



A RESPONSE TO THE LOCAL GOVERNMENT PERFORMANCE MONITORING FRAMEWORK DRAFT REPORT, ESSENTIAL SERVICES COMMISSION, MARCH 2010.

ADOPTED BY DAREBIN CITY COUNCIL, 3 MAY 2010

Introduction

The City of Darebin welcomes the opportunity to respond to the Essential Services Commission's Local Government Performance Monitoring Framework Draft Report.

In our Council Plan 2009-2013, the City of Darebin makes a commitment to transparency in governance and to provide accurate and meaningful performance reports:

"We will govern the municipality in a transparent and accountable manner, and provide regular and accurate reporting to the community"¹

To that end, the Premier's 12 August 2009 announcement that the Essential Services Commission was to be charged with the responsibility of developing and implementing a performance monitoring framework for Local Government was an encouraging development.

The City of Darebin has taken the opportunity to participate in the development process, and this submission represents our latest contribution to the process, which has included:

- hosting the Commission at a meeting of councils in our region on 18 December 2009
- making a formal submission to the Commission in response to the October 2009 Issues Paper
- participating in one of the Working Groups convened by the Commission earlier this year
- attending a regional meeting on 16 April 2010
- participating in a working group to assist Local Government Professionals (LGPro) in the development of their submission.

¹ City of Darebin 2009, *Our People, Our Place, Our Future - City of Darebin Council Plan 2009-2013*, June 2009, Preston, p11.

Data Collection

The collection and reporting of data for the proposed Framework has the potential to become onerous and costly, both in terms of direct data measurement and collation and also in administration of the program, including collation, verification and data entry. While we accept that councils have a responsibility to meaningfully and accurately assess the performance of programs and services, we seek to reduce duplication and overlap of these efforts where possible.

We support the Commission's efforts in collecting data directly from State Government Departments to reduce the duplication of reporting and the costs incurred by councils.

We support the Commission's proposal to further review council's reporting obligations and duplications to the State Government and its agencies. The City of Darebin will seek to participate in this review where possible.

Council Classification

We agree with the Commission's observation that

*"[r]eported performance indicators should be timely and written in a clear, factual and unbiased manner and accompanied by appropriate contextual information such as ... comparative data from like councils."*²

However, we do not believe that the Commission's proposal for a classification system based solely on the size and location of a municipality achieves this goal. The Draft Report does not provide any justification for the proposed grouping (other than it being the recommendation of its own Consultative Committee), nor does it adequately explain the need for such a grouping in the first place. This issue was raised by Darebin representatives at a meeting of the Essential Services Commission on 16 April 2010 and no further explanation of the need for Council groupings could be provided.

In our original submission to the Commission, we said:

*"The proposal to 'classify' Council's is overly simplistic and will inevitably lead to inaccurate and uninformed comparisons between fundamentally different municipalities."*³

It is our view that councils should not be classified into groups for the purpose of publishing the results of the Local Government Performance Monitoring Framework.

We propose that the results for all 79 councils be published together

² Essential Services Commission 2010, *Local Government Performance Monitoring Framework, Draft Report*, March, Melbourne, p6.

³ City of Darebin 2009, *A Response To The Local Government Performance Monitoring Framework Issues Paper*, Essential Services Commission, October 2009, November 2009, Preston.

Targets and local priorities

For performance measures to be meaningful, they need to be relevant to local communities. By their nature, priorities differ between municipalities, and even between parts of a single municipality. The establishment of standardised performance measures for Victoria is difficult and the establishment of standard benchmark targets for all councils is impossible. The establishment of targets is also not always relevant to every performance measure.

Where targets are to be used, they should be established by individual councils in conjunction with their local communities.

We support the Commission in leaving the establishment of targets to individual councils.

The publication of the results however, presents further challenges. By publishing the results in a single table, the Commission will invite (and indeed, encourage) comparison between councils. Despite any contextual information or explanatory comment, the reader will automatically assume that councils with 'better' results are performing better than their counterparts. This may not always be the case.

By way of example, a particular municipality may be poorly served by commercial childcare services and consequently have chronic waiting lists for places. To address this issue, the council (after consulting with its community) may deliberately reduce expenditure on street cleansing so that money can be found to divert to the immediate childcare crisis. A decision of this type would see the Council lower its performance targets in relation to street cleaning, potentially below the existing levels being achieved. A table listing this council beside those who have not made this decision would reflect negatively on a council who has met all of its performance targets.

It is our view that the publication of comparative results (despite provision for contextual information) will not adequately reflect the differing priorities of councils and will unreasonably compare councils.

We propose that the Commission consider the publication of performance results alongside targets where they have been established in advance by councils in consultation with local communities.

Efficiency Indicators

In his Terms of Reference, Minister Holding calls for a performance assessment and benchmarking framework for local government which will, among other things:

"facilitate improvement in the efficiency and effectiveness of local government service provision.⁴"

⁴ Holding, Tim 2009 *Local Government Performance Assessment and Benchmarking Regime Terms of Reference*, October 2009, Melbourne

By effectively omitting any meaningful measures of service delivery efficiency and expressly excluding any unit costing or productivity measures, the Commission's proposal runs the very real risk of overlooking the single piece of information most sought by a large part of the audience.

While the Commission has argued that the different structures of financial monitoring and accounting in local government make the development of cost based indicators problematic, the same could also be said for any number of the other indicators in the framework. Given this difficulty would not preclude the year on year comparisons for a single council, it does not seem reason enough for the omission of such an important component of the program.

It is our view that the Local Government Performance Monitoring Framework should include more meaningful measures of the service delivery efficiency including, where appropriate, productivity and unit cost measures.

We propose that the Commission develop and release for consultation a series of meaningful efficiency measures for inclusion as part of a future iteration of the Framework.

DPCD Community Satisfaction Survey

Participation in the Department for Community Development's (DPCD) annual community satisfaction survey is not mandatory, and not all councils participate. In addition, the future of the survey is not assured, as the State Government has withdrawn their financial contribution to the research effort, and begun discussions with the Municipal Association of Victoria about the future of the survey. Many councils (including Darebin) conduct their own more sophisticated research and are increasingly questioning the value of the DPCD survey.

The DPCD survey itself has a number of weaknesses in methodology, including a relatively small sample, a number of very wide and poorly defined service categories and the classification of all responses on a scale that is not a standard interval scale (for example - it is possible to think a service is both 'satisfactory' and 'needs some improvement' at the same time). The conversion of responses into an 'indexed mean' is also methodologically flawed – as it creates a scale where 20 is the lowest possible score and 100 the highest, instead of a more customary 0 to 100 scale. In response to this last issue, most councils (and more recently the DPCD itself) have taken to reporting the 'percentage of respondents who are satisfied or better', rather than the 'indexed mean'.

The Commission's proposal draws heavily on the DPCD survey, without resolving these issues. While the Commission does recommend a review of this survey effort, it does not propose to delay the inclusion of community satisfaction measures in the framework until after this review.

It is our view that the DPCD survey as it currently stands is not suitable for inclusion in the Local Government Performance Monitoring Framework due to flaws in the methodology and broad, poorly defined service definitions.

We propose that the proposed review of the DPCD's survey be completed in time for data collection in 2011, and that no community satisfaction measures be included until that after that review.

We propose that where community satisfaction scores are to be used, the 'percentage of respondents who are satisfied or better' should be used, rather than the 'indexed mean'.

Independent Audit

Focussing too heavily on quality assurance of the data will likely reduce its usefulness, as it limits the data possible to be reported. The requirement to independently audit performance data in Council's Performance Statements has significantly reduced their usefulness – a fact recently identified by the Victorian Auditor General.

There is a need to ensure accuracy of the data provided, although a declaration from the Chief Executive (similar to that in place for Council's National Competition Policy Compliance) should be sufficient. Independent audit would be costly and would reduce the scope and timeliness of the reporting framework.

It is our view that the costs and time delays associated with the independent audit of the Local Government Performance Monitoring Framework outweigh any potential benefit.

We propose that the Commission identify indicators where the cost or time delays associated with a new independent audit process cannot be justified, and allow councils to take responsibility for the accuracy of the results. In these cases, we propose that each council's data submission be accompanied by a signed declaration from the Chief Executive Officer.

Specific Indicators

The table below identifies a number of issues with the proposed indicators. Where an indicator has not been listed, the City of Darebin has no specific comment to make and supports its inclusion (subject to the issues raised above).

More detail about the specific indicators can be found in the Essential Services Commission's Draft Report.⁵

Indicator	Comment
IA6, IA7, IA12, IA18 & R3	Although not all councils are members of Civic Mutual Plus, the overwhelming majority are (including the City of Darebin), and we support the inclusion of these indicators.
IA8	The 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
IA11	Length cannot be measured in square meters.
IA15	Without a definition it is not possible to comment on this proposed indicator.
IA19	This indicator potentially raises onerous data collection and reporting obligations (if it is to be based on inspections and condition audits). However, without a definition it is not possible to comment in detail on this proposed indicator.

⁵ Essential Services Commission 2010, *Local Government Performance Monitoring Framework, Draft Report*, March, Melbourne, Appendix D

Indicator	Comment
DP1	The different systems in use in Councils and different practices relating to 'stopping the clock' during a planning application making comparisons between councils problematic. Strictly speaking, the time taken to assess an application does not include the period of public exhibition, or time taken waiting for further information from the applicant. Not all councils have the systems in place to accurately subtract this time, and consequently have markedly higher average application assessment times.
DP1 to DP5	These indicators do not distinguish between types or complexity of planning applications. If large and complicated mixed use development proposals are given equal weighting with simple applications for tree removal, carport construction or fence painting, these indicators have the potential to encourage perverse behaviours from councils, focussing on smaller applications at the expense of larger ones.
DP4	<p>As it stands, this indicator is affected by two things simultaneously – the 'quality' of Council's planning decisions and the propensity of applicants or objectors to appeal. A council doing a good job of development assessment (resulting in fewer decisions being overturned at VCAT) will receive the same result as a Council doing a poor job of community consultation and engagement (resulting in more frivolous objections, subsequently rejected by VCAT).</p> <p>To better assess the 'quality' of a council's planning decisions, this indicator could be improved if presented as "the number of decisions overturned at VCAT as a percentage of <u>all</u> planning decisions made by Council or VCAT".</p>
DP6	Without a definition it is not possible to comment on this proposed indicator.
DP7	The 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
CS3	Youth Counselling is not a universally provided service, and almost every council has a different service delivery model. Comparisons using a simple 'waiting time' definition will be of little value.
CS4 & CS5	The presence of private providers in childcare and kindergartens makes the context in which each council operates dramatically different. The City of Darebin, for example, is well served by private and not for profit community providers and does not directly provide child care or kindergarten services. However, a large number of community managed child care centres operate from council buildings with council's support. The number of places provided by council is just a small part of a larger market, over which council has little influence. What are these indicators designed to tell us?

Indicator	Comment
CS7	<p>The word 'elderly' in this context is both pejorative and tautological – it can be removed from the definition.</p> <p>It is unclear what this indicator is endeavouring to show. It is also unclear whether a low figure would be considered 'bad' or 'good'. Surely the immediate aim is to ensure assistance is available to all who require it, but the ultimate aim is to reduce the number of people who require assistance. This measure would be more useful if it were a measure of the percentage of those who require council's assistance (by some objective test) who are receiving it.</p> <p>Is it possible that the word 'elderly' has been mistakenly substituted for the word 'eligible'? If this is the case, then the indicator is more meaningful, although a definition of eligibility is required.</p>
SE3	Without a definition it is not possible to comment on this proposed indicator.
SE4 & SE5	The 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
SE6	This indicator would be more useful if expressed as a percentage of Council's overall water usage.
SE7	It will be important to establish an agreed methodology for measuring and reporting carbon emissions, including consistency in relation to service provided by contractors to councils (such as leisure centres), as well as an agreement on how to assess 'offsets'.
ROS4	No explanation is provided of the proposed data collection methodology for this indicator. It could potentially be included in a revised DPCD Community Satisfaction Survey.
ROS5	Given the different business models of aquatic centres, the definition of this indicator will be crucial. In many centres the swimming pool will not be the major driver of patronage, and comparisons between centres will be very difficult. Typical offerings at 'aquatic centres' include gymnasiums, aerobics and other fitness classes, child care, cafés, physiotherapy and similar medical treatments, health and beauty facilities, personal training and even corporate function spaces. The treatment of these 'patrons' will be the key to ensuring some comparability.
ROS7	The language used in this question is very broad and the indicator, while useful, cannot be said to be an indicator of 'Sporting facilities'. Also, the 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
R2	The number of septic tanks in Darebin is very low, and this indicator is a poor measure of our environmental health effort. Alternative measures could be related to inspections of food premises, conduct of food safety training, ensuring Tobacco Act compliance or the regulation of health premises (such as hairdressers, beauty parlours, body piercing and ear piercing premises and tattooists).
R4 & R5	Reporting the number of animals registered in a municipality cannot be said to be a measure of a council's performance. If it is included to give an indication of a council's workload, it would be better included among the Contextual information.

Indicator	Comment
R6	The actual number of dog attacks is so low that this indicator will fluctuate wildly from year to year and council to council. In addition, it is more likely to indicate a propensity in the community to report incidents than the actual rate of dog attacks. Again, even if this were an accurate report of the number of dog attacks in a municipality, this cannot be said to be a measure of a council's performance
ED1	<p>The DPCD survey question relating to Economic Development is of questionable value, with a very large proportion of respondents unable to answer and the comments provided by respondents suggesting there is a low understanding of Council's role in economic development. Also, the 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.</p> <p>The alternative suggestion (presumably drawn from a survey of local businesses) would likely be cost prohibitive.</p>
Comm1	The City of Darebin's website is designed to be accessible from low power computers with slower internet connections and older software. It is also designed to meet stringent accessibility requirements for people with disabilities, including provision for specialist software (such as screen readers and text to Braille devices). These provisions result in a website which favours function over form. It is important that the design of what the Commission call 'mystery user survey' consider these factors.
Comm2 & Comm3	The 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
Comm4	Whether or not a response by an automated telephone system constitutes an 'answer' will need to be clarified.
Comm5	The 'percentage of respondents who were satisfied or better' should be used, rather than the 'indexed mean'.
Comm6	Before we could support the introduction of a 'mystery user survey' we would need to be assured that it would be conducted in accordance with the Mystery Shopping Guideline, published by the European Society for Opinion and Marketing Research and endorsed by the Australian Market and Social Research Society. This document covers issues of information privacy, research ethics, information storage and notification of participants.

In closing

The City of Darebin thanks the Commission for this opportunity to provide feedback on the proposed Local Government Performance Monitoring Framework and trusts that our comments will assist the Commission in the ongoing development of a framework to support local government in the delivery of programs and services to local communities.

The consultative approach taken by Andrew Chow, Marcus Crudden and their staff is greatly appreciated, and look forward to playing an active and positive role in the development and refinement of the Framework into the future.