

Implementation Plan for Improving South Australian councils' asset and financial management practices

NATIONAL PARTNERSHIP AGREEMENT TO SUPPORT LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT

PRELIMINARIES

1. This Implementation Plan is created subject to the provisions of the National Partnership Agreement To Support Local Government And Regional Development and should be read in conjunction with that Agreement. The objective in the National Partnership Agreement is to improve the capacity, resilience and infrastructure in communities and build capacity and resilience of local governments.
2. Consistent with Schedule B (Local Government Reform Fund) of the National Partnership Agreement, the Commonwealth has agreed to provide financial assistance of \$1,650,000 to assist South Australian councils to better manage their infrastructure and other assets and to improve their financial sustainability. The project will cover the 68 councils administered under the South Australian *Local Government Act 1999*.
3. Where there are inconsistencies between this Implementation Plan and the Guidelines for Regional Development and Local Government Programs, the provisions of the National Partnership Agreement will apply.

TERMS OF THIS IMPLEMENTATION PLAN

4. This Implementation Plan will commence as soon as it is agreed between the Commonwealth of Australia, represented by the Minister responsible for Regional Development and Local Government, and the State of South Australia, represented by the Minister responsible for State/Local Government Relations.
5. This Implementation Plan will cease on completion of the project, including the acceptance of final performance reporting and processing of final payments against project milestones specified in this Implementation Plan.
6. This Implementation Plan may be varied by written agreement between the Ministers.
7. Either Party may terminate this agreement by providing 30 days notice in writing. Where this Implementation Plan is terminated, the Commonwealth's liability to make payments to the State is limited to payments associated with project milestones achieved by the State at the date of effect of termination of this Implementation Plan.
8. The Parties to this Implementation Plan do not intend any of the provisions to be legally enforceable. However, that does not lessen the Parties' commitment to this Implementation Plan.

PROJECT OBJECTIVES

9. The objectives of this Implementation Plan are consistent with the objectives of the National Partnership Agreement to Support Local Government and Regional Development and will:
 - (a) maximise the financial sustainability of 68 South Australian (SA) councils to support continued provision of services to their communities over the long term;
 - (b) increase SA councils' ability to effectively manage their current and future performance using a consistent 'whole of council' perspective which brings together their financial and asset management operations for reporting and management purposes, improves governance and decision-making, and provides better value for ratepayers; and
 - (c) increase SA councils' capacity through improved collaboration.

OUTPUTS

10. The output of this Implementation Plan will be a program of activities, employing the NAMS.PLUS Asset Framework developed by the Institute of Public Works Engineering Australia, which will be structured into three components. The program of activities will:
 - (a) *(Component 1- council asset and financial management audit)* - audit asset and financial management practice and standards across SA councils against a set of agreed standards, develop a common framework for assessing achievement against asset and financial management standards, improve understanding of asset and financial management support needs both at the individual council and state level, and identify gaps and develop an improvement plan to bridge those gaps;
 - (b) *(Component 2 – asset and financial management technical support)* - provide technical assistance, guidance and collaborative frameworks to implement those improvement plans, improve asset and financial management capability and reinforce asset and financial management values and good practice; and
 - (c) *(Component 3 - building regional capacity through collaboration)* - increase collaboration between SA councils in the development of corporate policies and delivery of corporate services, create synergies, improve corporate policy consistency and cohesion across the local government sector, maximise efficiencies, and increase capability.

Role of the Commonwealth

11. The Commonwealth is responsible for reviewing the State's performance against the project milestones specified in this Implementation Plan and providing any consequential financial contribution to the State for that performance.

Role of the State

12. As this project is being implemented jointly by a State Government agency and a Local Government Participating Authority, the State is responsible for all aspects of project implementation, including:
 - (a) fully funding the project, after accounting for financial contributions from the Commonwealth and any third party;
 - (b) completing the project in a timely and professional manner in accordance with this Implementation Plan; and
 - (c) meeting all conditions and project milestones including providing reports in accordance with this Implementation Plan.

Role of the Local Government Participating Authority

13. The project will be managed by the South Australian Department of Planning and Local Government and the Local Government Association of South Australia.
14. The officers and councillors of the 68 South Australian councils involved in the project will work with the Department of Planning and Local Government and the Local Government Association of South Australia to deliver the project outputs.

PERFORMANCE REPORTING AND FINANCIAL ARRANGEMENTS

15. The maximum financial contribution to be provided by the Commonwealth for the project is \$1,650,000 payable in accordance with project milestones set out in Table 1. All payments are exclusive of GST.

Table 1: Project milestones and associated payments

Project milestone	Due date	Amount
<i>Project initiation</i>	<i>Expected by</i>	
(i) Agreement to the Implementation Plan.	30 Nov 2010	\$412,500
<i>Project implementation</i>	<i>Expected by</i>	
(ii) The DPLG and LGA management processes are established.	7 Dec 2010	
<i>Stage 1</i>	<i>Expected by</i>	
(iii) Component 1- council asset and financial management audit <ul style="list-style-type: none"> • Sector wide asset and financial management standards developed for use by SA councils. • Audit Program developed and implemented. • 34 councils have completed audit and have improvement plan. 	10 Jan 2011	
(iv) Component 2 - asset and financial management technical support <ul style="list-style-type: none"> • Training of council staff in NAMS.PLUS under way. • Internal financial controls model launched in all 68 councils. • Existing LGA asset and financial management training reviewed. 	10 Jan 2011	
(v) Component 3 – building regional capacity through collaboration <ul style="list-style-type: none"> • 34 councils have identified opportunities to benefit from collaboration initiatives, and opportunities are documented. 	10 Jan 2011	
<i>Progress Report</i>	<i>Expected by</i>	
(vi) Submission of progress report by the State.	10 Feb 2011	
(vii) Acceptance of progress report by the Commonwealth.	10 Mar 2011	\$1,072,500
<i>Stage 2</i>	<i>Expected by</i>	
(viii) Component 1- council asset and financial management audit <ul style="list-style-type: none"> • A further 34 councils have completed audit, have improvement plans, and have entered data. • Database developed and populated with audit figures. 	30 Jun 2011	
(ix) Component 2 – asset and financial management technical support <ul style="list-style-type: none"> • A revised LGA asset and financial management training program is implemented for 2011. • Tools and resources provided to all councils to assist them to integrate infrastructure, asset and financial planning processes, to plan for demographic change, and to determine appropriate service and resourcing levels for their communities. • All councils have a staff member trained in NAMS.PLUS. • 15 SA Councils using the Internal Financial Controls model. • 6 regional peer support networks for SA Councils established. 	30 Jun 2011	
(x) Component 3 – building regional capacity through collaboration <ul style="list-style-type: none"> • 68 councils have provided information re collaboration initiatives/opportunities. • Detailed plans for 6 collaboration opportunities at a local, regional and sector-wide basis developed. 	30 Jun 2011	
<i>Project completions</i>	<i>Expected by</i>	
(xi) Project completed.	30 Jun 2011	
(xii) Comprehensive project evaluation complete.*	31 Mar 2012	

<i>Project finalisation</i>	<i>Required by</i>	
(xiii) Submission of final project report by the State.	30 Apr 2012	
(xiv) Acceptance of final project report by the Commonwealth.	31 May 2012	\$165,000

* The evaluation report will be a stand-alone document that can be used for public information dissemination purposes regarding the project. The report will describe the conduct, benefits and outcomes of the project as a whole and evaluate the project. The evaluation will assess the extent to which the objective in this Implementation Plan has been achieved and explain why any aspects were not achieved. The report will also include a discussion of any other matters relating to the project, limited to the minimum necessary for the effective evaluation of the project, which the Commonwealth notifies the State should be included in the project evaluation report at least 30 days before it is due.

16. Any Commonwealth financial contribution payable will be processed by the Commonwealth Treasury and paid to the State Treasury to be on-forwarded in a timely manner in accordance with the payment arrangements set out in Schedule D of the *Intergovernmental Agreement on Federal Financial Relations*.

BUDGET

17. The overall estimated project budget (exclusive of GST) is set out in Table 2.

Table 2: Overall estimated project budget* - 2010-11 to 2011-12

	C'wealth	State	LGA of SA	Total
Component 1- council asset and financial management audit	\$350,000		\$40,000	\$390,000
Component 2 – asset and financial management technical support	\$170,000		\$24,000	\$194,000
Component 3 - building regional capacity through collaboration	\$1,130,000	\$100,000	\$480,000	\$1,710,000
TOTAL	\$1,650,000	\$100,000	\$544,000	\$2,294,000

* Includes in-kind contribution.

REPORTING ARRANGEMENTS

18. The State will provide progress reports to the Commonwealth to demonstrate its achievement of project milestones set out in Table 1.
19. Each progress report will contain the following information:
- a description of actual performance of the project to date against the project milestones including details of the completion of activities;
 - details of mitigating circumstances and remedial action undertaken in the event a project milestone is not met by the time specified;
 - a description of the work that will be undertaken to complete the remaining project milestones and any expected promotional opportunities during the next reporting period; and
 - any other information requested by the Department of Regional Australia, Regional Development and Local Government (the Department), limited to the minimum necessary for the effective evaluation of the project, which the Commonwealth notifies the State should be included in this progress report at least 30 days before it is due.

20. The progress report must be accompanied by written confirmation from the State of South Australia and the Local Government Participating Authority (the Local Government Association of South Australia) that milestones have been met in accordance with the agreed Implementation Plan.
21. The final project report is due by 30 April 2012 or - if this Implementation Plan is terminated in accord with paragraph 7 - within 60 business days of termination.
22. The final report will include evidence that the project was completed in the specified manner and the program aims were reached, including that the agreed milestones were met and the project was completed on time.
23. The Department requires one hard copy and an electronic copy in Microsoft Word and/or Microsoft Excel format of each report.

ACKNOWLEDGEMENT AND PUBLICITY

24. The Australian Government or its nominee must be invited to attend and/or participate in organised activities, such as media events, or alternatively may request state/territory cooperation in creating one.
25. The Australian Government's financial support must be acknowledged in all publications, promotional material, and activities relating to this project. Published acknowledgments must receive prior approval from the responsible Commonwealth Department.

NOTICES

26. A notice relating to this project, rather than the Agreement generally, is to be in writing and dealt with as follows:
 - a) if given by the State to the Commonwealth:

General Manager
Regional and Local Government Policy Branch
Department of Regional Australia, Regional Development and Local Government
GPO Box 803
CANBERRA ACT 2601
 - b) if given by the Commonwealth to the State:

The General Manager
Local Government Policy & Financial Sustainability
Department of Planning & Local Government
Level 7, Roma Mitchell House,
136 North Terrace,
ADELAIDE SA 5000