate under today: four-year council plans, annual reports, annual budgets, and community consultation, designed to increase the accountability of local government to its local communities.

The reforms introduced a preamble and a charter to the Act. These describe the place and importance of local government in Victoria, its purpose, and also its role, functions and powers (see appendices).

THIS PAPER....

looks at performance management, including performance measurement and reporting, and how it can be used to enhance both accountability and transparency across the sector.

ITS AIM....

is to provide clear guidance to councils on how to integrate their accountability framework through key documents required under the Act. The paper focusses on the links between performance reporting and strategic planning - especially the relationship between a Council Plan and other documents and reports - by highlighting the legislative intention of the accountability framework.

Councils are required to provide performance information in their annual reports.

The legislated requirements must not be viewed as setting the maximum disclosure necessary—rather they should be taken to be the minimum standard.

The challenge for a council is to balance the need to provide useful information on its performance against the cost of capturing and reporting this information.

VAGO report 2008

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.

Performance Measures for Councils
Industry Commission Research report)
October AGPS 1997

The discussion is organised under two main headings:

- the accountability framework – intentions, links, documents
- performance management – theory and practice.

A great deal of work on improving performance reporting has already been undertaken by councils, Local Government Victoria (LGV) and peak bodies, all of whom recognise its importance to best practice within councils. However, in 2008 the Victorian Auditor General's Office (VAGO) called on councils to address consistency of performance reporting, integration of performance measures across the reporting framework, and recognition of audience needs (eg reporting annually on fewer key strategic activities, using plain English, and developing appropriate, balanced performance indicators). This document complements VAGO's report and guide developed to assist councils.¹

This paper, an initial step towards improved performance reporting, builds on work done following the introduction of the 2004 reforms. It seeks to:

- stimulate discussion at a councillor and management level
- kick-start a review of current practice, and
- outline opportunities and challenges for the sector.

¹ *Performance Reporting in Local Government and Local Government Performance Reporting: Turning Principles into Practice*
Victorian Auditor-General's Office (VAGO) 2008

1. accountability framework

WHAT DOES THE ACT SAY?

ACCOUNTABILITY requirements are found in Parts 6 and 7 of the Act and in the Local Government (Finance and Reporting) Regulations 2004. Councils must prepare a four-year plan, containing strategic objectives, and describe how these will be monitored and funded. While the Act describes the minimum required of councils, in terms of performance reporting, many councils do more.

The process begins with a four-year Council Plan, incorporating a four-year Strategic Resource Plan (SRP). Other documents then flow from - and are connected to - these important planning tools. The intention in the Act is for councils to establish links between their objectives (contained in the Council Plan), the resources needed to achieve them (contained in the SRP and annual budgets), and how progress towards achieving them will be measured (performance measures, targets and indicators), so communities can assess how their councils are travelling. (See diagram 01 left and diagram 02 below.)

diagram 01: timeframes

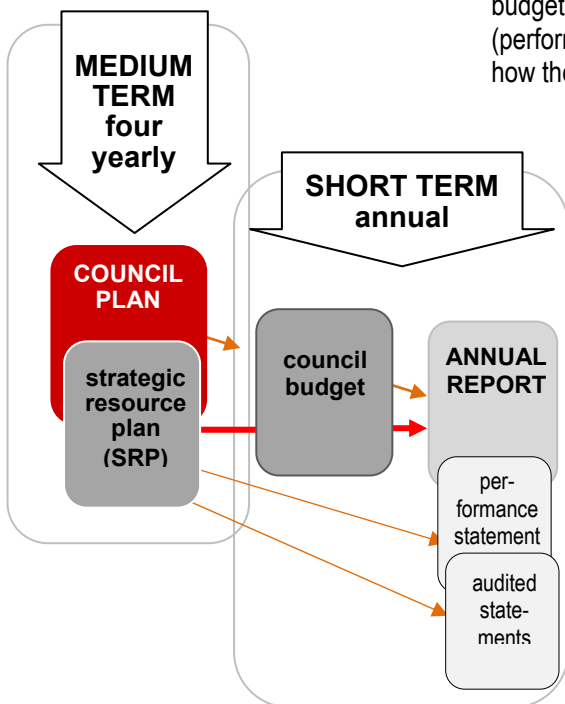
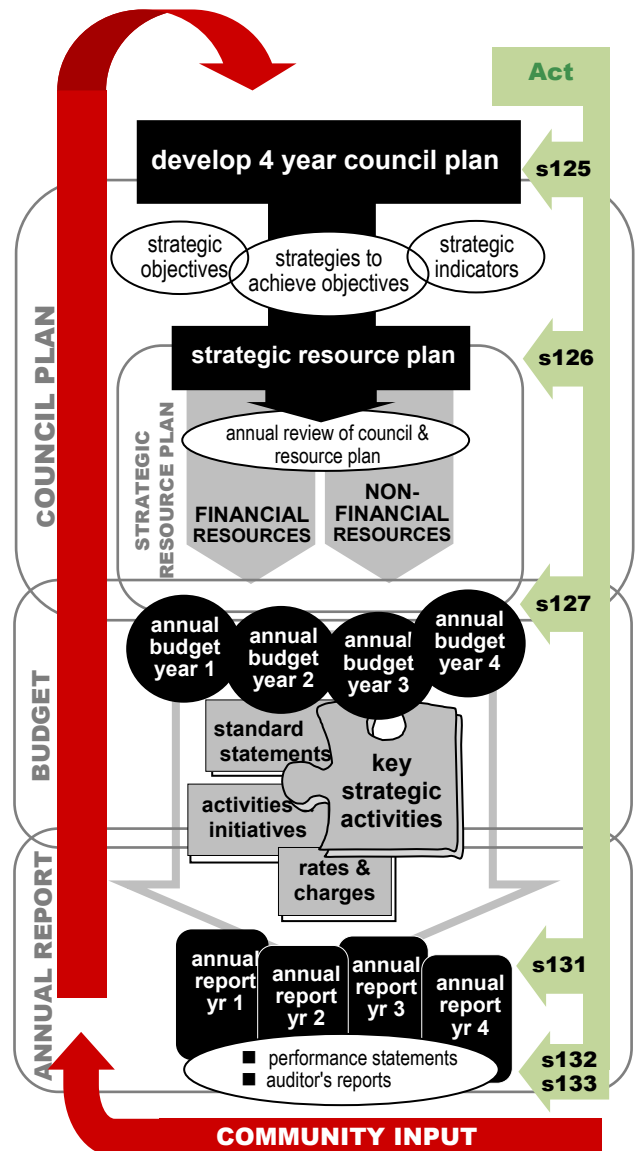


diagram 02: accountability process

The complexity of the four-year process is shown, beginning with the Council Plan (incorporating the SRP) and moving through budgets and annual reports.

Community and stakeholder input, informed by public reporting mechanisms over the cycle, is shown in red.

Relevant sections of the Act are indicated at the right. (See Appendix for the full text of these sections.)



a) council plans

WHAT DOES THE ACT SAY?

... the general requirements of local government as set out in the Local Government Act 1989 indicate that Councils should be 'responsible and accountable' to the local community, and should provide governance and leadership for the local community through advocacy, decision making and action (section 1). 'Local community' is defined as including people who live in the municipality, ratepayers, and people who conduct activities in the municipality (section 1A). The primary objective of a Council is defined as 'endeavour[ing] to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions' (section 3C).

Council is required to have regard to a number of facilitating objectives, which include: promoting social, economic and environmental sustainability; providing services in accordance with Best Value Principles to best meet community needs; and ensuring transparency and accountability in Council decision making (section 3C). Council's role is seen to include 'taking into account the diverse needs of the local community in decision making', and 'providing leadership by establishing strategic objectives and monitoring their achievements' (section 3D). Council's role is also defined as 'fostering community cohesion and encouraging active participation in civic life' (section 3D).

Embedding Community Priorities into Council Planning
LGPro with DPCD 2008

COUNCIL has until **30 June** in the year after a general election to submit its four-year Council Plan to the Minister for Local Government, but the plan itself is not set in concrete. It must be reviewed annually, and adjusted if needed.

Developing a Council Plan encourages everyone to think about – and broadly agree on - what is important and unique about a particular council and its communities, in order to shape longer term goals, priorities and outcomes. It is the foundation for a set of cascading reports that provide a base for measuring the level of stewardship being exercised over valuable community assets and resources.

Under **section 223** of the Act a person has a right to make a submission:

- on the proposed Council Plan – **s125 (3)** and
- on a proposed adjustment relating to matters specified under subsection 2(a), 2(b), 2(c) – **s125 (9)** (see diagram below).

Local Government Act 1989 Section 125: Council Plan

(1) A Council must prepare and approve a Council Plan within the period of 6 months after each general election or by the next 30 June, whichever is later

(2) A Council Plan must include—
s125 (2)

What this means in practice

a the **strategic objectives** of the Council

the broad direction council has decided on for the four-year Council Plan period

b **strategies** for achieving the **objectives** for at least the next 4 years

the actions, including plans, council will undertake to achieve the strategic objectives

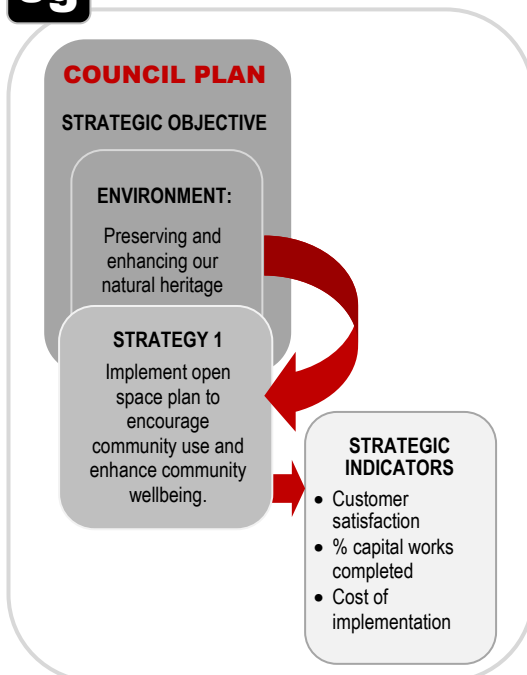
c **strategic indicators** for monitoring achievement of the objectives

how council will measure progress towards achieving the strategic objectives

d a **Strategic Resource Plan** containing the matters specified in section 126

the resources council is committing – financial and non-financial - to achieve its objectives.

eg PARKS & RESERVES



b) strategic resource plans

WHAT DOES THE ACT SAY?

Local Government Act 1989 Section 126: Strategic Resource Plan

- (1) The Strategic Resource Plan is a resource plan of the resources required to achieve the strategic objectives.
- (2) The Strategic Resource Plan must include in respect of at least the next 4 financial years—
s126 (2)

a the **standard statements** describing the required financial resources in the form and containing the information required by the regulations

how council intends to fund, over four years or longer, its strategies and activities.

b statements describing the required **non-financial resources**, including human resources.

non-financial resources council intends to use to achieve its objectives.

SECTION 126 of the Act says a council's Strategic Resource Plan (SRP) is a *resource plan of the resources required to achieve the strategic objectives* outlined in the Council Plan. A better practice SRP will outline the financial and non-financial resources that will enable the delivery of council's strategic objectives in its Council Plan.

It must be:

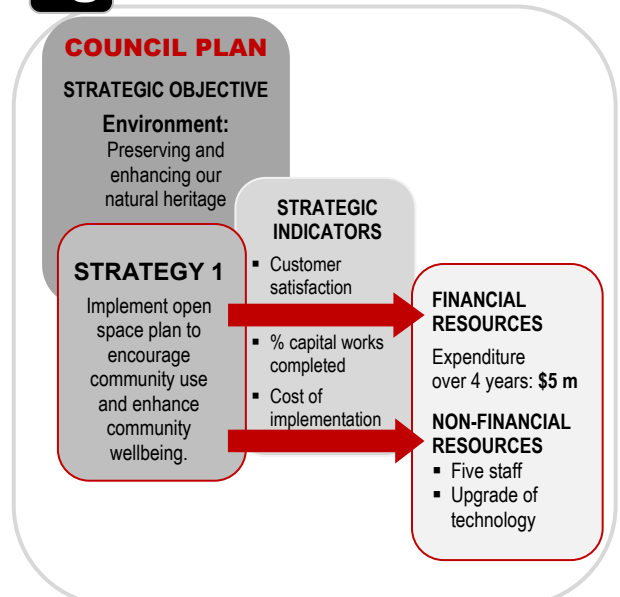
- reviewed during the preparation of the Council Plan – **s126 (3)a**
- adopted no later than June 30 each year - **s126 (3)b**
- available for inspection by the public - **s126 (4)**.

The SRP must always cover four years' worth of a council's resource needs. For this reason many councils prepare them on a rolling basis.

The Act does not tell councils how to describe non-financial resources. However, they generally cover future staffing, assets and infrastructure, and information technology and business system needs.

If adjustments are made only to the SRP during the life of the Council Plan, it must be available for inspection but a formal submission process - **s 223** - is not necessary.

eg PARKS & RESERVES



To guide budget development...

The Council Plan when done effectively should provide a clear framework of council objectives, policy directions and key priorities which should then drive development of the budget and other resource allocation processes. A complete council planning process enables resources to be allocated to areas that will best achieve the council's priorities, and evaluation process to determine if actions have indeed delivered the intended outcomes, and a continual review and refinement process ensuring changing priorities are integrated into the system and continue to be resourced.

So you want to write a Council Plan? LGPro Corporate Planners Network

c) annual budgets

WHAT DOES THE ACT SAY?

FOUR annual budgets each council term fulfil the accountability cycle. They can attract public interest, since they set out decisions regarding property rates and service fees. A council must adopt its budget and forward it to the Minister for Local Government by **August 31** each year.

Best practice councils aim to complete their budget by the **end of the financial year**.

**Local Government Act 1989
Section 127:
Council must prepare a budget**

(1) A Council must prepare a budget for each financial year.

(2) The Council must ensure that the budget contains—

**s127
(2)**

What this means in practice

a the **standard statements** in the form and containing the matters required by the regulations

statements on financial performance, financial position, cash flows and capital works which must also appear in the Council Plan (the SRP), and the Annual Report.

b a description of the **activities and initiatives** to be funded in the budget;

a broad range of council actions, both ongoing and new, relevant to the general public.

c a **statement** as to how the **activities and initiatives** described under paragraph (b) will contribute to achieving the strategic objectives specified in the Council Plan;

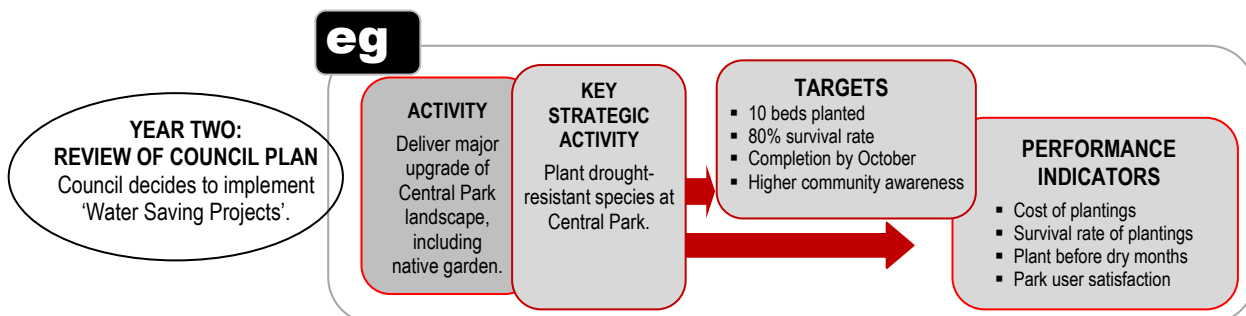
a description, in language appropriate for the general public, of why council is undertaking these initiatives and activities and how they relate to stated strategic objectives in the Council Plan.

d separately identified **Key Strategic Activities** to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity;

a small number of critical annual activities relating back to strategic objectives in the Council Plan, with performance targets and performance measures attached, that are auditable and of interest to the public and key stakeholders.

e any other details required by the **regulations**.

eg



Key Strategic Activities

The Local Government Act requires councils include performance measures and targets in their annual budgets for 'key strategic activities' (KSAs). Council interpretation of this requirement has been variable, leading to divergent approaches to the definition of KSAs and selection of associated performance measures. Audit observed cases where there were literally dozens of KSAs—begging the question whether these could all be key and strategic. It was apparent in many cases that there had been a confusion of concepts between outcomes, outputs and activities. Councils that implement a comprehensive set of outcome and output indicators will automatically put a boundary around what can be interpreted to be a KSA. In the context of constructing the council budget, KSAs could be the major new initiatives over and above normal service delivery. These will require their own time, cost, quantity and quality indicators to allow councils to measure whether they have been successfully implemented.

Local Government Performance Reporting: Turning Principles into Practice Victoria's Auditor-General's Office (VAGO) 2008

d) annual reports

WHAT DOES THE ACT SAY?

Local Government Act 1989 Section 131: Annual Report

(1) A Council must in respect of each financial year prepare an annual report containing—

s131 (1)

- a** a report of its operations during the financial year
- b** audited standard statements for the financial year
- c** audited financial statements for the financial year
- d** a copy of the performance statement prepared under section 132
- e** a copy of the report on the performance statement prepared under section 133

Local Government Act 1989 Section 131: Annual Report

(2) The standard statements in the annual report and the financial statements must—

s131 (3)

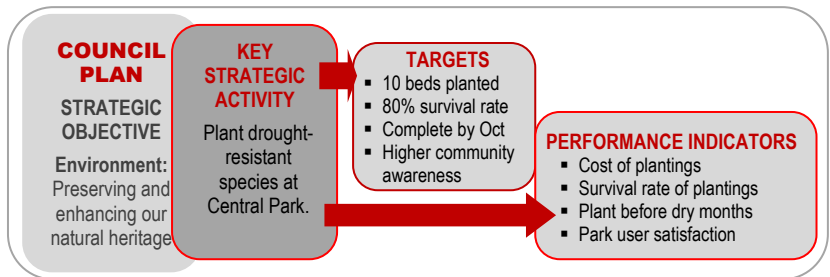
- a** be prepared in the manner and form prescribed by the regulations
- b** be submitted in their finalised form to the auditor for auditing as soon as possible after the end of the financial year;
- c** be certified in the manner prescribed.

THE ACT provides detailed guidance on the financial information required in annual reports. They must be submitted to the Minister for Local Government by **September 30** each year.

Diagram 03 shows part of a sample performance statement, including a Key Strategic Activity, and how this links back to the Council Plan.

Better practice councils use the opportunity provided by the annual report to inform the public and key stakeholders about progress towards achieving overall strategic objectives, using the strategic indicators described in the four-year Council Plan.

diagram 03: sample performance statement (section 132)



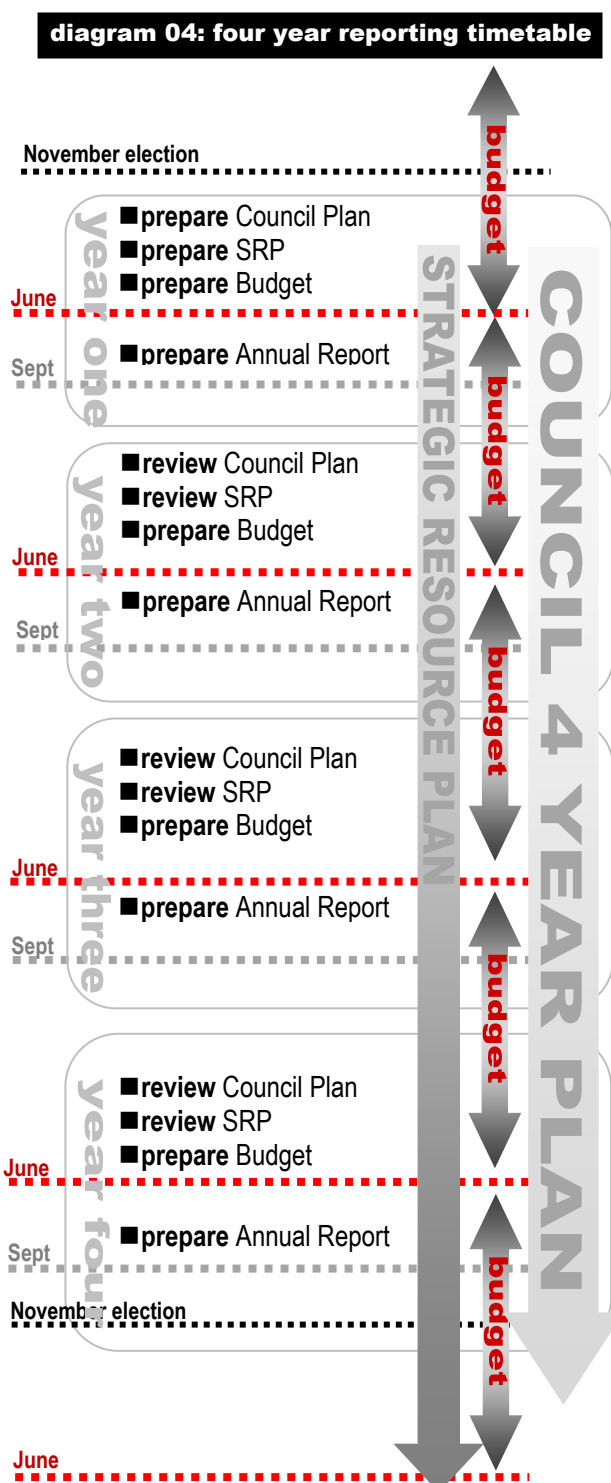
STRATEGIC OBJECTIVE: Environment: Preserving and enhancing our natural heritage			
STRATEGY 1: Implement open space strategy to encourage community use and enhance community wellbeing.			
STRATEGIC INDICATOR 1 Customer satisfaction survey · high level maintained	STRATEGIC INDICATOR 2 % capital works completed · 50% of works on target	STRATEGIC INDICATOR 3 Cost of implementation · on budget (see SRP)	
Yr 2 Key Strategic Activity: Plant drought-resistant species in Central Park			
PERFORMANCE MEASURE 1	PERFORMANCE MEASURE 2	PERFORMANCE MEASURE 3	PERFORMANCE MEASURE 4
Cost of plantings	Survival rate of plantings	Plant before dry months	Customer satisfaction
Target: 10 beds	Target: 80%	Target: October	Target: higher awareness
Budget \$75,000	Actual 82%	90% achieved	Satisfaction declined due to renovation works.
Actual \$74,000			
COMMENT: The cost per plant was higher than expected, although costs reduced overall as only 9 beds were planted, due to supply problems at Council's nursery. Park users expressed disappointment with the disruption and loss of mature plantings, pointing to a need for education about the project and its importance in meeting our strategic objective.			

e) work-cycle time-frame

ELECTIONS occur in November, about half way through the financial year. In its first few months, a new council works with the tail end of an existing Council Plan, SRP and budget. In order to meet June deadlines, incoming councils must:

- examine the expiring **Council Plan**
- prepare a new **Council Plan** and **SRP**
- begin formulating a **budget**.

Councils also need to be aware that the deadline for submitting the **Annual Report** is **September 30** each year.



2. about performance management

why measure performance?

Performance information can:

- measure progress towards achieving strategic objectives
- demonstrate accountability to ratepayers and other key stakeholders
- compare performance over time, and
- communicate about levels of service being provided.²

Performance measurement supports good management and governance.

- What gets measured gets done.
- If you don't measure results, you can't tell success from failure.
- If you can't see success you can't learn from it.
- If you can't recognise failure you can't correct it.
- If you can demonstrate results, you can win public support.³

what is performance management?

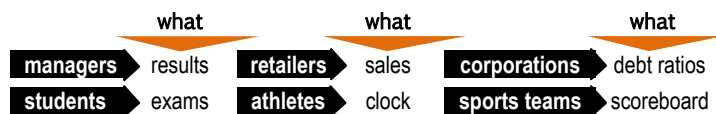
According to LGPro⁴:

It is the process of setting and using measures to determine whether the efforts of staff and Council are having the intended impact on the community.

what are performance indicators?

These can be divided, roughly, into quantitative or qualitative measurements.

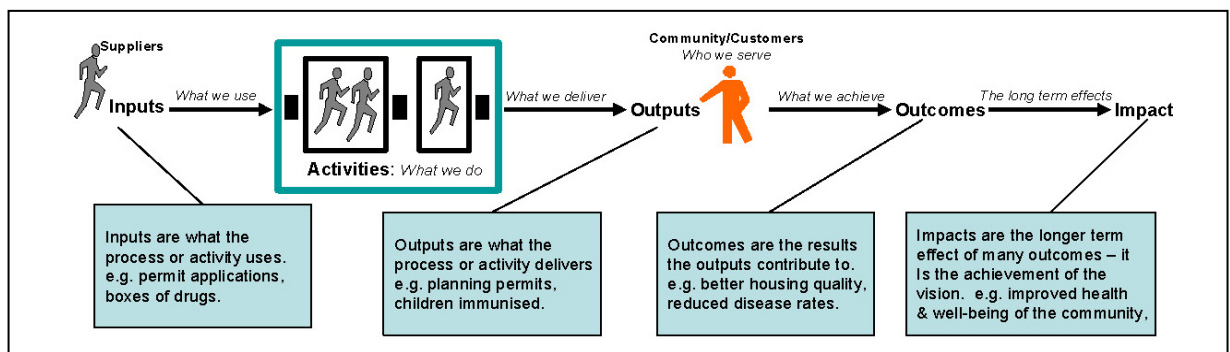
Measuring performance in a quantitative sense uses common tools such as tests, numbers, and time.



In the examples above, only one measure (the manager's results), would involve looking at complex, qualitative measures such as assessing leadership qualities, people management skills or capacity for strategic thinking.

The diagram below shows the performance measurement spectrum by showing how inputs (both financial and non-financial), outputs and outcomes contribute to long term goals.

diagram 05: performance measurement



Source: A guide to achieving a whole of organisation approach to Best Value LGPro, Best Value Commission, DVC 2006

² DVC conference paper *Local government Performance Management* Ernst & Young 2003

³ Adapted from *Reinventing Government* Osborne and Gaebler. 1992

⁴ Draft *Performance Monitoring and Reporting Guidelines LGPro*

simple does not mean easy

It is not an easy task to establish good performance information and reporting that is useful for both internal and external reporting For good governance, it is important that performance information used for external reporting requirements, such as in an annual report, is consistent with, and integral to: internal planning; budgets; analysis; and other internal performance reporting.

Better Practice Guide: Better Practice in Annual Performance Reporting Australian National Audit Office 2004

Simple indicators are preferred, but measuring the performance of Victoria's diverse set of local councils will take more than a clock and a calculator. While accountancy-related measures tend to dominate how we report an organisation's success, the community wants to know how we measure the intangible assets that underpin innovation, progress and growth. These measurements require thought and judgement.

You cannot know **how** to measure unless you know **what** to measure, and that depends on the high level strategic goals and objectives that guide your organisation's activities. If strategic objectives are developed without thinking about the development of a range of useful, affordable and manageable indicators, it is unlikely the story of **why** we are doing something - how we planned its path, how it links to the big picture, and how it benefits the community as a whole – will be told.

what is a useful indicator?

The VAGO 2008 report advises what constitutes useful indicators:

- **A focus on outputs and outcomes** - performance indicators should reflect whether service objectives have been met.
- **Comprehensiveness** - performance indicators should assess performance against all council objectives.
- **Consistency and comparability** - data should be calculated consistently over time and preferably, be comparable across councils.
- **Context** - performance data should be provided for the prior period(s), including trends; and on the reasons for any significant variance from targets or expected results.

what is a balanced set of indicators?

The Auditor General (AG) wants councils to use more than one type of measure, perhaps a mix of quantitative and qualitative.

It is rare that a single indicator will capture all aspects of performance. Often good performance in one dimension is at the expense of another dimension—with scarce resources the inevitable trade-offs between time, cost and quality are a classic example.

what is a relevant indicator?

The AG found examples of indicators with little connection to the activity being described. These are neither relevant for the organisation nor the reader, and are either deployed out of ignorance or panic – for the sake of filling a gap in the record.

Measures selected for accountability reporting should have a logical and consistent relationship to council objectives and services.

what is an appropriate indicator?

It should not be necessary to have a business management degree to read a council's annual report or annual budget. The AG says:

Users require context to interpret results and form a conclusion. Key contextual data includes: a pre-determined target, the trend in performance over time, and relative performance of similar councils.

what is a supported indicator?

The support comes from accurate and meaningful data, chosen specifically to reflect on that indicator and provide information to the reader. The AG quotes a commonwealth review⁵:

A few basic, well-aligned measures taken seriously are better than a number of complex measures.

what are Key Strategic Activities?

These are a few selected activities worth highlighting - and being audited – each year. They contribute to the story of council's progress but need to be firmly set in the context of the Council Plan. According to the AG:

*KSAs could be the **major new initiatives** over and above normal service delivery. These will require their own time, cost, quantity and quality indicators to allow councils to measure whether they have been successfully implemented.*

⁵ National Performance Review, *Best Practices in Performance Measurement*, 1997

APPENDIX: Extracts from the Act

Local Government Act 1989 Section 125: Council Plan

- (1) A Council must prepare and approve a Council Plan within the period of 6 months after each general election or by the next 30 June, whichever is later.
- (2) A Council Plan must include—
 - (a) the strategic objectives of the Council;
 - (b) strategies for achieving the objectives for at least the next 4 years;
 - (c) strategic indicators for monitoring the achievement of the objectives;
 - (d) a Strategic Resource Plan containing the matters specified in section 126;
 - (e) any other matters which are prescribed by the regulations.
- (3) A person has a right to make a submission under section 223 on the proposed Council Plan.
- (4) The Minister may extend the period within which a Council must comply with subsection (1).
- (5) A Council must submit a copy of the Council Plan to the Minister by the date specified in subsection (1) or applying under subsection (4).
- (6) If a Council fails to submit a Council Plan to the Minister within the time allowed, the Secretary must ensure that details of the failure are published in the annual report of the Department.
- (7) At least once in each financial year, a Council must consider whether the current Council Plan requires any adjustment in respect of the remaining period of the Council Plan.
- (8) Subject to subsections (9) and (10), a Council may make any adjustment it considers necessary to the Council Plan.
- (9) A person has a right to make a submission under section 223 on a proposed adjustment to a Council Plan which relates to a matter specified under subsection (2)(a), (2)(b) or (2)(c).
- (10) If a Council makes an adjustment to the Council Plan, the Council must within 30 days of making the adjustment advise the Minister of the details of the adjustment to the Council Plan.
- (11) A copy of the current Council Plan must be available for inspection by the public at—
 - (a) the Council office and any district offices; and
 - (b) any other place required by the regulations.

Local Government Act 1989 Section 126: Strategic Resource Plan

- (1) The Strategic Resource Plan is a resource plan of the resources required to achieve the strategic objectives.
- (2) The Strategic Resource Plan must include in respect of at least the next 4 financial years—
 - (a) the standard statements describing the required financial resources in the form and containing the information required by the regulations;
 - (b) statements describing the required non-financial resources, including human resources.
- (3) A Council must—
 - (a) review the Strategic Resource Plan during the preparation of the Council Plan; and
 - (b) adopt the Strategic Resource Plan not later than 30 June each year.
- (4) A copy of the current Strategic Resource Plan must be available for inspection by the public at—
 - (a) the Council office and any district offices; and
 - (b) any other place required by the regulations.

Section 127: Council must prepare a budget

- (1) A Council must prepare a budget for each financial year.
- (2) The Council must ensure that the budget contains—
 - (a) the standard statements in the form and containing the matters required by the regulations;
 - (b) a description of the activities and initiatives to be funded in the budget;
 - (c) a statement as to how the activities and initiatives described under paragraph (b) will contribute to achieving the strategic objectives specified in the Council Plan;
 - (d) separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity;
 - (e) any other details required by the regulations.
- (3) The Council must ensure that the budget also contains—
 - (a) the information the Council is required to declare under section 158(1);
 - (b) if the Council intends to declare a differential rate under section 161, the details listed in section 161(2);
 - (c) if the Council intends to declare a differential rate under section 161A, the details listed in section 161(2).

Local Government Act 1989 Section 131: Annual Report

- (1) A Council must in respect of each financial year prepare an annual report containing—
 - (a) a report of its operations during the financial year;
 - (b) audited standard statements for the financial year;
 - (c) audited financial statements for the financial year;
 - (d) a copy of the performance statement prepared under section 132; and
 - (e) a copy of the report on the performance statement prepared under section 133;
 - (f) any other matter required by the regulations.
- (2) The report of operations must—
 - (a) be prepared in a form and contain information determined by the Council to be appropriate; and
 - (b) contain any other information required by the regulations.
- (3) The standard statements in the annual report and the financial statements must—
 - (a) be prepared in the manner and form prescribed by the regulations;
 - (b) be submitted in their finalised form to the auditor for auditing as soon as possible after the end of the financial year;
 - (c) be certified in the manner prescribed.
- (4) The standard statements in the annual report must show any variations from the standard statements in the budget as prepared under section 127 and, if the variation is material, explain the reason for the variation.
- (5) The auditor must not sign the auditor's report concerning the standard statements or the financial statements unless subsection (3)(c) has been complied with.
- (6) The annual report must be submitted to the Minister within 3 months of the end of each financial year or such longer period as the Minister may permit in a particular case.
- (7) The Council must not submit the standard statements or the financial statements to its auditor or the Minister unless it has passed a resolution giving its approval in principle to the standard statements and the financial statements.
- (8) The Council must authorise 2 Councillors to certify the standard statements and the financial statements in their final form after any changes recommended, or agreed to, by the auditor have been made.
- (9) If a Council fails to submit its annual report within the time allowed under subsection (6), the Secretary must ensure that details of the failure are published in the annual report of the Department.
- (10) After the annual report has been submitted to the Minister, the Council must give public notice that the annual report has been prepared and can be inspected at the Council office.
- (11) A copy of the annual report must be available for inspection by the public at—
 - (a) the Council office and any district offices; and
 - (b) any other place required by the regulations.
- (12) After the Council has received a copy of the report of the auditor under section 9 of the **Audit Act 1994**, the Council must—
 - (a) give public notice that the Council has received the copy and that the copy can be inspected at the Council office;
 - (b) ensure that the copy is available for public inspection at any time that the Council office is open to the public.

Local Government Act 1989 Section 132: Performance statement

- (1) As soon as is reasonably practicable after the end of each financial year, a Council must prepare a performance statement.
- (2) The performance statement must include—
 - (a) the Key Strategic Activities and performance targets and measures specified in the budget under section 127 for that financial year;
 - (b) the actual results achieved for that financial year having regard to those performance targets and measures.

NOTE: Section (3) repealed.

- (4) The statement must—
 - (a) be in the form; and
 - (b) contain the details—required by the regulations.
- (5) The Council must submit the statement to its auditor as soon as possible after the statement has been prepared.
- (6) The Council must not submit the statement to its auditor or the Minister unless the Council has passed a resolution giving its approval in principle to the statement.
- (7) The Council must authorise 2 Councillors to approve the statement in its final form after any changes recommended, or agreed to, by the auditor have been made.
- (8) The approval by the 2 Councillors must be given in the form and manner required by the regulations.
- (9) The Council must submit the statement to the Minister within 3 months of the end of the financial year to which the statement relates.
- (10) The Council must comply with subsection (9) even if the auditor has not yet prepared the report on the statement required by section 133.
- (11) If the statement shows that the Council has failed to substantially achieve the performance targets in relation to the Key Strategic Activities set out in the budget, the Council must ensure that the copy of the statement submitted to the Minister is accompanied by a written explanation of why it failed to achieve the performance targets.

Section 133: Audit report on the performance statement

The auditor must—

- (a) prepare a report on the performance statement prepared by a Council under section 132 in the form and containing the details required by the Minister; and
- (b) submit a copy of that report to the Minister and the Council as soon as is reasonably practicable after the report has been prepared.

further reading

- *Benchmarking for Local Government - A Practical Guide* Local Government Ministers' Conference Benchmarking Project 2001
- *Better Practice Guide: Better Practice in Annual Performance Reporting* Australian National Audit Office 2004
- *Draft Performance Monitoring and Reporting Guidelines* LGPro
- *Embedding Community Priorities into Council Planning* LGPro with DPCD 2008
- *Excellence in Governance for Local Government* CPA, Local Government Managers Australia 2005
- *Local Government Performance Reporting: Turning Principles into Practice* Victorian Auditor-General's Office (VAGO) 2008
- *Measuring wellbeing, engaging communities: Sustainable strategies for the development of community wellbeing indicators by Victorian local governments and their communities* (Discussion Paper) Victorian Community Indicators Project (VicHealth, MAV, VLGA et al) 2005
- *Not a "Tool Kit": Practitioner's Guide to Measuring the Performance of Public Programs*, Mark Schacter, Institute On Governance, Ottawa, Canada, 2002 (www.iog.ca)
- *Performance Measures for Councils: Improving Local Government Performance Indicators* (Industry Commission Research report) October AGPS 1997
- *Performance Reporting in Local Government* Victorian Auditor-General's Office (VAGO) 2008
- *Triple Bottom Line Measurement and Reporting in Australia: Making it Tangible* Dahle Suggett and Ben Goodsir, The Allen Consulting Group, Commonwealth Government 2002

The "tool" required for doing performance measurement is something that no performance measurement expert can hand to you. It is your own capacity to develop a clear, analytical understanding of the program whose performance you want to measure. **There is no substitute for this.**

The central idea is that good performance measurement is an exercise in storytelling. A well developed performance framework allows you to tell a convincing story, backed by credible evidence, about the value added by your program to some particular segment of society. A good performance story addresses these three elements:

- This is what we want to achieve through our program. This is the area where we want to "make a difference."
- These are the steps by which we expect our program will achieve its objectives.
- This is how we know that our program is on track to achieve its objectives.

The details of the story are up to you. But if it is a good story – well written, well reasoned, and backed by credible evidence and plausible assumptions – then it will allow you to make a strong case that your program is both worthwhile (because it is pursuing outcomes that matter ...) and well managed (because its progress toward achieving the intended outcomes is being carefully monitored).

*Not a "Tool Kit":
Practitioner's Guide to Measuring the Performance of Public Programs*
Mark Schacter, Institute On Governance, Ottawa, Canada