

# Implementation Plan for Local Government Sustainability Project - Victoria

## 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 \$964,000 to accelerate the implementation of the Local Government and Planning Ministers' Council agreed asset and financial management frameworks by improving the financial sustainability and financial and asset management of 69 Victorian councils.
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 Victoria, represented by the Minister responsible for Local Government.
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 Parties.
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 of Victoria and the Local Government Participating Authority 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 to:
  - (a) maximise councils' financial sustainability to support continued provision of services to their communities over the long term; and
  - (b) increase 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.

## OUTPUTS

10. The output of this Implementation Plan will be a program of activities which equips officers and councillors of 69 Victorian councils with an enhanced understanding of their council's financial sustainability and of how to improve their asset and financial management frameworks. (The other 10 Victorian councils have already participated in a similar program on a pilot basis). The program of activities will:
  - (a) review and report on all councils' asset management strategies and practices and financial policies and ratios, including the potential impact of climate change on these; and
  - (b) develop strategic asset management and finance plans for all participating councils covering all asset classes and identifying management strategies for asset rationalisation, long term capital expenditure and finance, and training requirements for councillors and staff.

## ROLES AND RESPONSIBILITIES

### 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 the following 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;
  - (c) ensuring funding is attached to delivery of specific milestones by the Local Government Participating Authority as set out in the agreement between the State Government and the Local Government Participating Authority;
  - (d) providing project management direction through a Steering Committee involving senior State Government representation; and
  - (e) meeting all conditions and project milestones required to be met by the State Government including providing reports in accordance with this Implementation Plan.

13. The State and the Local Government Participating Authority will establish a steering group inclusive of representation from the Local Government Participating Authority to oversight the activities of the project. A State representative will chair this group with membership to be determined by the State and the Local Government Participating Authority.
14. The State will provide funding of up to \$10,000 for the preparation of the independent project evaluation report as per Table 1 and 2.

### Role of the Local Government Participating Authority

15. The Local Government Participating Authority - the Municipal Association of Victoria (MAV) – will manage the project, under the direction of the steering group.
16. The officers and councillors of the 69 Victorian councils involved in the project will work with the consultancy team which will be established by the MAV to deliver the project outputs.

### PERFORMANCE REPORTING AND FINANCIAL ARRANGEMENTS

17. The maximum financial contribution to be provided by the Commonwealth for the project is \$964,000 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 by the State	29 Oct 2010	\$241,000
(ii) Agreement to the Implementation Plan by the Commonwealth	30 Nov 2010	
<i>Project implementation</i>	<i>Expected by</i>	
(iii) A project manager and specialist team are engaged.	7 Dec 2010	
<i>Stage 1</i>	<i>Expected by</i>	
(iv) All councils have completed a self-assessment questionnaire.	14 Dec 2010	
(v) The project manager and specialist team have visited each of the 69 councils and completed the strategic analysis, including: <ul style="list-style-type: none"> <li>• a review of financial policies and ratios;</li> <li>• a review of asset management strategies and practices;</li> <li>• identification of inconsistent approaches and definitions across council; and</li> <li>• a review of asset registers and condition assessments.</li> </ul>	25 Feb 2011	
(vi) Strategic analysis reports for each council are finalised.	4 Mar 2011	
<i>Progress Report</i>	<i>Expected by</i>	
(vii) Submission of progress report by the State.	1 July 2011	
(viii) Acceptance of progress report by the Commonwealth.	28 July 2011	\$626,600
<i>Stage 2</i>	<i>Expected by</i>	
(ix) The project specialist team has visited each of the 69 councils and completed the strategic planning, including: <ul style="list-style-type: none"> <li>• asset management plans for all asset classes;</li> <li>• management strategies including asset rationalisation;</li> <li>• long term capital expenditure and financial plans;</li> <li>• strategic resource plans; and</li> <li>• identifications of training requirements for councillors and staff.</li> </ul>	15 Nov 2011	
(x) Draft strategic planning reports for each council are prepared.	30 Nov 2011	
(xi) Strategic planning reports are accepted by councils.	30 Nov 2011	
<i>Project completions</i>	<i>Expected by</i>	
(xii) Project completed.	15 Jan 2012	
(xiii) Independent project evaluation complete.*	15 Feb 2012	
(xiv) Submission of final project report by the State.	29 Feb 2012	
(xv) Acceptance of final project report by the Commonwealth.	29 Mar 2012	\$96,400

\*The independent project 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 explaining 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 final independent project evaluation report at least 30 days before it is due.

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

## BUDGET

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

**Table 2: Overall estimated project budget – 2010-12**

	C'wealth	State	Councils	MAV	Total
(i) Consultancy fees – review	\$447,500		\$70,000		\$517,500
(ii) Consultancy fees – strategic planning	\$447,500		\$70,000		\$517,500
(iii) Travel	\$69,000				\$69,000
(iv) Project management*				\$55,000*	\$55,000
(v) Project evaluation		\$10,000			\$10,000
<b>TOTAL</b>	<b>\$964,000</b>	<b>\$10,000</b>	<b>\$140,000</b>	<b>\$55,000*</b>	<b>\$1,169,000</b>

\* In-kind contribution.

## REPORTING ARRANGEMENTS

20. The State will provide a progress report to the Commonwealth to demonstrate its achievement of project milestones set out in Table 1.
21. The 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 the progress report at least 30 days before it is due.
22. The progress report must be accompanied by written confirmation from the State that milestones have been met in accordance with the agreed Implementation Plan.

23. The final project report is due by 29 February 2012 or – if this Implementation Plan is terminated in accord with paragraph 7 - within 60 business days of termination.
24. The final project 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 in a timely manner.
25. The Department requires one hard copy and an electronic copy in Microsoft Word and/or Microsoft Excel format of each report.

## ACKNOWLEDGEMENT AND PUBLICITY

26. The Australian Government or its nominee must be invited to attend and/or participate in organised activities, such as media events.
27. 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

28. 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:

Assistant Secretary  
Office of Northern Australia and Regional Projects  
Department of Regional Australia, Regional Development  
and Local Government  
GPO Box 803  
CANBERRA ACT 2601

- b) if given by the Commonwealth to the State:

Executive Director  
Local Government Victoria  
Department of Planning and Community Development  
Level 8, 55 Collins Street  
MELBOURNE VIC 3000