



# Managing the sustainability of local government services

Report 2: 2019–20

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Your ref:  
Our ref: PRJ01044

25 September 2019

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The Honourable C Pitt MP  
Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

Dear Speaker

**Report to parliament**

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled Managing the sustainability of local government services (Report 2: 2019–20).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Brendan Worrall".

Brendan Worrall  
Auditor-General

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# Report on a page

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Local governments (councils) deliver services that affect our daily lives. Many do so without an ability to improve their revenue from their rate payers. They are often a provider of last resort of services to regional communities and have legacy assets to maintain. They do so with limited recurrent financial resources as they may be dependent on government grants. This is particularly true for far western and Indigenous local governments.

We have highlighted the challenges for councils in our previous reports on financial sustainability. This is the third report in our sustainability series, and focuses on managing the costs of services to support long-term sustainability.

We audited five councils for this report on managing financially sustainable services. We have made recommendations to those councils as well as to the whole sector. Each council we audited has some elements necessary to effectively plan and deliver their collective services to support long-term sustainability. But none had all the components working together.

There are opportunities for councils to work together and with the department to share ways to plan services, allocate costs, and measure performance.

## Service planning and working together

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Planning for services helps councils to identify what level of service to the community they can afford. There are many benefits for councils in developing plans for their services:

- understanding the revenue they need to generate to make services financially sustainable
- understanding and adjusting service levels to manage costs
- managing and maintaining key infrastructure assets
- delivering effective and efficient services and assets that meet community needs.

## Understanding the value of services

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Understanding the value the community obtains from service delivery allows councils to change the level of services to manage their costs. It also helps guide decisions on new services and when to reduce or remove services.

## Understanding the costs of services

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Councils should make service-delivery decisions based on an understanding of the full cost of each service. Service costs include direct operating costs and a portion of corporate overhead costs. There are various scalable methodologies and tools available to allocate corporate costs.

## Monitoring and reporting on services

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Monitoring the financial and operational performance of services will identify ways to improve the efficiency and effectiveness of services. Councils can adjust costs and change service levels where necessary.



# Introduction

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Our series of reports on sustainability highlights the financial challenges faced by local governments in meeting the needs of their community. We have previously produced reports on preparing long-term forecasts, and the setting of rates and charges. This report focuses on managing the costs of services to support long-term sustainability. Our next report will be on strategic asset management.

## Managing costs for financial sustainability

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To be sustainable in the longer term, councils need to manage their costs within the amount of revenue they can earn. This is particularly important in an environment where there is uncertainty of future revenue sources, such as a reducing population to pay future rates, and dependence on grant revenue. Grants received by councils are often short term or one-off arrangements, yet they may use them to help finance long-term service commitments.

Councils usually commit to services over the longer term, especially those that use long life infrastructure assets. For example, investing in a swimming pool today will require maintenance and operation for its life of around 60 years. Councils must manage their costs to ensure that they do not spend more on these services over time than they earn from rates, grants, and fees and charges.

Having the right information on their costs allows councils to make informed decisions on how they spend their money. They can decide which services and the level of services to provide to the community within their available revenue. Councils can vary operating hours, assets used, frequency, and the quality of the service to manage their costs. Small savings across many services can improve a council's financial position.

## Council services

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Councils deliver four essential services to the local community: roads, water, wastewater/sewerage, and waste collection. They do this directly or through joint ownership of entities. All other council services depend on the needs of the community.

The non-essential services vary across councils. More remote councils often provide services that the private sector delivers in more populous areas.

On average, the five councils provide around 27 services each. Operating hours and regularity of services vary at each council. Examples of the services these councils provide include:

- caravan and tourist parks
- airports
- parks and gardens
- museums, cinemas, and theatres
- swimming pools
- childcare and residential aged care centres and facilities
- quarries and gravel pits
- saleyards
- racecourses.

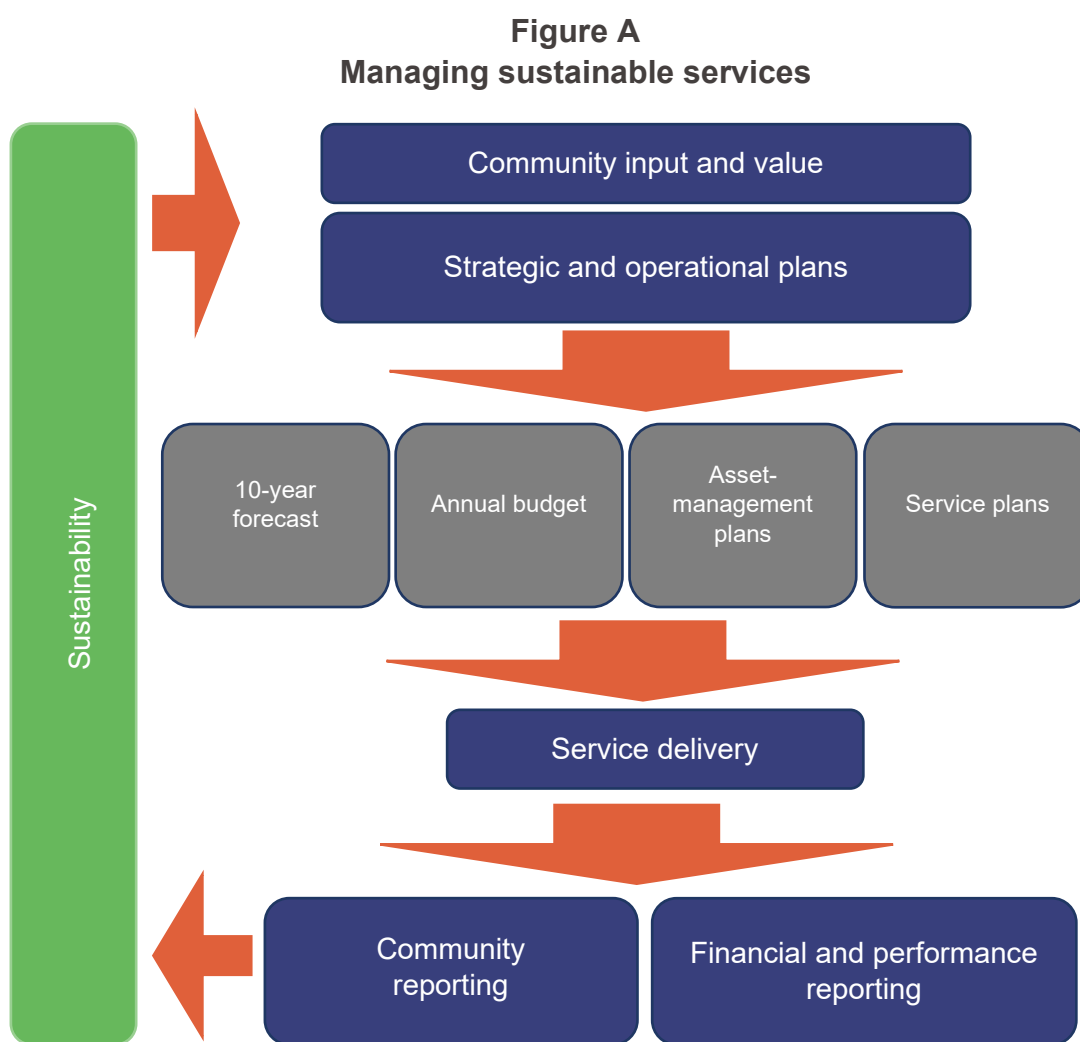


Appendix B lists the types of services that the councils we audited provide.

Councils do charge fees for some of their services that are operated as a business. This means they are expected to earn sufficient revenue from fees and charges alone to meet all business costs. A saleyard is an example of a service council may run as a business. Services that are not run as a business will sometimes have a fee or charge, but this is not expected to cover the full costs of operating the service, and a portion of the costs are covered from rates, grants or other general revenue.

## Planning for sustainability

Service planning fits within councils' operational planning activities. Strategic plans provide the direction for the forecasts and plans—asset management and service—that support the delivery of services. Figure A shows how the different plans and activities that councils undertake support long-term financial sustainability.



Source: Queensland Audit Office.



## How we performed the audit

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The objective of the audit was to assess whether councils plan and deliver their services to support long-term financial sustainability.

We assessed whether councils:

- develop robust approaches to planning and managing the costs of their services
- monitor and report on the costs and effectiveness of their services.

We conducted field interviews, reviewed key documents and performed data analysis.

We conducted the audit at the following five councils: Bundaberg Regional Council, Longreach Regional Council, Noosa Shire Council, Western Downs Regional Council, and Whitsunday Regional Council. We selected these councils because they have various challenges in delivering services, including varying population growth, economic activity and services.

We included the Department of Local Government, Racing and Multicultural Affairs in our audit, as it provides support and advice to councils. It provides the operating framework through legislation and regulation that aims to improve councils' accountability, effectiveness, efficiency, and sustainability.

We spoke with Queensland Treasury Corporation because it provides financial services to local government, including financing, surplus cash management, and financial advice.

Queensland Treasury Corporation has developed specific local government forecasting and modelling templates, including a whole-of-life costing tool. Councils can use these templates to understand the long-term sustainability of projects used to deliver council services.

We spoke with the Local Government Association of Queensland (LGAQ) because it is a local government advocacy body, representing the broad objectives of Queensland local governments. LGAQ partners with councils to assist with advancing knowledge and accessing resources.

Appendix H contains further details about the audit objectives and our methods.



# Summary of audit findings

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## How the five councils planned their services

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### Service planning

Councils decide how to deliver services, what services will cost, and how they will measure and monitor service performance. All five councils had some level of service-planning documents, either in individual service plans, annual operational plans, business unit plans, or asset-management plans.

Two of the five councils can improve their plans by adding more detail to give council a clear understanding of all their services.

### Regular reviews of services to confirm community needs

Consulting with the community on existing services and the cost of services can help councils to provide the right services at affordable levels to support long-term financial sustainability.

None of the five councils we audited reviewed their existing services regularly. They did not consult with the local community about the types or the levels of services needed now or in the future. However, all councils consulted with their communities about new services associated with major construction works or asset acquisitions.

### Understanding the costs of services

Councils need complete costing information on individual services so they can be sure that services are affordable. The full cost of services includes direct operating costs and a reasonable allocation of corporate overheads.

All five councils identified the direct operating costs of their services. Two of the five councils knew the full cost of their services as they allocated reasonable corporate overheads to the appropriate services.

Two of the five councils did not have effective approaches to calculating the complete costs before setting their fees and charges for their services. This was because they did not allocate a reasonable proportion of the corporate overheads for all services.

One council has assessed that allocating 56 per cent of corporate overheads to services is sufficient for their decision making. This is lower than the 80 per cent or more allocated by two other councils we consider effective.

### New services and changes to existing services

All five councils had approaches in place to consider the whole-of-life costs of new assets to deliver new or amended services.

There is an opportunity for councils to engage with their communities in the early design stage of significant projects. This would ensure that the services and service levels for all new services associated with new or upgraded assets were based on community input.





## How the five councils monitored and reported on their services

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### Reporting on service budgets

One of the five councils reported budget information at the service level. This council and its senior management had clear line-of-sight to revenue and expenses for each of the council's services in the monthly budget reports.

The other four councils monitored and reported on their budgets at the business-unit level. Reports at a business-unit level include the performance of a group of services. The four councils did not have approaches in place to monitor and report on their expenditure and revenue against budgets of individual services except on an ad hoc basis.

### Reporting on service performance

All councils used performance measures to monitor and report on their annual operational plans. However, none of the five councils had effective processes and systems in place to monitor and report on the effectiveness and efficiency of their services—internally to management and externally to the community.

Two councils had linked the performance measures in the annual operational plans directly to their services. This gave management measures on each service. However, many of the measures focused on tactical activities of business units rather than on strategic achievements or efficiency.

The other councils had designed their measures to monitor and report on the strategies in their annual operational plans or business plans but did not link them to their services. It was not possible for them to determine if they were managing and delivering individual services effectively and efficiently.



# Audit conclusions

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Each council had some elements necessary to effectively plan and deliver financially sustainable services. None of the five councils had all the elements working together. This affects their ability to effectively plan and deliver their services to support long-term sustainability.

Councils can work together to share ways to plan, deliver, and monitor their services.

## Conclusions per council

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### Planning and managing the costs of services

Bundaberg Regional Council, Whitsunday Regional Council, and Noosa Shire Council had effective approaches in place to plan for their services for long-term sustainability.

All five councils had some level of service planning either in their annual operational plans, business unit plans, service plans, or asset plans. Bundaberg Regional Council, Noosa Shire Council, and Whitsunday Regional Council had detailed information on their services, including services' direct operating costs.

Whitsunday Regional Council and Noosa Shire Council allocated a reasonable proportion of their corporate overheads to services. Bundaberg Regional Council considers that allocating 56 per cent of corporate overheads to services is sufficient for decision making. However, this does not represent a reasonable proportion and increases the risk of incomplete service costs being used for decision making. Longreach Regional Council and Western Downs Regional Council are not effectively planning for their services as they do not understand their services' full costs and do not allocate a reasonable proportion of their corporate overheads to services.

None of the councils had effective approaches in place to regularly review their services. They do not know whether their services meet the current or future needs of their communities.

### Monitoring and reporting the costs and effectiveness of services

Longreach Regional Council effectively monitored operating costs at the service level. The other four councils monitored the budgets of business units, which represent multiple services. This could lead to missed opportunities to analyse the financial performance of services and make changes as necessary.

All five councils effectively monitored and reported on aspects of the effectiveness of some of their services. None of the councils effectively monitored or reported on the effectiveness and efficiency of all their services.



# Recommendations

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Based on the findings from the audited councils, we developed some recommendations that all councils can consider.

## All councils

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We recommend all councils, especially those with a focus on improving sustainability consider whether:

1. they include sufficient details about their services within their existing planning documents or consider developing individual service plans (Chapter 2)

Details about services should be scaled to the size and complexity of council and include:

- how the service aligns to council's strategy
  - the service level (for example, operating hours)
  - the assets used to deliver the service
  - operational risks for the service
  - operating costs and overhead costs.
2. all existing services meet their community's current and future service needs and they deliver them at affordable levels by developing and undertaking regular reviews of existing services (Chapter 1)
  3. budget owners develop consistent individual business unit and service budgets by providing documented budget guidelines, templates, and training (Chapter 1)
  4. they benchmark their corporate overheads and allocate a reasonable proportion to services by developing and approving a corporate overhead methodology appropriate to the size and complexity of council (Chapter 1)
  5. they make decisions to deliver new services or amend existing services (associated with new major capital projects) with an understanding of the whole-of-life costs and any impact on corporate overheads

Councils could develop their own or adopt an existing project decision framework that includes community engagement on the need for and level of new services. They could use the Queensland Treasury Corporation project decision framework and whole-of-life costing tool to develop their own framework or work together to share existing frameworks and tools (Chapter 1).

6. they collect reliable and accurate information on the effectiveness and efficiency of their services.

Councils could develop a performance monitoring and reporting framework to support both internal management reporting to council and external reports to their communities (Chapter 2).



## Department of Local Government, Racing and Multicultural Affairs

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We recommend that the Department of Local Government, Racing and Multicultural Affairs supports councils to develop:

7. models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services (Chapter 1)

The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils.

8. a set of measures of effectiveness and efficiency to help councils monitor the performance of their services (Chapter 2).

The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

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### Guidance

#### Guidance for councils

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We developed a range of materials for councils to support them to implement our recommendations.

Appendix C—Prioritising service delivery

Appendix E—Measuring service performance

Appendix F—Allocating corporate overhead costs to services.

## Reference to comments

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In accordance with s. 64 of the *Auditor-General Act 2009*, we provided a copy of this report to all 77 councils and the Department of Local Government, Racing and Multicultural Affairs. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from these entities are at Appendix A.



# 1. Service planning

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## Introduction

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Councils can control or reduce their costs through understanding and actively managing their services. Managing the costs of each service, and adjusting the level of service provided as needed, will help to support financial sustainability.

Councils can incorporate service planning into existing planning documents or stand-alone service plans. Service planning involves identifying the services council provides, the users of the services, assets used to deliver the service, costs to operate, and performance measures.

Effective planning for services requires councils to understand the full costs of their services. The full cost of a service includes operating costs (which relate clearly and exclusively to a specific service) and corporate overhead costs (such as finance and information technology, which are shared between many services).

We examined how well the councils were planning for their services. This included how well they had:

- reviewed their services to understand if they were meeting their community's current and future needs
- identified all the costs (operational and corporate overheads) of delivering the services at the desired level and quality
- set their fees at a level that balanced the community benefit with the funding available from rates
- assessed all new services to identify benefits and risks and consider the whole-of-life costs of any assets needed.

Councils engage in both formal and informal consultations with their communities via correspondence, social media and surveys. Councillors also play an important role, engaging with the community on local and regional issues.

## Service planning

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We found that three of the five councils had effectively developed detailed plans for how they intended to use their resources to deliver services for their communities. These plans included information such as:

- why they were delivering the services
- who used their services
- when customers could access the service
- how much the services cost to operate
- where services were based, or the locations covered
- how they would monitor the contribution of the service to their corporate strategies and community outcomes.

In the three councils with detailed plans, the links were not always clear between their corporate and operational plans and the services the councils delivered.



The other two councils had some high-level information about their services in their asset-management plans. For example, the asset-management plans included a listing of the services delivered from each building asset. But the councils did not have enough detail about the costs of delivering their services at the expected service levels.

One council had clearly aligned all its services with its operational plan. This gave management the ability to focus on managing its services and the assets needed to deliver them.

If councils do not have detailed plans for their services, they may not be able to effectively manage them. They may not know if their services are supporting their vision for their communities.

## Recommendation

### Recommendation to councils

We recommend all councils consider if they include sufficient details about their services within their existing planning documents or consider developing individual service plans.

Details about services should be scaled to the size and complexity of council and include:

- how the service aligns to council's strategy
- the service level (for example, operating hours)
- the assets used to deliver the service
- operational risks for the service
- operating costs and overhead costs.

We have provided an example service plan in Appendix D.

## Regular service reviews of community needs

We found none of the councils were regularly reviewing their existing services. They did not formally consult with their communities about the range of services they want now or in the future, or about the level of service the community is prepared to pay for. For example, councils did not formally consult with the community about how many days per week the library should open, even though a significant proportion of library-operation costs are for staff salaries and longer opening hours increase the service cost. Community consultation about the costs of each option and the impact of costs on either fees or rates could help councils to provide the right services at affordable levels.

We found examples of all five councils consulting with their communities about decisions to invest in new or amended assets and services. Four of the five councils had approved, current community engagement strategies or policies. None of the five councils had effective processes to consult with their community on the need for their existing services or the levels at which they should deliver their existing services.

There is a risk that existing services may not be meeting community needs, or that the service levels are wrong (too high or too low). Councils may miss opportunities to achieve cost savings they could redirect to improving or expanding frontline delivery, constraining rate increases, and enhancing overall sustainability.

All the councils had approaches to engage and consult with their community on emerging issues, new or amended services, and/or projects. For major projects that would deliver new or significantly amended services, councils considered whether community input was either required by legislation or necessary to inform council decisions.



Case study 1 shows how Noosa Shire Council engaged with the community to get input on a significant redevelopment project. The Park Road boardwalk project involved the replacement of approximately 400 metres of boardwalk from Little Cove beach access to Noosa National Park. The upgrade was to bring the boardwalk up to a standard that could provide for future growth in demand while having minimal disturbance on the adjacent natural area.

## Case study 1 Community engagement on project design

### Community engagement on the Park Road boardwalk

#### Background

Noosa Shire Council engaged in extensive community consultation on the Park Road boardwalk upgrade. Council wanted to fully understand the community's needs and the impact of the new infrastructure. It also wanted to demonstrate environmental excellence and innovative construction solutions. The council engaged with Kabi Kabi/Gubbi Gubbi representatives, local environmental groups, and the surfing community, seeking input into how it could incorporate cultural heritage into the design of the upgrade.

#### Consultation

In October 2017, council approved a community engagement plan that incorporated:

- using the Noosa Have Your Say web platform to survey the community on design considerations
- forming a community reference group to listen to ideas, provide technical details, and facilitate group discussions
- identifying key stakeholders
- organising pop-up events to provide information about the project to the broader community.

Council completed the design work in March 2018 and construction in November 2018.

#### Results

As part of the design phase, council considered the various materials and long-term sustainability of the service by analysing the whole-of-life costs of various options. The extensive community consultation resulted in high-level community satisfaction.

#### Conclusion

By engaging with the community on the early design of the project, council was able to design the project to meet the community's expectations. It was also able to use materials that will reduce maintenance costs across the life of the asset and reduce the need to increase rates.

*Source: Queensland Audit Office, based on documents from Noosa Shire Council.*

## Recommendation

### Recommendation to councils

We recommend all councils consider if all existing services meet their community's current and future service needs and they deliver them at affordable levels by developing and undertaking regular reviews of existing services.

We have provided an example of a prioritisation tool in Appendix C.



## Budgeting operating costs and overheads

We found all councils effectively identified and included direct operating costs in service budgets. However, three of the five councils did not know the full cost of delivering their services as they did not effectively allocate a reasonable proportion of their corporate overhead costs to their services. One of the three councils assessed that allocating 56 per cent of corporate overhead costs provides sufficient information for decision making. This is lower than the 80 per cent or more allocated by two other councils we consider effective.

### Direct operating costs

We found all five councils effectively identified the direct costs of operating their services. They ensured that budgets included employee costs, operating expenses, and depreciation. Four of the five councils had documented budget guidelines or policies for staff on how to develop budgets. This helped those councils to develop their budgets consistently across all the different business units. It also ensured staff treated council-wide costs, such as depreciation and staff on-costs, consistently.

Noosa Shire Council expects staff to build budgets from a zero base (zero-base budgeting). Staff create a new budget each year and support budget lines with evidence of the anticipated expenses and revenue. Zero-base budgeting forces managers to explain how each budget item links to the service and removes funding for items no longer needed. This approach identifies waste and operations that no longer need funding. We do note, however, that this approach is time intensive and may not suit all councils.

At the other councils, staff built their budgets by reviewing the revenue and expenses from previous years and adjusting the figures using a percentage increase or decrease based on a council-wide analysis. We also observed individual services at Whitsunday Regional Council analysing forecast volumes on the impact of service budgets.

### Recommendation

#### Recommendation to councils

We recommend all councils consider whether budget owners develop consistent individual business unit and service budgets by providing documented budget guidelines, templates, and training.

### Corporate overheads

We found two councils allocated 80 per cent or more of their corporate overhead costs to their services. This provides a reasonable allocation of corporate overheads and effective costing information.

One council allocated 56 per cent of their corporate overhead costs to their services. They have assessed that this provides materially accurate costing information. However, this does not represent a reasonable allocation of corporate overheads and is lower than the 80 per cent or more allocated by the two councils we consider effective.

Two councils did not allocate sufficient corporate overheads to their services (four to 22 per cent).

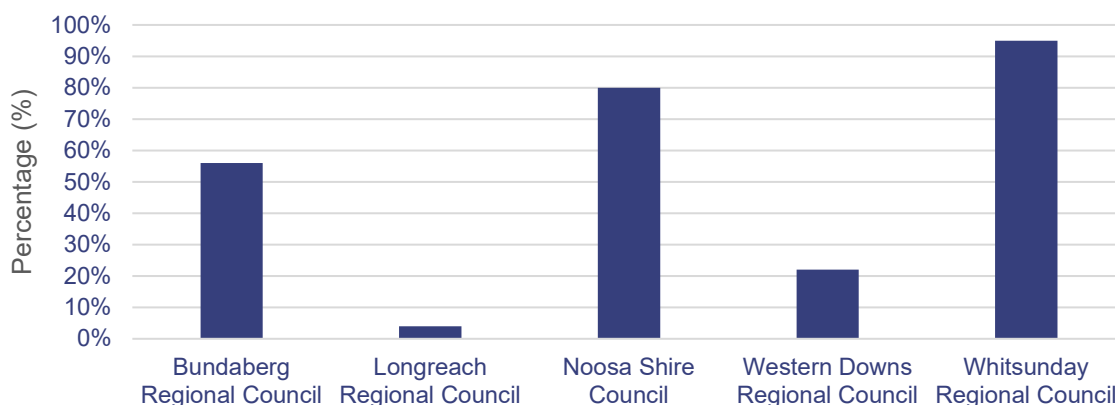
Figure 1A shows the allocation of corporate overheads to services by council. Whitsunday Regional Council and Noosa Shire Council allocated the greatest proportion of their corporate overheads at 95 per cent and 80 per cent respectively.



Not allocating a reasonable proportion of corporate overheads reduces councils' understanding of the full cost of their services. This reduces their capacity to meaningfully compare the costs of their services with other councils and the private sector. It also affects the accuracy of information when councils make decisions to:

- expand or reduce existing services
- outsource services to the private sector
- discontinue unaffordable services that no longer deliver value.

**Figure 1A**  
**The proportion of corporate overheads allocated to services, 2018–19**



Source: Assembled by Queensland Audit Office from council budget reports.

Two councils excluded governance costs from the corporate overhead costs allocated to services. They considered that the costs of operating the council and the cost of complying with various legislative requirements did not reflect the true cost of delivering its services to the community. The types of governance costs they did not allocate included:

- council management
- salary costs for the mayor, councillors, and the chief executive officer
- the costs of supporting councillors
- preparing financial statements.

We acknowledge there are some governance costs that would exist for council whether they delivered the services themselves or outsourced all services.

We observed two different approaches to allocating corporate overhead costs.

Some councils allocated corporate overhead costs based on an estimate of how much time corporate staff spent supporting council services. For example, if the finance branch estimated they spent 30 per cent of their time supporting the saleyards, 30 per cent of the finance budget was allocated to the saleyards.

Some councils identified other ways to allocate the corporate overhead costs. A common way to allocate the cost of information technology (IT) overheads was the number of devices used to deliver a service. The more devices (computers, printers, iPads, and servers) needed for a service, the more support the service would need from the IT branch. For example, if the library had five per cent of all IT devices across council, the council allocated five per cent of the cost of the IT overhead to the library.

We have developed guidance for councils on different methodologies for allocating corporate overheads. Councils should adopt an approach that is scalable to their business. We have provided examples of cost allocation methodologies in Appendix F.



## Recommendation

### Recommendation to councils

We recommend all councils consider whether they benchmark their corporate overheads and allocate a reasonable proportion to services by developing and approving a corporate overhead methodology appropriate to the size and complexity of council.

### Recommendation to the Department of Local Government, Racing and Multicultural Affairs

We recommend that the Department of Local Government, Racing and Multicultural Affairs supports councils to develop models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services.

The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils.

We have provided examples of cost allocation methodologies in Appendix F.

## Fees and charges

Councils can fund services from a combination of rates, grants, and fees and charges. Councils set fees and charges based on several factors such as customers' ability to pay, changes in costs, and pricing of similar services. Cost is one element in setting fees and charges. Using the full cost of the service will help inform councils' decisions on fees and charges. Councils can then also understand the effect on the contribution from rates revenue.

We found that three of the five councils did not effectively consider the full cost of their services before setting their fees and charges. This was because they had not allocated a reasonable proportion of corporate overheads for all services.

## New services and changes to existing services

We found that all five councils had approaches in place to consider the whole-of-life costs of new assets to deliver new or amended services. Three of the five had formal, documented project decision frameworks to ensure consistency of information on the benefits, risks, and full operating costs of proposed new assets.

Councils with formal project decision frameworks consistently assess proposals for new or renewed assets. Considering the whole-of-life cost of owning the asset and operating the service gives council a full understanding of what it will cost before they decide to build or remodel.

The frameworks we observed included:

- clear governance roles and responsibilities for decision making on the sustainability of council assets and affordability of associated services
- a project management office that provides centralised leadership and coordination of the framework and reporting
- tools and templates for project proposals, transparent reporting, cost management, and performance reporting of projects and programs
- consistent methodologies for the delivery of projects.



We observed that the frameworks did not align with the councils' community consultation frameworks and policies. There is an opportunity for councils to engage with their communities in the early design stage of projects. This would ensure that services and service levels are based on actual community needs, not on historical levels or instinct.

We observed one example where a council analysed service variations to an existing service. Previously, the council owned but did not operate the Dalby and Chinchilla cinemas. Case study 2 shows how the council considered the costs of the service in its decisions to operate the service.

## Case study 2 Considering the full costs of a service

### Dalby and Chinchilla cinemas

Western Downs Regional Council owns cinemas in Dalby and Chinchilla. The cinemas contribute to council's strategic priorities of strong economic growth, active vibrant communities and great liveability. Council decided to manage and operate its cinemas in-house from 1 August 2018, rather than continue with private sector operation.

Council did this because they identified from community feedback, declining patronage and a poor range of offerings that the service was not meeting the community's needs. There was a risk that people were leaving the local community to watch movies and spending their time and money away from Western Downs.

The cinemas contribute to the local economy by encouraging residents to support local businesses while attending the movies. Having a local service also encourages a sense of community and liveability.

#### **Decision to change the service**

To make this service decision, council undertook a service options analysis to examine the following scenarios:

- continue with the existing third-party operator
- release a new tender for a new third-party operator
- council operating the service.

Council analysed the pros and cons of each scenario, including its financial impact to the community. It decided that although the service was not breaking even, the service had significant benefits to the community. Council brought the operation back in-house to understand the full costs of operating the cinemas. This will give council an opportunity to analyse the operating costs and benefits of the service. It will be able use this information to inform any future decisions to consider outsourcing of the service to a private operator.

Council took over operation of the theatres on 2 August 2018. Council states that revenue for 2018–19 has increased by 12.3 per cent on 2017–18.

#### **Considerations**

Council could also consider, where appropriate the:

- depreciation and corporate overhead costs in its options analysis
- impact of varying ticket and kiosk pricing has on patronage and overall affordability of the service.

*Source: Queensland Audit Office from council documents.*



## **Recommendation**

### **Recommendation to councils**

We recommend all councils consider whether they make decisions to deliver new services or amend existing services (associated with new major capital projects) with an understanding of the whole-of-life costs and any impact on corporate overheads. Councils could develop their own or adopt an existing project decision framework that links with their community engagement policy.

Councils could develop their own or adopt an existing project decision framework that includes community engagement on the need for and level of new services. They could use the Queensland Treasury Corporation project decision framework and whole-of-life costing tool to develop their own framework and tools or work together to share existing frameworks and tools.



## 2. Service monitoring and reporting

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### Introduction

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Measuring performance enables councils to monitor if performance is stable, declining, or increasing. Importantly, this allows councils to take corrective action, prioritise resources to services that are effective and efficient, and consider alternatives for inefficient or ineffective services that are not delivering value to the community or are risking their long-term sustainability.

Measuring performance also gives councils the information they need to prompt a review of costs. Efficiency measures have a strong link to cost management and will tell councils the cost of delivering a unit of the service. Councils can benchmark cost with other councils or operators to understand if the council is spending too much or too little on the service.

### Reporting on financial performance

---

We found that four of the five councils monitored and reported on their budgets at the business unit level. They did not have effective approaches in place to monitor and report on budgets of individual services.

One council had structured its annual operational plan and budget on its services. This council and its senior management had a clear line-of-sight to revenue and expenditure for each council service in the monthly budget reports.

The other councils reported on the budgets of individual business units each month. Council business units may be responsible for delivering multiple services to the community. Monthly reporting on business unit budgets allows councils to hold the managers accountable for any budget variances. However, councils may not see variations in the operating costs of individual services, as under-spends in one service may cancel out over-spends in another.

The risks of not reporting on budgets at the service level are that councils:

- focus on the financial position of the business unit as a group of services
- miss an opportunity to analyse the financial performance of services provided to the community and make changes as necessary
- do not identify underperforming or unaffordable services.

If it is not practical for councils to monitor budgets at the service level every month, then periodic analysis of individual service budgets would help to mitigate risks.



## Reporting on effectiveness and efficiency

We found that the five councils did not have effective processes and systems in place to monitor and report on the effectiveness and efficiency of business units and services. Councils reported internally to management and externally to the community on some measures of effectiveness and efficiency of their services. However, there were gaps in the information as they did not report at least one measure of effectiveness and efficiency for each service.

Many of the measures in council reports focused on the tactical activities of business units rather than on outcomes for the community, supported by effectiveness and efficiency assessments. The community and council require a balance of effectiveness and efficiency measures to adequately assess the performance of services.

When councils use a mix of measures to monitor both the effectiveness and efficiency, they are more able to demonstrate they are using public resources well. This allows senior management and council to intervene and implement corrective action where a service is ineffective or inefficient.

Figure 2A shows our assessment of the performance measures councils use to monitor their services. We reviewed how many measures councils report in the planning documents including operational plans and service catalogues. We found many measures focused on day-to-day activities (input measures, for example the number of meetings held) and did not provide insights into the effectiveness and efficiency of the service delivery to the community.

**Figure 2A**  
**Assessment of performance measures in operational plans/service catalogue**

Council	Number of activity measures	Number of effectiveness measures	Number of efficiency measures	Number of measures with no data	Number of measures
Bundaberg Regional Council	32	60	0	2	<b>94</b>
Longreach Regional Council	238	114	2	0	<b>354</b>
Noosa Shire Council	12	49	29	0	<b>90</b>
Western Downs Regional Council	57	60	3	0	<b>120</b>
Whitsunday Regional Council	72	27	0	1	<b>100</b>

Note: Councils may report efficiency measures in other documents such as directorate reports; however, they were not aligned with their operational plans or council services.

Source: Queensland Audit Office.



Western Downs Regional Council owns and operates the Dalby regional cattle saleyard. The service has been running for over 75 years and is one of Australia’s largest saleyards, with average annual sales of more than 200,000 cattle. Case study 3 shows the value of analysing performance for decision making about services.

### Case study 3 A cattle saleyard service

#### Monitoring the efficient performance of Western Downs Regional Council’s saleyard

Western Downs Regional Council operates the saleyard as a commercial business. It expects to meet its costs from revenue from customers and make a profit.

To determine the prices it charges to its customers, council has developed a 10-year pricing model, which is reviewed annually. The pricing model aims to provide an appropriate level of profit or returns over a long period.

Council monitors the service through bi-monthly Saleyard Advisory Committee meetings. The committee reports to council on the performance of the service as well as any operational issues.

The committee monitors and reports on the monthly cattle throughput and profitability. But there are no service operational targets, effectiveness measures, or efficiency measures to help inform service decision making. By measuring appropriate efficiency measures, council can make more informed cost decisions and demonstrate the value of its service to the community.

Council could also consider other benefits of a service that brings business into the community when making any future decisions about the value of the service.

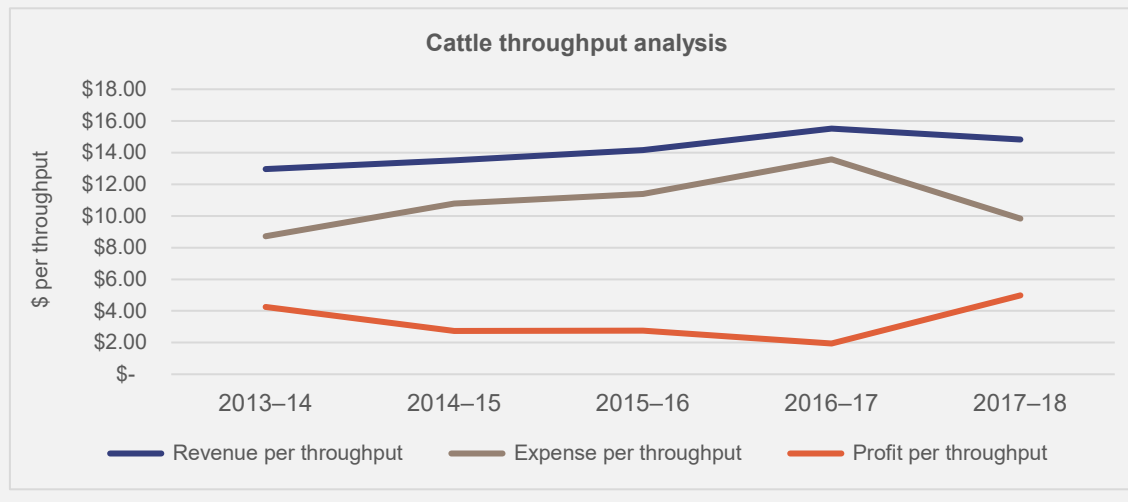
#### Our analysis of the efficiency measures for the service

The key activity to be measured for saleyard efficiency is cattle throughput. Council could report on the efficiency of the saleyard service by reporting on revenue/expense/profit per throughput. This will show areas most affected by throughput changes and can highlight areas of focus for council.

We identified five key financial measures and the average annual movement over the past five years:

- fees and charges—two per cent increase
- cattle throughput—six per cent increase
- total revenue—six per cent increase
- total expenses—six per cent increase
- net profit—31 per cent increase.

Total expenses on average per annum are increasing in-line with annual average revenue increases over the past five years. The average increase to net profit per annum is 31 per cent. This increase to net profit is primarily due to a 26 per cent increase in throughput levels in the 2018–19 financial year compared with 2017–18.



Source: Queensland Audit Office.



## Guidance on measuring performance

Each council has its own approach to measuring performance. None of the councils had frameworks or policies to guide staff on how to develop measures of effectiveness or efficiency.

Taking different approaches to measuring the effectiveness and efficiency of council services reduces councils' ability to compare their services. There is an opportunity for councils to work together and share the workload of developing and testing rigorous measures. A consistent approach could also help all councils to improve the efficiency and effectiveness of their services.

We recognise that the varying size and nature of councils across our vast state means that comparing performance may not always be appropriate. However, councils of similar size and circumstances or within similar geographic regions may find comparisons helpful.

We have developed guidance for councils on how to measure the effectiveness and efficiency of their services. Appendix E outlines the key principles to consider in developing measures of service performance and includes some examples.

### Recommendation

#### Recommendation to councils

We recommend all councils consider whether they collect reliable and accurate information on the effectiveness and efficiency of their services.

Councils could develop a performance monitoring and reporting framework to support both internal management reporting to council and external reports to their communities.

#### Recommendation to the Department of Local Government, Racing and Multicultural Affairs

We recommend that the Department of Local Government, Racing and Multicultural Affairs supports councils to develop a set of measures of effectiveness and efficiency to help them monitor the performance of their services.

The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.

We have provided guidance for developing measures in Appendix E.





# Appendices

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# A. Full responses from entities

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As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report and an opportunity to comment to all 77 councils and the Department of Local Government, Racing and Multicultural Affairs.

This appendix contains the formal responses we received.

The heads of these organisations are responsible for the accuracy, fairness, and balance of their comments.



## Comments received from Director-General, Department of Local Government, Racing and Multicultural Affairs



Department of Local Government,  
Racing and Multicultural Affairs

Our ref: MC19/4600

Your ref: 2019-PRJ01044

18 SEP 2019

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Dear Mr Worrall

I am writing in response to your letter of 29 August 2019 about your draft report '*Managing the sustainability of local government services*'. I note that you also wrote to the Honourable Stirling Hinchliffe MP, Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs about this matter.

The Department of Local Government, Racing and Multicultural Affairs supports the draft recommendations made to Councils as they will assist Councils to better understand the link between service delivery and sustainability. The Department also appreciates the recognition in these recommendations that one size does not necessarily fit all with respect to the diversity of Queensland's 77 Councils.

With regards to the recommendations for the Department, I provide the following comments:

*Recommendation 7....support councils to develop models, benchmarks, and tools that are scalable for differently sized councils to allocate their corporate overheads to their services.*

*The department could, where appropriate, provide examples (templates), access to technical expertise and facilitate the development of tools for groups of councils.*

The Department currently provides a mixture of individual support to Councils and sector-wide training modules as well as developing or directing Councils to models and tools suitable to their size and context. This support will be expanded to include guidance on this topic.

1 William Street Brisbane  
PO Box 15009 City East  
Queensland 4002 Australia  
Telephone +61 7 3452 7009  
ABN 251 66 523 889

*Recommendation 8...support councils to develop a set of measures of effectiveness and efficiency to help councils monitor the performance of their services.*

*The department could develop a set of standard measures of councils' common services for reference. It could also facilitate groups of similar councils to share existing resources or coordinate the development of new resources in partnership with existing council networks.*

The Department currently supports Councils with benchmarking through the publication of comparative information each year and will investigate opportunities to expand this support in line with this recommendation. In addition, the Department will continue to facilitate the sharing of knowledge and resources through existing forums such as the Local Government Finance Officers' Network.

Thank you for providing the Department with an opportunity to review the draft report. If you require further information, I encourage you to contact Mr Mark Askins, Director, Finance and Funding, Local Government Division in the Department

Yours sincerely



Warwick Agnew  
**Director-General**



## Comments received from Chief Executive Officer, Western Downs Regional Council



Also, there are a number of local governments, characterised by very large local road networks and a large number of smallish towns without the presence of a relatively significant city, which will always struggle to be financially sustainable. To achieve financial sustainability, the general rates and charges would have to be at a level that would not be financially sustainable to individual ratepayers. From a policy perspective, there has been no recognition of this issue.

At Western Downs, we have been fortunate in that for a number of years we have been able to deliver operating surpluses and, at the same time, deliver improvements in the quality of many of our services as well as increasing the range of our service offerings. This we could not have achieved in the absence of the industries that have established in the Region.

Moving forward, our challenge is to prepare the Region for a time when some of these industries will exit the Region. While this will not happen in the short or medium term and will take place over a number of years, Council must be disciplined in its approach to managing its financial sustainability and its services so that the impact of the loss of these industries is made more manageable.

Within this context, Council will favourably consider:

- implementing service plans for the range of services provided by Council
- undertaking regular reviews of services
- developing and implementing a more comprehensive corporate overhead methodology
- implementing a more comprehensive project decision framework, and
- improving Council's performance reporting framework.

It is not the intention for Council to consult with the community around specific budget issues, as we believe this is the role of Councillors as elected representatives of the Community.

However, having regard to this Council will continue to regularly consult with the Community around services and community assets.

Yours sincerely



Ross Musgrove  
Chief Executive Officer



## Comments received from Chief Executive Officer, Mornington Shire Council



**MORNINGTON  
SHIRE COUNCIL**

1 Mission Road  
GUNUNA, QLD  
4892

TEL: (07) 4745 7801

FAX: (07) 4745 7275

EMAIL: ceo@mornington.qld.gov.au

John Hanwright  
Queensland Audit Office

19<sup>th</sup> September 2019

**Re: Managing sustainable local government services response**

Dear John,

As discussed and outlined in an earlier email, here is my response to the "Managing sustainable local government services" report.

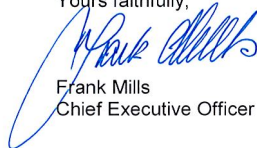
Long term sustainability is the biggest challenge our Council faces, and location alone makes our challenge more onerous than most Councils in Queensland.

Remote "indigenous" Council such as ours and I believe the more remote "small western" Councils of Queensland, face additional and unique disadvantages that Councils such as Bundaberg, Longreach, Noosa, Western Downs and Whitsunday do not. The divide between Councils in Queensland is very wide and we all have complexities and expectations that make each Council unique. The review undertaken and report produced are a starting point and I suggest that a similar process should be undertaken with a mix of small remote western Councils and "indigenous" local governments would be invaluable to those and like local government organisations.

The recommendations from the review all make sense, the QTC decision making framework which we have recently been introduced to seems to be a good fit for Local Government but there needs to be a fair lead in time for Councils to use that model. I would like to suggest caution with recommendation 7 without an enormous body of work for every Council in Queensland as we are all different and whilst groups are good in some cases individuality may need to reign supreme.

The challenge of managing sustainability for our Council should not be limited to improved decision making and planning, cutting costs, improved financial management, continuum of review and improvement of delivery of cost effective services and needs to include "bigger picture" matters such as – methodology for allocation of Government Grants especially Financial Assistance Grants, the process and cost of annual audits, the role of LGAQ in Local Government, whole of government realignment of process and models of support for the more remote and "indigenous" local governments and reduction of the complexities and red tape involved in the application process, funding, reporting and acquittal of government grants.

Yours faithfully,



Frank Mills  
Chief Executive Officer

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## Comments received from Chief Executive Officer, Brisbane City Council

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*Dedicated to a better Brisbane*

Your ref: PRH01044

18 September 2019

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002  
qao@qao.qld.gov.au

Dear Mr Worrall 

Thank you for your email of 29 August 2019 about the proposed Queensland Audit Office report to parliament titled Managing Sustainable Local Government Services - Audit In Confidence.

Ms Felicity Cooper, Brisbane City Council's Chief Internal Auditor, has reviewed the proposed report.

I would like to advise that Council has noted the observations in this report and has no comments.

Council looks forward to working with the Queensland Audit Office on an ongoing basis.

Yours sincerely



Colin Jensen  
**CHIEF EXECUTIVE OFFICER**

Brisbane City Council ABN 72 002 765 795

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## Comments received from Chief Executive Officer, Burdekin Shire Council

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Address all communications to  
The Chief Executive Officer

PO Box 974, Ayr Qld 4807  
T (07) 4783 9800 | F (07) 4783 9999  
enquiries@burdekin.qld.gov.au

Enquiries to: Terry Brennan  
Your reference: PRJ01044  
Our reference: 1889 TB:CPL

18 September 2019

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
53 Albert Street  
BRISBANE QLD 4000

Dear Mr Worrall

### Re. PRJ01044 Managing Sustainable Local Government Services

I refer to your email of 29 August 2019 advising your report to Parliament titled 'Managing sustainable local government services' is nearing completion. I also note that attached to the email was a confidential copy of the proposed report.

In your email, you invited feedback on the proposed report be provided to you no later than Thursday, 19 September 2019.

The purpose of this letter is to advise you that I have discussed the recommendations contained in the proposed report with relevant Burdekin Shire Council staff and provide the following feedback for your consideration:

#### Recommendations

##### *All Councils*

*We recommend all councils consider whether:*

*1. they include sufficient details about their services within their existing planning documents or consider developing individual service plans (Chapter 2) Details about services should be scaled to the size and complexity of council and include:*

- how the service aligns to council's strategy*
- the service level (for example, operating hours)*
- the assets used to deliver the service*
- operational risks for the service*
- operating costs and overhead costs.*

**Burdekin Shire staff response:** Implementing this recommendation would require a significant philosophical shift for many regional and rural Councils from operational planning and delivery, to a service planning and delivery framework. Feedback from my staff who had direct involvement in service reviews and subsequent planning in the New South Wales Local Government sector confirmed that introducing a service planning and budgeting framework required a significant investment of resources – including staff time and budget. In addition, without significant ongoing



financial support and staffing support, regional and rural Councils' ability to maintain a continuous service delivery review program could be limited to a 'ticking the box' exercise.

Therefore, we have considerable concerns about many Councils' ability to implement and maintain a meaningful ongoing service planning and review framework.

*2. all existing services meet their community's current and future service needs and they deliver them at affordable levels by developing and undertaking regular reviews of existing services (Chapter 1).*

**Burdekin Shire staff response:** Again, this recommendation suggests an ongoing rolling program of service reviews. It is a significant time and cost impost for Councils, which provides, in my staff's opinion, limited real value. Experience in other regional Councils, albeit in NSW, is that many service reviews which recommend reduced service levels e.g. closing community facilities, reducing opening hours etc are met with opposition and obstacles by sections of the community and/or elected members.

*3. budget owners develop consistent individual business unit and service budgets by providing documented budget guidelines, templates, and training (Chapter 1).*

**Burdekin Shire staff response:** This recommendation appears to be predicated on implementing a service planning and budgeting framework. As mentioned above we do not believe the benefits derived from implementing a service review framework are commensurate with the resources required to implement it.

*4. they benchmark their corporate overheads and allocate a reasonable proportion to services by developing and approving a corporate overhead methodology appropriate to the size and complexity of council (Chapter 1).*

**Burdekin Shire staff response:** Again, this is predicated on introducing a services framework, and ensuring indirect costs associated with delivering a service are captured so a realistic estimate on service delivery can be obtained. Council has no objection to the concept of allocating corporate overheads to services if this assists with decision making. At present it limits this process to other services it levies rates or charges for, e.g. water, sewerage or waste services.

*5. They make decisions to deliver new services or amend existing services (associated with new major capital projects) with an understanding of the whole-of-life costs and any impact on corporate overheads.*

**Burdekin Shire staff response:** We agree with this recommendation as it is part of any good project business case decision making. Burdekin Shire Council (BSC) has recently introduced a capital projects decision making matrix, which requires consideration of the factors mentioned above, to ensure all current and future costs are factored into decision making.

*Councils could develop their own or adopt an existing project decision framework that includes community engagement on the need for and level of new services. They could use the Queensland Treasury Corporation project decision framework to develop their own framework or work together to share existing frameworks (Chapter 1).*

**Burdekin Shire staff response:** We agree as per the response to recommendation 5 above. Depending on the project/service proposed BSC undertakes appropriate levels of community engagement etc. As BSC's asset management program matures, consultation with the community will be required to assist in setting service levels.



6. They collect reliable and accurate information on the effectiveness and efficiency of their services.

*Councils could develop a performance monitoring and reporting framework to support both internal management reporting to council and external reports to their communities (Chapter 2).*

**Burdekin Shire staff response:** Again, this would be nice to have. A council our size would have difficulty in funding meaningful service measurements. However, as part of our development of a broader customer service strategy Council is proposing to develop a set of corporate customer service metrics in a bid to provide Councillors and the community with meaningful feedback on service quality and performance.

General comments

BSC is in a sound financial position when it benchmarks its performance against the current sustainability indicators.

However, we do acknowledge that there are a number of small and medium sized Queensland Councils that may struggle to maintain a financially sustainable position in the long term. Perhaps the recommendations contained in your draft report are more appropriate to focus on Councils at higher risk in this regard as opposed to a blanket or one size fits all approach. The State should provide appropriate levels of funding for those Councils to undertake service reviews and develop a realistic strategy to transition to a position of longer- term sustainability.

Thank you for the opportunity to comment on the draft report.

Yours faithfully

A handwritten signature in black ink, appearing to read "Terry Brennan". The signature is written in a cursive style with a prominent loop at the end.

Terry Brennan  
CHIEF EXECUTIVE OFFICER

## B. Council services

Councils deliver a range of different services. They also structure their services in different ways. The following lists the services the five councils deliver to their communities.

Figure B1 lists the 40 services delivered by Bundaberg Regional Council.

**Figure B1**  
**Services delivered by Bundaberg Regional Council**

Services			
Age care and seniors villages	Disaster management	Local laws	Regulated parking
Airports	Fleet management	Moncrieff Entertainment Centre	Roads
Animal control	Footpaths and network pathways	Multiplex	Showgrounds and recreational precinct
Arts centres	Governance	Museums and attractions	State emergency services
Caravan and holiday parks	Gracie Dixon Respite Centre	Natural resource management	Stormwater drainage
Cemeteries	Hall of aviation	Neighbourhood centres	Tourism and visitor information services
Community care and support	Health services	Parks and open space	Waste and recycling
Community development	Laboratory services	Planning development	Wastewater services
Community halls and facilities	Land protection	Pools	Water safety and boating facilities
Councillors and executive offices	Libraries	Racecourse	Water services

Source: Queensland Audit Office from council plans.



Figure B2 lists the 21 services delivered by Longreach Regional Council.

**Figure B2**  
**Services delivered by Longreach Regional Council**

Services			
Administration	Child care	Civil construction and maintenance operations	Commercial services
Communities	Disaster management	Economic development and tourism	Environmental health
Financial accounting	Governance	Human resources	Leasing and land management
Libraries	Local laws/rural lands	Media relations	Planning and development
Public facilities	Regional coordination	Waste	Water and sewerage operations
Wild Dog Exclusion Fence Scheme			

Source: Queensland Audit Office from council plans.

Figure B3 lists the 32 services delivered by Noosa Shire Council.

**Figure B3**  
**Services delivered by Noosa Shire Council**

Services			
Aged and disability support	Beaches and coastal foreshores	Canals and waterways	Cemeteries
Community development	Cultural development	Customer service	Development services
Disaster management	Economic development	Elected council	Financial and revenue services
Fleet	Governance	Holiday parks	Land and habitat conservation
Libraries	Lifeguards	Local laws and public safety	Pathways
Boardwalks and recreation trails	People and culture	Procurement	Public amenities (toilets)
Public health	Public lighting	Recreation parks	Road network
Sport and recreation	Stormwater drainage and flood mitigation	Traffic and transport	Waste and resource management

Source: Queensland Audit Office from council plans.



Figure B4 lists the 28 services delivered by Western Downs Regional Council.

**Figure B4**  
**Services delivered by Western Downs Regional Council**

Services			
Art galleries	Building and plumbing certification	Cemeteries	Cinemas
Commercial roadworks	Community housing	Environmental management	Footpath mowing
Function hire facilities	Gas	Home care	Internet
Landing facilities (airports and aerodromes)	Libraries	Parks and gardens	Pest management including dog pounds
Planning and development approval	Public toilets	Quarry and gravel pits	Residential aged care (nursing homes)
Saleyard	Sewerage	Swimming pools	Transport services (roads and streets)
Visitor information services	Washdown facilities	Waste	Water

Source: Queensland Audit Office from council plans.

Figure B5 lists the 15 services delivered by Whitsunday Regional Council.

**Figure B5**  
**Service delivered by Whitsunday Regional Council**

Services			
Bushfire management	Caravan parks	Coastal management	Collinsville Independent Living Facility
Cultural heritage	Environmental health	Environmental services	Events
Grants	Library services	Local law services	Mosquito management
NRM advice to town planning	Pest management	Trade waste	

Source: Queensland Audit Office from council plans.



## C. Prioritising service delivery

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We have developed a cost value tool for councils to use. The tool helps councils identify the key priorities for funding allocation. The tool focuses on the services that are in some way optional. It excludes roads, waste collection, water, and wastewater.

The cost value tool helps councils to identify a priority order for service reviews. Service reviews identify the level of service required, including quantity and quality. Service reviews also support the allocation of limited funding and resources to services of most community value.

The five concepts of value included in the tool:

1. Community amenity—45 per cent

This is value obtained from local community use. It considers how the service is used, why it is in place, and the historical value of the service and associated assets. The more links to the local community, the greater the score.

2. Link to strategy—15 per cent

This represents the link between the service delivery and the strategic intent of council. This should include new strategies and business-as-usual activities. The stronger the link, the greater the score.

3. Alternative services—15 per cent

This assesses whether there are similar or partial services delivered elsewhere—from other council services, other government activities, or the private sector. The higher the availability of alternative services, the lower the score.

4. Functionality—15 per cent

This assesses the requirements to operate the service. The assessment includes the required employee skills, the required technology, and the sharing of assets. The more functionality of the operational requirements, the greater the score.

5. Risk—10 per cent

Risks associated with the delivery of the service are assessed to identify those that are desired by council and those that cannot be managed efficiently. The greater the unmanageable risk, the lower the score.

For each identified service, the value rating and cost are included in one of four quadrants. The action to be taken depends on the quadrant.



The four quadrants are outlined below.

**Figure C1**  
**The cost—value quadrants**

Quadrant	Action
1. High value, low cost	This is the preferred service model for sustainability
2. Low value, high cost	These services are the number one priority for a review of service levels or the service as a whole
3. High value, high cost	These services are the number two priority for a review of service levels or the service as a whole
4. Low value, low cost	These services are the number three priority for a review of service levels or the service as a whole

*Source: Queensland Audit Office.*

This tool aligns with the long-term financial sustainability of council. The 10-year forecast, and strategic asset-management plans, can be aligned to the priority of the services identified in this model. The assets (maintenance and capital spend) and operations linked to high-value services can be prioritised in the long-term forecasting model.

The tool is available on our website at [www.qao.qld.gov.au/reports-resources/better-practice](http://www.qao.qld.gov.au/reports-resources/better-practice).





# D. Example service plan template

Noosa Shire Council uses its service level catalogue to plan its services. The template captures key information on each of its services.

Figure D1  
Service level catalogue



Service Listing <INSERT #> of <INSERT TOTAL>

Service Output	XXXXX <insert brief descriptor of service>	
Service Activity	XXXXX The activities include xxxxxxxxxxxxxx	
Responsible Area	Department	Branch
	*Refer to Asset Responsibility Matrix for specific areas of responsibility	
Cost Centres		
Key Statistics		
Legislative responsibility to provide this service		

ACTIVITY		SERVICE LEVEL TARGET
<b>Maintenance</b> [xxxxx more info as necessary to explain what the activity includes xxxxx]		
Availability (delete if not relevant)	Include opening times for example	
Cyclic inspections	May need different headings depending on service – e.g. statutory timelines	
Scheduled work		
Reactive work	Include customer requests here	
<b>Operations</b> [xxxxxx]		

SERVICE DELIVERY MODEL
Can insert text or a table

KEY SERVICE METRICS		
Measure	Metric	Benchmark Comparison
		Maybe use traffic light approach (likely not known at this stage - for future versions)



PERFORMANCE MEASURE							
Service	Indicator	Performance Measure	Methodology				
	Satisfaction	<p>Suggestion below – needs to be a comparative measure – not a count/metric)</p> <p>Noosa community satisfaction mean rating score compared to the State mean rating score (out of optimum rating of 5).</p>	<p>Community satisfaction mean performance rating from the LGAQ 2019 Community Satisfaction Tracking Survey for Provincial areas for:</p> <p><i>Theme:</i> Community Lifestyle Services <i>Function:</i> Environment Protection &amp; Conservation</p> <p><i>Theme:</i> xxx <i>Function:</i> xxxx</p>				
		<table border="1"> <tr> <td><u>NSC mean rating (2019)</u></td> <td><u>State mean rating (2019)</u></td> </tr> <tr> <td></td> <td></td> </tr> </table>	<u>NSC mean rating (2019)</u>	<u>State mean rating (2019)</u>			
<u>NSC mean rating (2019)</u>	<u>State mean rating (2019)</u>						

(Use endnotes to provide any explanatory information – e.g. source of info or clarifying remarks)

Source: Noosa Shire Council.



# E. Measuring service performance

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## Background

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Performance information is a tool for service management and improvement. It supports informed decision making and is an early warning system that enables managers to take preventative action.

Reporting on a range of performance measures to external stakeholders can demonstrate that council is using its resources appropriately and delivering valuable services. Monitoring both effectiveness and efficiency provides a balanced assessment of performance and ensures that any changes in one are not at the expense of the other.

## Principles

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The Queensland Government's performance management framework identifies general principles for organisations to consider when developing performance measures. A performance measure should be:

- *relevant*—reflect what the council is trying to achieve, not simply what is easy to measure
- *comparable*—with either past periods or similar services in other councils in Queensland and nationally
- *well-defined*—with a clear, unambiguous definition so that data can be collected, and easy to understand and use with minimal explanation
- *prevent unintended consequences*—not encourage unwanted or wasteful behaviour
- *reliable and verifiable*—able to produce accurate data for its intended use, able to be measured consistently, and be responsive to change
- *achievable*—stretching and reflecting the council's ambitions for improved standards of public services
- *cost-effective*—in terms of gathering and processing the data.

Monitoring performance is a process of continuous improvement. Performance measures are not set-and-forget, but require continuous monitoring and improvement to inform and drive decision making about the business.

## Measuring effectiveness of services

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Effectiveness measures monitor the progress of objectives and the outcomes council wants its services to achieve. Users of council services can include individual residents, businesses, or community groups. Effectiveness measures show the impact of the service on the environment, public safety, traffic congestion, and, in some cases, community health outcomes. Effectiveness measures, when considered across all services, can provide an overview of the council's progress in achieving its operational and corporate plan for the community.



Developing effectiveness measures relies on establishing clear objectives for the service and determining what success would look like. It is helpful to:

- specify what the service intends to achieve (the objective)
- define the target population or client base for the service
- identify the main impacts to users (the outcomes)
- benchmark operations against similar organisations or the private sector (where appropriate).

Effectiveness measures focus on the results achieved, rather than the activities completed or money spent. They can be short term or longer term. Examples of effectiveness measures include:

- participation rates in sports/fitness programs (short-term)
- fitness levels of participants in sport/fitness programs (medium-term)
- proportion of participants in respite services reporting improved health outcomes (long-term)
- number of accidents per kilometre of road by road type (medium-term).

## Measuring efficiency of services

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Efficiency measures monitor the cost of delivering a service. They provide information about the production of a service with a given level of resources. They are useful in demonstrating a council's relative efficiency in service delivery when compared with benchmarks such as:

- previous results
- internally established goals and targets
- compliance with legislative standards
- generally accepted norms or standards
- results achieved by similar councils.

Efficiency measures focus on the cost of the resources used in dollars per unit. Examples of efficiency indicators include:

- average cost per inspection—\$250 per inspection
- average annual cost per site—\$150 of expenses per site
- average cost per patron (for example, swimming pool, library or airport)—\$15 per entry to the pool, \$28 per passenger trip, \$35 per member per year
- cost per licence issued—\$50 per licence
- cost per day (for example, of childcare)—\$110 per day per child.

Note, the figures are indicative only and not based on benchmarks.

## Reporting performance

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There are different audiences for performance reporting, with different needs, interests, and obligations. Contemporary tools allow users to generate dynamic reports covering a wide range of information.



When developing static reports for different audiences, it is important to consider the types of decisions or interventions they need to make. This will help determine the level of information they need; too much information can be as detrimental to decision making as not enough.

## Internal reports to management

Heads of business units and senior management need to make tactical decisions about service levels, responsiveness, and budget issues. The types of measures best suited include:

- *activity measures*—service instances, number of service recipients, or other activities for the service; these measures demonstrate the volume of work undertaken and have direct links to the service budget
- *cost measures*—the cost of outputs/services produced compared to the budgeted costs or other benchmarks
- *process measures*—throughput, or the means by which council delivers the activity or service, rather than the service itself (for example, the number of development applications approved); these measures demonstrate how busy the team or business unit is, rather than the effectiveness of the services
- *input measures*—the resources consumed in delivering a service, either as an absolute figure or as a percentage of total resources; these measures may include the funding, number of employees, person days, equipment, and supplies
- *quality measures*—how well a service is fit for its purpose, for example the extent to which outputs conforms to specifications; these measures could include timeliness, accuracy, completeness, accessibility and equity, continuity of supply, and/or seeking feedback on one of these criteria through customer satisfaction or experience surveys.

## Internal reports to councillors

Councillors have several responsibilities under the *Local Government Act 2009* (the Act), including ensuring the council discharges its responsibilities, achieves its corporate plan, and objectives, and complies with all laws that apply to local governments.

Councils have a range of financial reporting obligations under legislation. They also need to provide non-financial reports to councillors to allow them to make strategic decisions on the council's performance for the community they represent. The types of measures to help them make these decisions focus on:

- *effectiveness*—achieving key outcomes and benefits of council's services
- *efficiency*—using the lowest level of council resources necessary to deliver services
- *economy*—using resources prudently; considering overall efficient use of resources to deliver effective services will also measure economy.



## External reports to the community

Publicly reporting performance information is essential for accountability and transparency. It drives continuous improvement and builds trust and confidence in local government service delivery.

The types of measures that help the community hold council accountable are high-level strategic measures linked to the corporate plan, focused on the services they receive from council. The measures should focus on the outcome for the end users of services where possible and include:

- *effectiveness*—achieving key outcomes and benefits of council's services
- *efficiency*—using the lowest level of council resources necessary to deliver services
- *economy*—using resources prudently; considering overall efficient use of resources to deliver effective services will also measure economy.

## Resources

There are a range of resources available to public sector entities to support the development of performance management frameworks and examples of specific measures of service performance, including:

- The Queensland Government's *Performance Management Framework* policy and guidance materials, <https://www.forgov.qld.gov.au/manage-government-performance>
- The Victorian Government's local government performance reporting framework, <https://www.localgovernment.vic.gov.au/strengthening-councils/performance-reporting>
- The Victorian Government's *Local Government Better Practice Guide—Performance Reporting Framework Indicator Workbook*, [https://knowyourcouncil.vic.gov.au/\\_data/assets/pdf\\_file/0005/32882/BPG-Performance-Reporting-Framework-Indicator-Workbook-2018-19.pdf](https://knowyourcouncil.vic.gov.au/_data/assets/pdf_file/0005/32882/BPG-Performance-Reporting-Framework-Indicator-Workbook-2018-19.pdf)



# F. Allocating corporate overhead costs to services

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## Introduction

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To manage ongoing financial sustainability effectively, councils should identify the services they deliver and understand the total cost of delivering them both individually and collectively. Understanding the full cost of delivering a service will help ensure that where possible, costs are appropriately recovered via a user pays mechanism (that is, fees, charges and recoverable works), competitive neutrality obligations are met for business activities, and the net cost of service delivery to be recovered via rates and charges is fully understood.

Service costing information incorporates all costs of delivering the service. This includes both direct and indirect (or overhead) costs. Councils should use costing systems and budget preparation processes to identify the full cost of delivering each service. A reasonable proportion of indirect costs should be allocated to services.

This document provides principles for the allocation of overhead costs, which can be adapted to support the size, systems and capabilities of individual councils.

When choosing an approach to cost allocation, simple approaches that do not require system changes or significant investment in technology are recommended.

## Principles of cost allocation

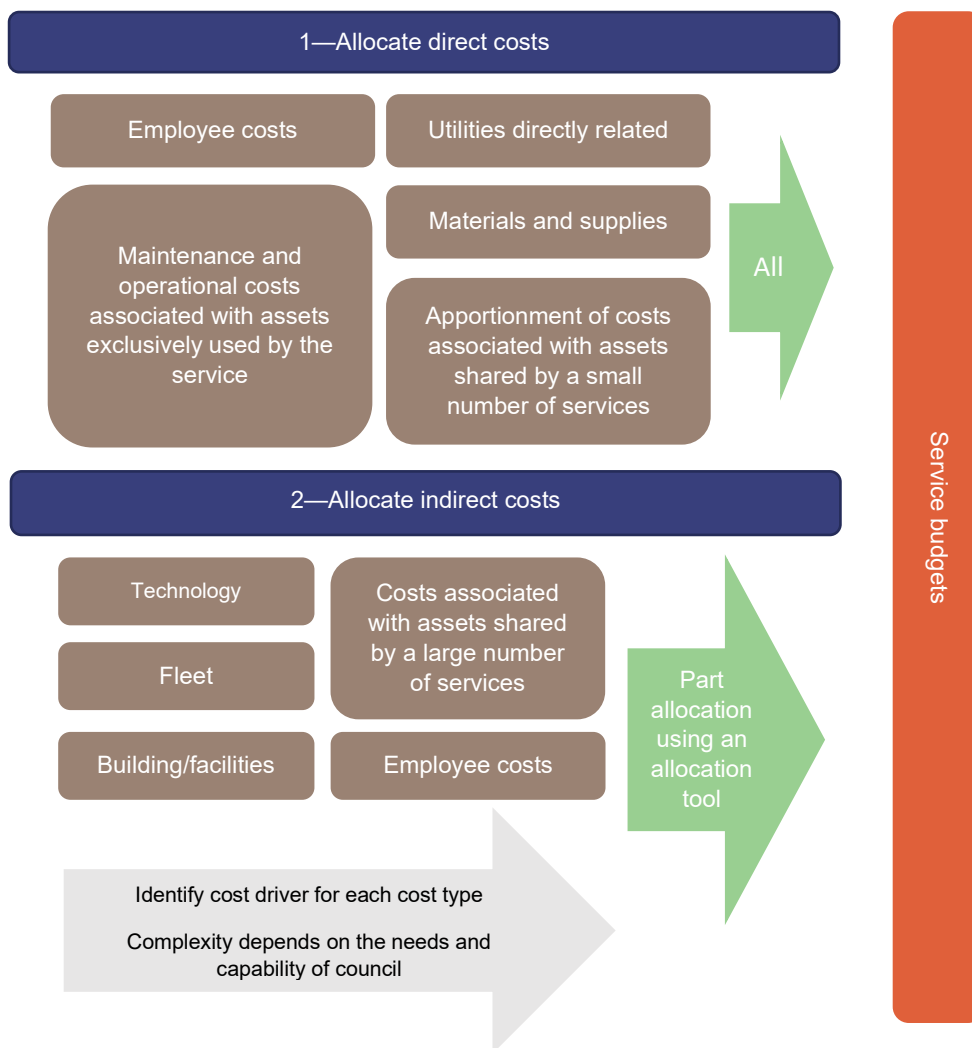
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There are three key elements to identify the costs of a council service:

1. Define the service/s to be measured. This can include both internal and external services delivered by council or just external services provided by council.
2. Understand and allocate the direct costs of both internal and external services (that is, employee costs, materials and services, or depreciation).
3. Adopt a methodology for allocating indirect costs to the services. There are varying levels of complexity of internal cost allocation methodologies.



**Figure F1  
Allocation of costs**



Source: Queensland Audit Office.

## Direct costs

Direct costs are those that can be fully allocated to one service. Direct costs include:

- employee costs attributable to the service
- materials and service costs (including operating and maintenance costs, and utility costs such as electricity, waste and water) attributable to the service
- depreciation expense for single assets used to deliver the service.





## Allocation of costs associated with assets

Each council needs to set its own allocation rules for the costs associated with shared assets. These allocations would be required in situations where shared assets are not hired or costed to the service via internal charging. These costs include depreciation, operations and maintenance. There are three situations that may apply:

### 1. Exclusive use of an asset by a single service

The depreciation and other costs associated with the asset are included as a direct cost to a service (for example, swimming pool, road, library).

### 2. Assets used by a small number of services

Typically, if assets are shared by a small number of services then related costs can be directly apportioned to those services. These assets are usually not related to internal overhead activities but may represent specialised or specific assets used directly in the delivery of a service (for example, a depot facility shared by a water business and also a works department).

An apportionment methodology may include the use of a causal driver associated with the services such as time of use, number of employees, or floor space. The causal driver is set as part of the budget process and assessed periodically to ensure it continues to be a suitable driver for allocation.

### 3. Assets used by many services

If an asset is used by multiple services and the costs are not easily allocated directly (for example, a council administration building or information technology (IT) system), the costs associated with the asset are included as an indirect overhead allocation. The allocation methodology applied to other indirect costs will apply.

## Executive and governance costs

Councils incur costs relating to executive and compliance functions that are not related directly to service delivery to the community. Council would meet these costs even if they outsourced all functions.

Examples of these costs include:

- council meetings
- councillor and chief executive officer salaries (where they do not directly relate to delivery of a service)
- council election costs
- subscriptions to local authority associations and attendance at conferences and meetings
- preparation and publication of financial statements, budgets and annual reports.

There are two options for how to treat executive and governance costs:

1. treat the executive and governance costs as a direct service classification
2. deduct the identified executive and governance expenses prior to the allocation of indirect costs. Councils should document the costs they have identified as not relating to service delivery for exclusion from overhead calculations, as well as the reason why these costs are not related to service delivery.

Executive and governance costs should not be used as a balancing item for unallocated overheads.



## Indirect (or internal service) costs

Indirect (overhead) costs are all other services that are considered to not provide services direct to the community.

They usually relate to shared costs associated with the delivery of multiple services and council internal activities not able to be easily allocated directly to an external service. Examples include:

- costs for internal council services such as finance, procurement, human resources and payroll, and property services
- information technology
- stores and purchasing
- communications
- customer service
- fleet
- corporate building costs
- depreciation expenses for assets attributable to indirect services.

Indirect costs are assigned to services through an allocation approach or methodology. The cost allocation methodology is applied via an overhead cost allocation model.

## Steps for allocating indirect overhead costs

Councils should establish a methodology for allocating indirect overhead costs. Some of the methodologies are complex and resource intensive. It is important that each council adopts a methodology that is most appropriate for their capability and needs and that the costs and benefits of each method are analysed.

The methodology should include the elements in Figure F2.

**Figure F2**  
**Steps for allocating indirect overhead costs**



Source: Queensland Audit Office.

### 1. Identify overhead activities

The first step for any of the allocation methodologies is for councils to identify all of their overhead activities and the associated costs incurred in the delivery of these services. Examples of overhead activities include accounts payable, financial accounting, accounts receivable, payroll, governance, human resources, communications, asset management, insurance, and so on. Often, where overhead activities can be allocated using a similar methodology they can be grouped together for simplicity (for example, payroll, human resources and training activities).



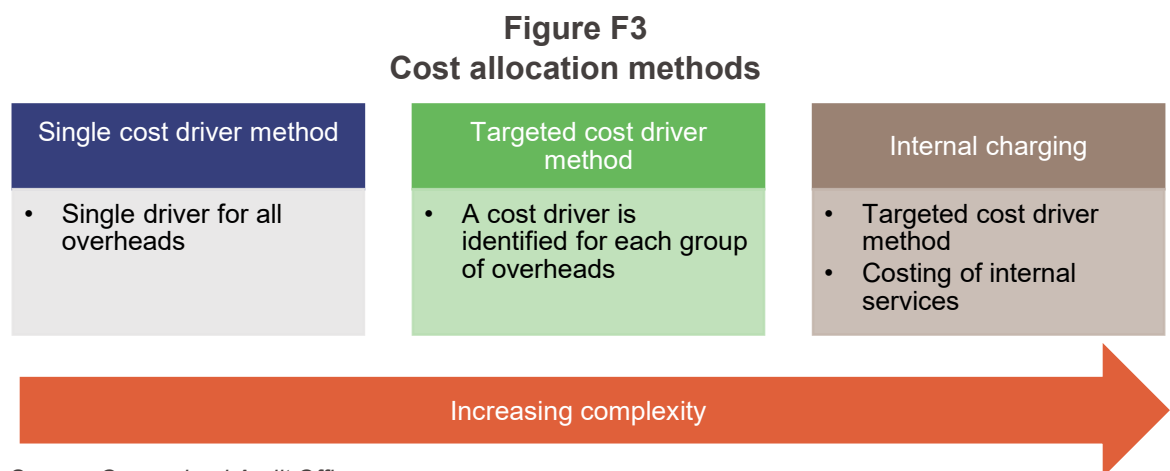
## 2. Identify the drivers to allocate overhead activity costs

A cost driver is the basis on which the overhead costs are allocated. A cost driver preferably has a cause–effect relationship and it provides the basis for allocation of overheads based on volume or activity. Councils should identify cost drivers that have a relationship to the overhead costs being allocated to ensure that they provide a reasonable reflection of how that overhead activity is being utilised. Examples of cost drivers suitable for councils include employee numbers, equipment/infrastructure use hours, floor space, and number of devices, and so on.

Councils will need to document the process they have undertaken in determining the cost drivers, as well as the basis for collecting information to apply the drivers across their services (for example, how they have recorded the number of purchase orders for the allocation of accounts payable overheads).

## 3. Allocate the overhead costs to services

There are varying methodologies available to allocate the grouped overhead costs to council services. The methodology used should reflect the existing systems of council, availability and capability of resources and the required level of costing precision required. The following three methodologies are common allocation methods, in order of increasing complexity.



Source: Queensland Audit Office.

### 4.1 Single cost driver method

Allocation of costs on a single cost driver basis is the simplistic approach to overhead cost allocation. This method uses a single cost-driver to allocate all overhead costs to each council service. Commonly used drivers include number of employees required to deliver the service, or proportion of budgeted expenditure required to deliver the service. Overhead costs are allocated to a service using the following formula:

$$\text{Direct service allocation} = \frac{\text{Overhead amount} * \text{Cost driver}}{\text{Total cost driver}}$$

This allocation method is simple to understand and is not resource intensive to apply. It can be used when there is limited data available and the service cost is not considered material. Councils will need to document the assumptions used in determining the cost-driver.

### 4.2 Targeted cost driver method

Allocation of costs using a targeted cost driver basis requires councils to identify cost drivers for each overhead activity (or group) they are allocating. This allocation method is more appropriate where council's direct services utilise several internal council services for support. Figure F4 includes some examples of overhead activities and their cost drivers.

**Figure F4**  
**Targeted cost driver examples**

Overhead costs	Cost drivers
Human resources, workplace health and safety, payroll tax	Full-time equivalent employees
Procurement	Number of contracts Number of purchase orders Number of invoices
Finance	Proportion of budgeted expenditure Estimated per cent of effort
Information technology	Number of devices used Hours signed into network Number of service requests issued
Accommodation, property maintenance, utilities, cleaning	Floor space occupied
Asset management (depreciation, consumables, repairs and maintenance)	Hours of plant use Value of plant used (i.e. differentiate between heavy and light equipment)
Telecommunications	Number of devices used

Source: Queensland Audit Office.

The internal support services of council that produce overhead costs to be allocated are also council services, which are necessary for the delivery of council objectives overall. Often costing models allocate costs between internal services prior to distribution to end user/direct services, which allows users of these services to assess their efficiency once final costs to be allocated are determined. These costing models become increasingly complex as overhead costs may perform multiple iterations of costs between overhead activities and direct services. For example, information technology costs might be first allocated to human resources, which are then allocated to the external service.

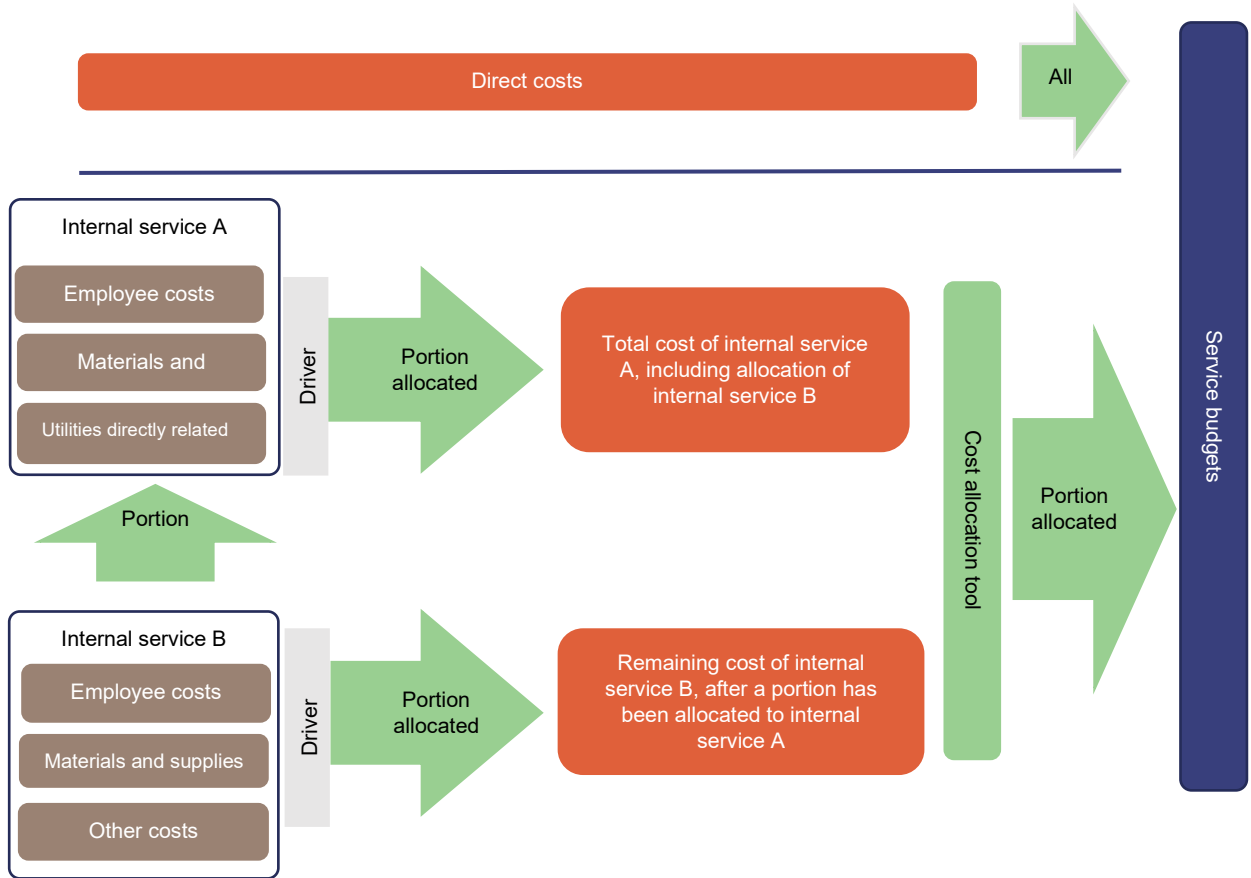
### 4.3 Internal charging

Allocation of costs via the direct charging of goods and/or services between council services is a more complex method that may be used. Unit rates for charging can be derived from activity-based costing or via overhead cost allocation model outputs, which charge according to actual rather than estimated usage of a particular council good or service.

Internal charging is the most complex of the cost allocation methods; however, it provides the greatest level of accuracy when determining cost allocation to end user/direct services.



**Figure F5**  
**Example of internal charging model**



Source: Queensland Audit Office.

## Monitoring and reporting of overhead costs

Councils should review their allocation model and methodology on, at least, an annual basis to ensure that the assumptions and drivers identified are still accurate for determining the cost of delivering each service to the community.

This will assist councils in understanding the costs incurred to deliver services to their local community, as well as identifying whether the fees they charge for these services are appropriate. This is particularly important where the service fee is required to be calculated using full cost pricing principles.

## Examples of cost allocations

### Single cost driver method

This is an example of allocating \$10 million of indirect costs to all services using a single cost driver method of number of full-time equivalent (FTE) employees.

**Figure F6**  
**Indirect cost allocation**

Service	Cost driver (# of FTEs)	Proportion of indirect costs	Total indirect costs allocated to the service
Service A	5	33%	\$3.33 million
Service B	10	66%	\$6.66 million
Total	15	100%	\$10.00 million

Source: Queensland Audit Office.

### Targeted cost driver method

In this targeted cost driver example, there are \$10 million of indirect costs comprising \$8 million for corporate costs and \$2 million for information communication and technology (ICT) costs. Council has identified that the most appropriate cost driver to allocate ICT's indirect costs is the number of computers each service uses and the most appropriate method to allocate corporate costs is the number of full-time equivalent employees. Council has two services it wishes to allocate these costs to (A and B).

**Figure F7**  
**ICT cost allocation**

Service	Cost driver (# of FTEs)	Proportion of employee costs to be allocated	Cost driver for ICT costs (# of computers)	Proportion of IT costs to be allocated
Service A	5	33%	5	71%
Service B	10	66%	2	29%
Total	15	100%	7	100%

Service	Corporate costs	ICT costs	Total costs
Service A	\$2.67 million	\$1.43 million	\$4.10 million
Service B	\$5.28 million	\$0.58 million	\$5.90 million
Total	\$8 million <sup>^</sup>	\$2 million <sup>*</sup>	\$10 million

Note: <sup>^</sup> Council identified a total of \$8 million of indirect corporate costs

<sup>\*</sup> Council identified a total of \$2 million of indirect ICT costs

Source: Queensland Audit Office.



## Case study

The following case study of a council-operated childcare service highlights how councils can make cost savings from understanding and analysing corporate overheads.

Key financial considerations:

- budgeted operating expenses \$3.4 million
- there are 24 full-time equivalent staff operating the service (17.56 per cent of total council support staff)
- the centre has 46 ICT devices on site (10.31 per cent of all council devices).

We used the following cost drivers to allocate the corporate overheads to the childcare service:

- number of full-time equivalent staff to allocate the corporate overheads of enterprise risk, stores and purchasing, and governance
- number of ICT devices to allocate ICT overheads.

Corporate overhead	Cost driver	Total budgeted cost	Percent of corporate costs for allocation	Corporate overhead costs for allocation
Corporate costs including administration, enterprise risk, stores and purchasing, and governance	Number of full-time equivalent staff	\$5.15 million	17.56%	\$0.90 million
Information communication and technology	Number of ICT devices	\$1.19 million	10.31%	\$0.12 million
<b>Total corporate costs to be allocated to the service</b>				<b>\$1.02 million</b>

Source: Queensland Audit Office.

We estimate that council was previously allocating \$0.06 million of corporate overheads to the service.

By allocating all overheads to the childcare service, expenses increase by \$0.96 million from council's existing budget.



## G. Glossary

Term	Definition
Annual operational plan	The annual operational plan for a local government specifies how it will implement its five-year corporate plan during the period of the annual operational plan. The plan must be consistent with its annual budget, and state how it will manage operational risks.
Asset-management plan	The asset-management plan defines the assets that council uses to deliver its services. This is a comprehensive overview of the long-term forecasting of estimated capital expenditure and provides strategic direction for achieving the long-term corporate plan.
Corporate overheads	Corporate overheads are the back-office costs associated with the operations of the council. This encompasses costs relating to human resources, finance, asset management, information technology, fleet and so on. The overheads relate to providing both internal and external council services. When a business allocates overheads to its services, they can accurately understand all the costs of delivering the service. Businesses generally allocate overheads using cost drivers in a corporate overhead model.
Corporate plan	The corporate plan defines the strategic direction and vision of the council for a minimum period of five years. It specifies key performance indicators to measure the council's achievements. This document provides accountability of the council to the local community.
Project decision framework	A framework that guides the governance arrangements (who makes the decisions) and methodology requirements (the information they need) that councils use to make decisions on project concept development, options analysis, feasibility, risks, and benefits. The frameworks typically define the role of a project board and provide tools and templates to ensure consistent analysis of proposed projects. Queensland Treasury Corporation has a project decision framework and tools for councils to adapt and adopt.
Service	A service is a group of actions or effort performed to satisfy a public need or fulfil a public demand. A service aims to provide value to the community. A service can comprise a series of activities and be delivered from an individual or group of assets and resources.
Service plan	A service plan outlines the activities used by council to deliver a service to its community. The service plan includes information on defining service objectives, level of service, department/branch the service is categorised under, cost centres, future demand analysis, risk management, performance metrics, and life cycle management (assets involved in providing the service). The service plan can be a separate document or form part of other council planning documents (such as the annual operational plan or asset-management plans). There is no legislative requirement for councils to develop service plans.
Sustainability	Sustainability is the view of long-term viability. Councils need to be able to sustain a positive financial position for future generations. Council should have appropriate funds to deliver services that provide economic, environmental, and social benefit to the community. Sustainability is integral as councils have finite resources and need sufficient funds to continue essential operations if financial risks materialise in the event of adverse financial conditions.





# H. Audit objective and methods

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## Performance engagement

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This audit has been performed in accordance with the Standard on Assurance Engagements ASAE 3500 *Performance Engagements*, issued by the Auditing and Assurance Standards Board. This standard establishes mandatory requirements and provides explanatory guidance for undertaking and reporting on performance engagements.

## Audit objective

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The objective of the audit was to assess whether councils plan and deliver their services to support long-term financial sustainability.

We assessed whether councils:

- develop robust approaches to planning and managing the costs of their services
- monitor and report on the costs and effectiveness of their services.

## Entities subject to this audit

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We selected five councils for detailed review based on the following criteria:

- population size
- proportion of revenue from fees, charges, and rates
- value of fees and charges revenue
- council rates per ratepayer
- mix of services offered.

The councils selected cover five segments identified by the Local Government Association of Queensland: Coastal, Resources, South East Queensland, Rural/Regional, and Rural/Remote.

We conducted the audit at the following councils; Bundaberg Regional Council, Longreach Regional Council, Noosa Shire Council, Western Downs Regional Council, and Whitsunday Regional Council.

We also included the Department of Local Government, Racing and Multicultural Affairs.

## Audit approach

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### Field interviews

We conducted interviews with key council staff, and managers, including:

- chief executive officers, chief finance officers, project managers, and asset/facilities managers
- service managers of council services—including airports, saleyards, libraries, childcare centres, cinemas, quarries, parks and gardens, swimming pools, museums, and cemeteries.



We consulted with:

- Queensland Treasury Corporation
- Local Government Association of Queensland
- Brisbane City Council and Council of the City of Gold Coast.

## Document review

We obtained and reviewed relevant documents and files from the councils within the scope of the audit. We reviewed relevant legislation, organisational planning documents, policies and frameworks, council service plans and reviews, asset-management plans, consultants' reports, project plans, performance reports, and budgets.

## Data analysis

We obtained financial and non-financial performance data on selected council services. We analysed if councils were able to demonstrate they were delivering services effectively and efficiently.



## Audit and report cost

This audit and report cost \$435,000 to produce.

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