
Performance Measurement & Management In Asian-Pacific Local Government

A Discussion Paper and Investigation into Future Directions.



**The Network of Local Government Training and Research
Institutes in Asia and the Pacific (LOGOTRI)**

Overview and Acknowledgements

This project aimed to conduct a preliminary examination of some of the performance measurement and management techniques used by a sample of local government bodies in the Asia-Pacific region. It gathered information from three LOGOTRI members in: Sri Lanka, The Philippines and Australia. The project focused on three key areas: Waste Management, Financial Management and Community Participation.

This report provides some discussion on the findings and makes some broad recommendations for future directions.

The authors acknowledge that this project in no way constitutes comprehensive and thorough academic research – that kind of study requires significant resources and funds. Rather, it has utilized the collective knowledge of some LOGOTRI members and presents a brief “snapshot” that outlines the issues related to some key questions.

Sections discussing the Country Information/Findings have been provided largely unedited – they are the reports as provided by the LOGOTRI partners. The editor has not attempted to alter their reports in any way – either in content nor format.

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Robert Mellor
Editor
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1. INTRODUCTION AND BACKGROUND

Who has not heard complaints about difficulties measuring Government's performance, about diverse and contradictory objectives, unreliable measurement tools, and lack of resources Governments are willing to invest in new management techniques? While difficulties undoubtedly exist, the vast amount of literature suggests that Performance Measurement is an advanced management tool that is becoming more and more sophisticated in order to accommodate needs of different communities and levels of Government over services ranging from public safety and public works to economic development

(National Center for Public Productivity, 1997)¹

Local Government in the new millennium is faced with a far greater mandate for delivery and performance than ever before. As the form of Government “closest to the people” it has been rightly recognized as the sphere of Government that has an enormous capacity to deliver real outcomes at a local level – to pursue objectives that can make a distinct difference to the quality of life for its citizens. However, in order to do this, Local Government must have some way of measuring the successes, failures and progress achieved in the pursuit of those objectives.

Increasingly, Performance Measurement and Management has been recognized as a vital tool to ensure that Local Government is capable of measuring its activities and feeding the results of that measurement back into a planning process to help improve future performance.

Over the last decades, many countries around the world have been utilizing some kind of performance measurement and management for their public sector agencies and in particular for their Local Government bodies. The particular aim of this study is to examine and compare various models of performance measurement used in Asian-Pacific Local Government, and draw out lessons for the design of more effective systems.

1.1. Why Measure Local Government Performance?

Prior to undertaking any real examination of current performance measurement in Local Government, is important to ask the fundamental question of “why does Local Government need to improve its performance measurement systems?” Public sector bodies across all spheres of Government, and in almost all countries, have been measuring things such as budget expenditure for some time – but why has there been such a recent emphasis on the improved measurement of “performance”?

¹ National Center for Public Productivity, *A Brief Guide For Performance Measurement In Local Government*, Rutgers University, USA, 1997

Consider the following quotes:

There is a profound feeling in the country [USA] that Government has not been doing its job – not just that tax dollars are wasted, but that Government cannot be counted on to improve the nation's future or support the current aspirations of ordinary Americans. This leads to the obvious question of whether the present Government organization can operate effectively days...the public demands we do more.
(Senator John Glenn, 1993)²

Local Government provides a wide range of services to its constituents...through the provision of services, Local Government has a real effect on the standard and quality of living of people living and/or working within the Local Government area. Given this impact, it is important that these services are provided in an efficient manner and at an appropriate level of quality.
(IPART, 1997)³

Public officials, both managerial and elected, need regular feedback on the effectiveness of their operations to help make improvements. Officials and citizens are frequently frustrated in their attempts to determine how well Local Government is serving the public. Complaints of poor service may be reported in the media or brought directly to the attention of Local Government offices. Success stories may come to light in a similar haphazard fashion. Typically, however, comprehensive information on the effectiveness of individual services is not available.
(ICMA, 1992)⁴

From these three quotes, the recent pressures for improved performance measurement from a *Citizen/Government* perspective are highlighted as:

- Maximum input and feedback for decision making
- Recognition of the impact that Local Government can have
- The need for efficiency and effectiveness
- Public accountability and transparency
- Public pressure and the need to improve public trust
- Increased demands for citizen participation

² Glenn, Senator John, excerpt from opening statements – *United States Senate Committee on Governmental Affairs "Improving Government Performance and Organization*, 1993, as cited in *An Overview of Performance Measurement*, ICMA/Richard Fisher, ICMA website, USA, 2001

³ Independent Pricing and Regulatory Tribunal (IPART), *Benchmarking Local Government Performance in New South Wales – An Issues Paper*, NSW Government, Australia, 1997

⁴ International City/County Management Association (ICMA), *How Effective are Your Community Services?* The Urban Institute, USA, 1992

From an *Inter-Governmental* perspective (and similarly from the perspective of International and external Funding Agencies) there are sometimes also pressures for:

- Feedback into funding allocation decisions
- Feedback into program design decisions
- Comparison and benchmarking purposes
- Accountability needs
- Audit needs and adherence to program rule and guidelines
- Input into program evaluation

However, there is also a recognized need for performance measurement and management from an *Organizational and Agency* perspective. Simply put, this means that performance information is not only accurately collected, but that the results are used as part of an integrated system of management. Whether or not there may be any external pressures for performance measurement, many Local Government authorities are developing performance management systems to meet their own organizational needs.

In recent years, there has also been a worldwide interest in the models of so-called “New Managerialism” and “New Public Sector Management”. These models are based on a fundamental concept that public sector organizations can (and should) borrow many of the management strategies from the private sector. One such fundamental strategy is that the organization must measure and evaluate its performance in order to minimize waste and maximize output. Performance measurement is at the heart of many current management paradigms such as Total Quality Management (TQM) and can even lead to practices such as Activity Based Costing (ABC) and Activity Based Management (ABM) (*see later section for an explanation of these terms*).

Osborne and Gaebler, in their important book *Reinventing Government*, outlined a number of key incentives for performance measurement in “new” public sector organizations:

- “What gets measured gets done”
- “If you don’t measure results, you can’t tell success from failure”
- “If you can’t see success you can’t reward it”
- “If you can’t reward success, you are probably rewarding failure”
- “If you can’t see success, you can’t learn from it”
- “If you can’t recognize failure, you can’t correct it”
- “If can demonstrate results, you can win public support”

(*Osborne and Gaebler, 1992*)⁵

From all of these perspectives – Government/Citizen, Inter-Governmental, Interagency, and Organizational – it is clear that there is a growing pressure for both improved performance measurement and management.

⁵ Osborne, D. & Gaebler, R., *Reinventing Government*,, 1992

For the purposes of this study, we will organize these key pressures into two broad themes:

The Need for Improved Management of Public Services – that the very effectiveness and efficiency of the services themselves are being measured and this information is being used to help improve the delivery of those services; that management decisions are well-informed and well-planned, that limited resources are well-used and wastage is minimized.

The Need for Improved Accountability and Citizen Participation – that the effectiveness and efficiency of the services are being measured; the measurements are being accurately reported, and those results are made available for public view, that (wherever possible) local communities are involved in setting objectives and defining performance indicators.

It is these two themes that will form the basis of our research into performance measurement and management of Local Government in the Asia-Pacific region.

1.2. Background – Recent Initiatives

As mentioned earlier, this study does not pretend to be a comprehensive and extensive piece of research. However it is important to recognize that there have been a number of significant responses to the pressures for improved performance measurement and management. Some of them have been global, some national, and some undertaken by individual Local Authorities.

On an International level, much of the work has become known recently as the Urban Knowledge Infrastructure⁶. Some relevant initiatives have included:

- The development of the Housing Performance Indicators (HPI) by the UNCHS and the World Bank – early 1990s; development of housing related indicators and testing across 53 cities worldwide
- The Urban Indicators Program (UIP) – 1994; 46 key indicators and 129 extensive indicators developed for National Governments to utilize in preparation for their report to be presented to UN Habitat II Conference in Istanbul, 1996; 110 countries participating.

⁶ For a more comprehensive explanation and overview of these initiatives see: Lall, Vinay D., in readings for *LOGOTRI Regional Training Workshop on Knowledge Infrastructure for Good Governance*, LOGOTRI, 2002

- Development of the UNCHS Global Urban Observatory (GUO) – ongoing; development of an International Network of Local Urban Observatories (LUOs) who utilize an agreed set of indicators to feed back comparative information to a global database.

The Global Urban Observatory (GUO) addresses the urgent need to improve the world-wide base of urban knowledge by helping Governments, local authorities and organizations of the civil society develop and apply policy-oriented urban indicators, statistics and other urban information. The GUO was established by UN-HABITAT in response to a decision of the United Nations Commission on Human Settlements, which called for a mechanism to monitor global progress in implementing the Habitat Agenda and to monitor and evaluate global urban conditions and trends. The GUO focuses on building local capacity to select, collect, manage, and apply indicators and statistics in policy analysis as fundamental, both to tracking progress in implementing the Habitat Agenda and to monitoring urban conditions and trends as input to participatory decision making. Current activities are based on the development of an integrated network of National and Local Urban Observatories. (UNCHS 2003)⁷

The GUO program has established a list of standardized urban indicators. There are about 23 quantitative indicators and 9 “qualitative data sub-sets” (see appendix 4). The main categories of these indicators cover: 1) Shelter, 2) Social development and eradication of poverty, 3) Environmental Management, 4) Economic Development, 5) Governance.

- Five-year report on Habitat II (“Istanbul + 5”) – 2001; 23 Quantitative and 8 Qualitative Indicators used to examine commitments against the Habitat Agenda and report back.

These initiatives have focused primarily on broad “quality of life indicators” for urban communities and with (naturally) a focus on shelter and housing issues. They

In another initiative, a broad set of indicators for “Good Governance” have been developed and promoted by The Urban Governance Initiative (TUGI)⁸- 1998 and ongoing. Their techniques used to construct the Urban Governance Index (UGI) are similar to that used by UNDP for the Human Development Index. Separate sub-indices are constructed and these are combined to form a composite index. The UGI is based on five sub-indices for which indicators have been defined. For each sub-index data are collected at city and country level (see appendices). They have also developed a standard format for “Report Cards”.

⁷ see www.unchs.org/programmes/guo for more detail

⁸ See www.tugi.org for more detail

A number of LOGOTRI member Countries are (or have been) participating in these projects.

On a National level, there have been a variety of initiatives worldwide. In some cases these have been focused on Government “Productivity” across all spheres, and hence Local Government has been included in a general program of performance measurement of the “Public Sector” *per se*.

Examples:

In other instances there have been initiatives launched that have focused particularly on performance measurement and management in Local Government.

e.g.:

- A Brief Guide For Performance Measurement In Local Government. National Center for Public Productivity, Rutgers University.
(see: www.newark.rutgers.edu/~ncpp/cdgp/Manual.htm)
- The Western Australian Department of Local Government and Performance Management for Local Government. This publication seeks to provide brief and simple guidelines that can assist any local government to commence the performance measurement and performance (see: www.dlgrd.wa.gov.au/pub/docs/PMG)
- The Uk Audit Commission’s Programs (see: www.audit-ommission.gov.uk/performance)

It is true to say that a number of these initiatives have focused on a “performance auditing” role – i.e. they have been “imposed” (in varying extents) on Local Government, and have often been tied to funding agreements with other levels of Government. Even where this is not explicit, there has been a perception (in some cases) amongst local authorities, that such “league table” comparisons are used to bestow either benefits or “punishments” depending on the achieved results.

Whilst not specifically identified as “performance measurement” initiatives, many of the so-called “Public Sector Reform” developments across the world have also introduced regimes that have a strong element of performance “testing” nevertheless. Many countries have introduced market competition into areas of Local Government services, with some countries (e.g. UK, New Zealand, Australia) introducing Compulsory Competitive Tendering (CCT). By forcing Local Governments to “compete” with private sector providers, such Government regimes inherently adhere to the belief that they are “testing” and “measuring” the performance of a public sector institution against the performance of a private sector company. The “New Managerialism” movement of the 1980s and 1990s has seen the introduction of Government policies across the world that have (perhaps) the most “punitive” of performance measurement regimes – *“if your performance cannot ‘beat’ the private sector (particularly on cost) then you will ‘lose’, and maybe lose your job”*.

Whilst previously, the UK National Conservative Government forced the implementation of CCT in British Local Government, the new Labour Government has developed a significantly different approach that recognizes the value of local decisions about Local

Government performance. Under the “Best Value” program, local authorities are expected to discuss, negotiate and engage with their communities to jointly develop levels of “Best Value” – i.e. agreed statements of performance that are expected in the local community and which recognize local circumstance⁹. Recent developments have also focused around the concepts of “Public Value”¹⁰ and have encouraged local government to develop “Quality of life indicators” with their own communities. This is a significant development in the UK system that (perhaps) is the only National system that truly respects local governance.

This important element - the involvement of the community in developing goals, targets and indicators that they think are important - is an important issue for the future.

⁹ For more information visit www.idea.gov.uk/bestvalue

¹⁰ for more information see www.number-10.gov.uk/su/pv/public_value.pdf

1.3. Performance Measurement and Performance Management – aren't they the same thing?

When examining the vast array of literature available on the topic, the terms “performance measurement” and “performance management” can often seem to be interchangeable. These terms need special attention to clarify their use in the conduct of this research.

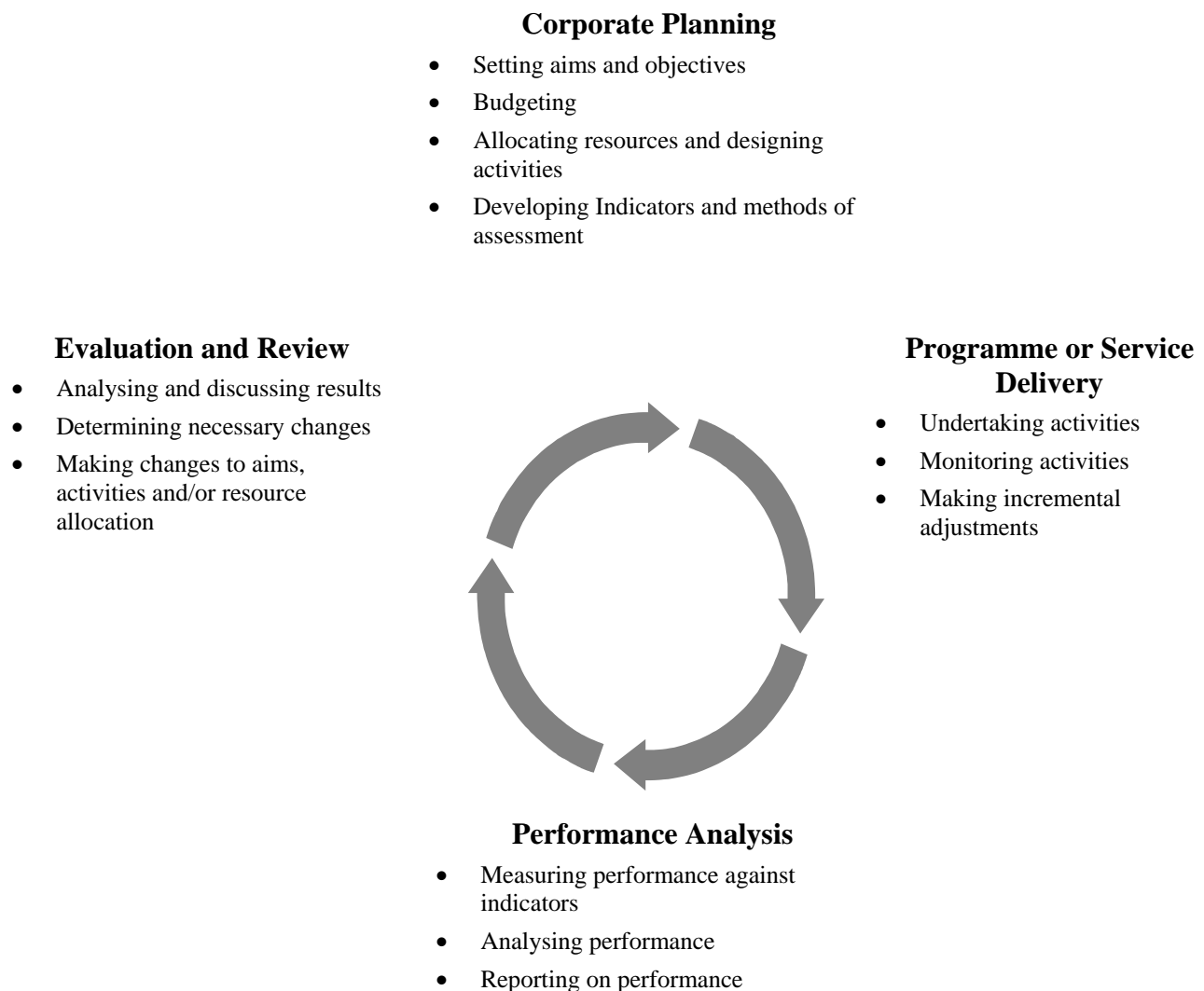
For the purposes of this study, the terms will be recognized as referring to two processes but with **Performance Measurement** forming part of the total process of **Performance Management**:

- **Performance Measurement** – can be defined as those processes that are utilized to measure the performance of a Local Government body – particularly in relation to its achievement of pre-determined outcomes and objectives
- **Performance Management** – can be defined as all of those processes (including Performance Measurement) that are utilized to capture the results of performance measurement and feed them back into the planning processes that then guide the organization to make the necessary changes to its activities and modes of operation and (if necessary) make changes to its strategic outcomes and objectives.

Viewed in this way, the two terms are not interchangeable, but rather form an integrated part of a total **Performance Management Cycle**.

1.4. The Total Performance Management Cycle

In an integrated cycle, performance is measured and monitored according to pre-determined objectives. This information is then fed back into the system to make incremental changes during program delivery as well as to measure overall achievements against the agreed objectives. Following this, a management process evaluates the results and makes decisions about: the reasons for failure/success; whether or not to pursue (and try to improve) current implementation processes or make changes, what significant lessons have been learned; and whether or not to maintain (or alter) the organizational objectives.



In an ideal world, such a **Performance Measurement and Management Cycle** provides a holistic environment for performance measurement in Local Government – but it must be recognized that we often don't live in an ideal world.

There are a number of common obstacles encountered when trying to apply such a neat model to Local Government:

- It is likely that the four phases identified are not absolutely distinct and may not always occur in such a linear sequence.
- Aims and objectives are often not clearly set and are commonly subject to highly politicized decisions
- Resources are limited and their availability will often determine the aims and objectives – rather than *vice versa*
- KPIs are often set by funding bodies and are designed to facilitate an audit process rather than true measurement of achievements towards aims
- KPIs are often badly designed and are either too broad, too narrow, or difficult to measure
- Despite the pre-determination of program delivery, programs can be altered or (sometimes) ceased before completion
- Monitoring can prove to be impossible, inappropriate or ineffective
- Incremental adjustments to program delivery can have significant and unexpected results
- Results of performance measurement can be collected in different ways – making comparison or “benchmarking” difficult or impossible
- Reporting of performance can be delivered in such a manner as to “paint an inaccurate picture”
- Interpretation of results will vary depending on the perspectives of stakeholders
- The potential for change is limited by the possibilities known and available to the stakeholders
- Suggestions for continuation or change may be ignored.

In the face of such obstacles it may seem that effective performance management is impossible, but these obstacles should not necessarily cause us to abandon its pursuit. In developing performance management processes for local authorities, it must be recognized that we are aiming to not only “get better” at delivering programs, but also we are aiming to “get better” at performance management itself. The lessons learned through our own experience, and from the experience of others, should help us develop and improve our systems.

It is hoped that whilst this brief project will focus on three particular areas – Waste Management, Financial Management, and Citizen Participation – the lessons learned may be usefully applied to other services and may also contribute towards improvements in Local Government performance measurement and management generally.

1.5. Key Issues and Questions Regarding the Performance Management Cycle

During each phase of the Performance Management cycle a number of key issues and questions are raised. They are particularly important for any international study as they highlight the varied context in which the performance measurement activities are carried out. Without examining certain key issues and questions relating to each phase it is difficult to make a useful comparison between Local Government systems and performance measurement methodologies.

1.5.1 Key Issues for Corporate Planning – the Broad Framework for Performance Measurement

When investigating the Corporate Planning phase, there are a number of key questions that arise:

- **Is There A Formal Strategic Planning Process – How Does It Work?** Local Government in many countries has adopted some kind of formal Corporate or Strategic planning system. In some cases, this has been forced upon them as a result of reform programs instituted by other spheres of Government or often by funding bodies. In such cases, it may be a required part of the overall planning and reporting environment in which local authorities operate. The Corporate/Strategic planning process may be applied to the total activities of the local authority or to particular project or service. We need to have some understanding of the framework to examine the intended purpose of performance measurement.
- **Is It For Internal Purposes Only Or Is It Required By Another Body?** – e.g. is it required by another sphere of Government or Government agency? If it is for another body, how is it reported? As mentioned before, performance management may be part of an overall reporting regime to some other body. In such cases, the processes of performance measurement may be standardized in order to provide results that can be compared or “benchmarked”.
- **How Are The Program Or Service Aims And Objectives Set – Who Sets Them?** Does the local authority or some other body set the aims and objectives? It is important to know what processes are used to set overall service objectives and who is involved. Again, in many cases the process (and also which stakeholders must be involved) may be prescribed.
- **Are The Aims And Objectives For Each Program and/or Service Clearly Stated?** A common complaint is that the aims and objectives for service delivery are “too broad”, “fuzzy” or not clearly stated. Often where there has been a shift from simple budget audit and reporting to a program of comprehensive performance management and measurement, early attempts at setting aims and objectives may suffer from the above

complaints. If the aims and objectives for the service are not clearly stated then it is difficult to develop performance measurement techniques which accurately

- **How Are The KPIs Designed And Set – By Whom?** The Key Performance Indicators are the real “measuring stick” of any performance measurement. In some cases they are standardized for comparison or “benchmarking” purposes and often may be set by an outside body. Also, in some cases the process of setting KPIs may be standardized and also prescribe who should be involved (e.g. community representatives, other Government agencies, certain local Government officers).
- **Do the KPIs Relate To: Efficiency (Input/Output), Or Effectiveness (Output/Outcome/Impact)?** We need to understand what it is that the purpose of the KPI s– whether it is intended to measure efficiency or effectiveness. For instance, we may select to measure “*Cost per household of domestic waste collection*” (an efficiency measure) or “*Satisfaction rating with the cleanliness of the streets*” (and effectiveness measure). The two types of KPIs should not be confused.
- **How Are the Measuring and Monitoring Techniques Determined?** The techniques for measuring achievement of KPIs are an important factor in the day-to-day management of the program or service as well as the reliability of the results. Common complaints have been “only the easiest things to measure get measured” or “some KPIs are just too costly to monitor and measure”. Importantly, as Local Government increasingly utilizes private contractors to provide community services, these providers are often becoming key partners in developing the KPIs as part of the contractual relationship.

1. 5.2. Key Questions for Program or Service Delivery – Collecting Data and Monitoring Performance

When examining the Program or Service Delivery phase, there are a number of key questions that arise:

- **What Input Data Is Available And How Reliable Is It?** There is an old saying “garbage in - garbage out” meaning that the quality of the final output results is dependent on the initial quality of the input information. For many local authorities this presents a real problem, as current management systems may not be able to provide useful information. Comprehensive systems may not be in place that provide accurate input information such as the “true” value/cost of personnel and resources attributed to programs or services over the measurement period. Even recent initiatives in some countries, such as Activity-Based Costing (ABC), are only now beginning to provide local authorities with the “real” cost of their activities.
- **What Output Data Is Available And How Reliable Is It?** Just as the quality of input data will depend on the systems being available to capture and provide reliable information, the quality of the output data will depend on the reliability of the monitoring techniques. Sometimes the same personnel (or contractors) involved in the delivery of

a program or service are also expected to “self-report” on the outputs. In other cases there may be “independent” systems in place to measure outputs. In all cases the reliability of the collected output data must be questioned.

- **Do We Monitor Outcome Data During The Delivery Phase – Or This Done At A Later Stage?** We need to understand at what point do we measure outcome data – is it possible to collect such data as part of the day-to-day delivery of a service or program? This question will also depend on the type of program or service we are measuring and the importance we have given to certain types of KPIs. For instance, if we were measuring “Customer Service” it is likely that we would have a strong focus on outcomes and we may choose to monitor those results on a regular and ongoing basis (maybe monthly or quarterly). However it may not be possible (or economical) to measure certain outcomes until the “end” of a program period. We also need to decide if we are going to somehow monitor outcomes in order to make incremental adjustments during the delivery phase.

1.5.3. Key Questions for Performance Measurement – Analyzing and Reporting Results

When examining the Performance Measurement phase there are a number of key questions:

- **Whose Role Is It To Collate Data?** Just as we need to understand who is monitoring the delivery phase, we should look at who is involved in the collection and collation of information. In some cases, the program or service delivery personnel (or contractor) may collect and present “raw” data to some other section or body for collation. In other cases such a task may be undertaken by a separate section or indeed, sometimes another agency.
- **What Data Is Collated And Reported?** This question relates back to the earlier question of why the information is being collected at all. In a regime of local authority audit and reporting to an external body, then the nature of the data collected may be prescribed, but in other cases the information collected may be to meet the “in-house” needs of the Local Government body itself, or even the needs of individual program or service delivery sections. It is fair to say, that the “usefulness” of the information collected is a source of much ongoing debate in local Government around the world.
- **How/When Is The Data Analyzed And Reported?** Data analysis often occurs on a yearly basis to tie in with some kind of broader strategic planning or program evaluation process. In some cases there may be an independent body that analyses all the information and produces reports for the local authority to use during the performance management phase (such as in the UK, where the Audit Commission analyses results and provides a “benchmarked” report back to each local authority). In many cases, however, the role of data analysis is carried out “in-house”. Even when the agreed

information has been collected and analyzed, there is often disagreement about what the results actually mean.

1.5.4. Key Questions for Evaluation and Review – Discussing Results and Suggesting Change.

When examining the Evaluation and Review phase a number of key questions arise:

- **Who Discusses The Report Findings –When/How?** Once the data has been analyzed and reported, the report findings need to be discussed. This may be an “in-house” process or may require the involvement of outside agencies. As mentioned earlier, results against certain KPIs may be compared or “benchmarked” against other local authorities or even other “similar” agencies. In some cases, such a “benchmarking” comparison may be carried out between different sections within the local authority. In many countries, legislation requires that such reports are made public and discussion of the results with the local community is mandated. Increasingly, citizen participation at this point is considered fundamental to the democratic process.
- **How Can Changes Be Suggested For The Aims And Objectives, Delivery Methods, The KPIs, Or The Measurement Techniques?** Once the results of performance measurement reported and discussed the local authority may wish to make changes. It may be decided that the overall aims and objectives are no longer appropriate or are simply not achievable using current program or service delivery methods. Similarly, it may consider that the KPIs and/or the measurement techniques are inappropriate and should be altered. It is important to understand how such changes can be recommended.
- **How Are Changes Fed Back Into The Corporate/Strategic Planning Phase?** Unless the recommended changes can be somehow fed back into the Planning phase, then the performance Measurement and Management Cycle is incomplete. Under such circumstances, it is reasonable to question the validity of the whole process. Local Authorities may still be “forced” to undertake processes that they view as being of little value to their own purposes, but only because they are required to do so by external bodies.

Whilst it is important to have an understanding of the answers to all these questions, this study will focus most particularly on the functions of performance measurement inherent in each of the four phases.

2. CONDUCT OF THE PROJECT

2.1. The Project Brief

This study has been commissioned by the Local Government Training and Research Institutes Network (LOGOTRI). This Asia-Pacific Network currently comprises members from over 22 countries – all of them being key Local Government training and research institutes that are operating throughout the region.

At their recent Annual General Meeting, held in Manila in May 2000, the members identified Performance Measurement in the region as a key topic for research.

The LOGOTRI members stated the reasons for its importance as follows:

Performance Measurement of local government services is important because it:

- i) Improves the quality of services provided by local government*
- ii) Identifies gaps between what the citizens desire and the present level of services and thereby identifies capacity building needs within local government*
- iii) Increases efficiency and effectiveness*
- iv) Provides customer focus*
- v) Improves internal and external resource allocation*
- vi) Provides protection against curbs in the powers of local governments from other levels of government*

(LOGOTRI workshop –Manila 2000)

Following this, the objectives for the research project were identified as:

- *To identify performance measures in use*
- *To analyze their effectiveness*
- *To demonstrate their usefulness*
- *To suggest further indicators*

It was agreed that the study should focus on a limited number of functional areas suggested by members. Originally, “Transport” was included, but a preliminary examination suggested that this is a functional area that may not be common to all members.

Following this, three areas were selected for more detailed examination: Solid Waste Collection, Financial Management, and Community Participation. Whilst the exact roles carried out by Local government in relation to these three activities may differ from country to country, it was felt that there are enough commonalities to form a solid basis for research and comparison.

2.2. Description of the Functional Areas to be Examined.

As mentioned, there are differences in the role played by local government throughout the region, in relation to the three topics identified. Therefore it is useful to provide a brief description of each of the three activities to clarify the topics to be examined.

- **Solid Waste Collection.**

In many Countries around the world, solid waste collection is seen as a crucial task carried out by Local Government. Collection of solid waste is vital for the citizen's health, particularly in urban areas. Increasingly, solid waste collection also plays a critical part in the creating the aesthetic quality of surroundings for the community. The cleanliness of streets and public spaces can have a significant effect on business and especially tourism.

Collection methods vary from country to country. In some countries, solid waste collection has been largely "contracted-out" to private companies working under the guidelines set by Local Government, in others it is a task carried out by Local Government personnel. In some areas, solid waste collection may operate concurrently with "Kerbside" recycling or other recycling initiatives. Some local authorities are involved in the collection of commercial waste (e.g. from restaurants, shops and businesses), whilst in others this is the domain of private contractors.

The term "solid waste collection" may in some cases also refer to the collection of human waste ("night soil") although this is rarely co-mingled with other types of solid waste. For the purposes of this study, we will be examining the collection of domestic waste from households and not including night soil collection. Where recyclable materials are collected as part of the general domestic solid waste collection they will be included.

Some typical Performance Measurements may be:

- *Percentage of Households in the local government area that are serviced by domestic waste collection*
- *Amount of waste collected (weight or volume)*
- *Composition of waste collected (e.g. organics, recyclables, night soil, metals, glass, construction and demolition materials, commercial waste, household waste etc.)*
- *Cost per household of collecting domestic waste.*
- *Average cost per tonne of collecting domestic waste.*
- *Use of recycling programs (where available)*
- *Cost of providing recycling services along with waste collection*
- *Comparison costs of providing services using different collection methods*
- *Number of complaints*
- *Type of complaints*

Note: this is an example only and there may be other performance measures.

- **Financial Management.**

Locals Authorities receive their finances from a wide variety of sources – differences occur throughout the region, depending on the legislative framework for local government. In some cases, the local authority acts as an “agent” of another sphere of Government and receives its funds from centrally collected taxes. In other cases, the local authority may have the ability to raise local taxes and gain revenue from fees and charges. In many cases, there is a combined source of revenue from a variety of sources.

There may also be particular cases of program or service delivery that are funded by an external body (sometimes and International Funding Agency) on a “project basis”. In all cases, some kind of performance measurement and/or reporting is required.

For the purposes of this study we will be focusing on the “normal” sources of revenue for “day-to-day” activities and will not examine any specific performance measurement or reporting requirements for “project” funding or grants from an external body.

Typical Performance Measurements may be:

- *Percentage of budget forecast achievements – i.e. how many or how much of the proposed budget allocations “achieved their target”*
- *Type of budget targets that were met – i.e. what kind of programs/ projects “came in on target” and what kinds were over or under-budget*
- *Level of debt service – i.e. how much was achieved under “normal budget” allocations and how much required extra funds*
- *Areas of debt service – i.e. where certain activities may have required “extra” funds.*
- *Number of funded projects that came in on budget.*
- *Debt Service Ratio – i.e. the amount of recurring budget for normal activities and how much it costs to “borrow” money to achieve those normal budget allocations.*
- *Costs per household to finance Local authority programs/activities.*
- *Cost per household to administer collection of local taxes*
- *Sources of Local Authority income – i.e. percentage amount from different sources (local taxes, government grants, other funds) to pay for the local budget.*

Note: this is an example only and there may be other performance measures.

- **Citizen Participation.**

Citizen Participation is increasingly seen as a keystone for the democratization of Government and a measurement of “Good Governance” in all spheres. Such participation at a Local Government level may be required by legislation in many instances. Concurrently, it is often a key objective highlighted in programs funded by “external bodies” – either domestic or those funded by International Funding Bodies.

The definition of “ Citizen Participation” is not fixed and varies enormously from country to country, as well as from program to program. Whilst such differences present some

problems for our research, the topic is so important it is worth examining for any useful lessons it may provide.

Some typical Performance Measurements may be:

- *Number of citizens involved in contributing to the design, management or evaluation of a particular service/activity/program*
 - *Number and/or opportunities for citizens to contribute to the design, management or evaluation of a particular service/activity/program*
 - *Profile (i.e. how many women, men, etc) of citizens who contribute to the design, management or evaluation of a particular service/activity/program*
 - *Contacts made with key citizen groups to invite them to contribute to the design, management or evaluation of a particular service/activity/program*
 - *Percentage of population utilizing right to vote*
 - *Number of events that are designed to encourage citizens to contribute to the design, management or evaluation of a particular service/activity/program*
 - *Number and methods to make information on service/activity/program delivery available to interested citizens*
 - *Number and type of statutory requirements for citizens feedback on various aspects of the design, management or evaluation of a particular service/activity/program*
- Note: this is an example only and there may be other performance measures.*

2.3. Project Methodology

The methodology for this research study was only briefly described by the initiating documents. Therefore the researching body (the UTS Centre for Local Government, Australia) has selected a methodology that it hopes will gather the relevant material in order to conduct a preliminary but meaningful report. It should be stressed that to conduct a comprehensive report, comparing and evaluating the total Performance Measurement and Management systems in place in each of the participating Local Government systems is not possible within the constraints of this project. However, it is hoped that the findings from this preliminary study may give cause for further research of this topic.

In brief, the methodology that has been adopted is:

- Preparation of (this) initial issues paper
- Preparation of study partner guidelines (attached)
- Preparation of survey questions (attached)
- Selection of LOGOTRI members to act as partners in the study – the host organization (UTS-CLG) shall be one and three others to be selected from LOGOTRI members
- Distribution of issues paper and survey questions
- Note: Study partners may choose to survey local authorities in their domain
- Submission of initial findings to UTS-CLG
- Conduct of clarification interviews with study partners
- Initial development, editing and analysis of findings
- Distribution of findings to study partners for comment

- Appraisal of comments and preparation of final report
- Preparation of Final Report for distribution through printed or electronic means.

The study partner guidelines are attached as Attachment 1. The initial survey questions are attached as Attachment 2.

3. GLOSSARY OF TERMS.

When we begin to look at Performance Measurement and Management, we often come across a vast array of terminology and “jargon” – here is an explanation of a few of the common terms:

- **Activity-Based Costing (ABC)** – the processes of ABC attempt to discover the “real” costs of carrying out a particular program or activity. Even where we may have a clear budget amount, ABC attempts to calculate the whole costs of the various inputs and then discover a “real” cost. Many costs can be “hidden” in all sorts of budgets and ABC attempts to find all of the costs that may apply to a program or activity and apply them so we can get a true picture of the costs.
- **Activity-Based Management (ABM)** – in a number of countries, the information gained from ABC is used to make management decisions. Local Authorities may be able to set financial targets and try to revise their work practices in order to make the cost of an activity meet some kind of target.
- **Benchmarking** - benchmarking is the process of comparing the performance (in a given activity) of one organization with another. Many Local Authorities measure their performance and then compare themselves with other organizations to see how they are doing. This may include selecting Benchmarking “Partners” – i.e. other organizations who agree to measure their performance in the same way so that the “partners” can all compare their results with each other in a meaningful way. Many Central Government agencies, in charge of supervising Local Government, have begun to use Benchmarking as a way of getting Local Authorities to compare their performance. This may include selecting “Best Practice” organizations that set some kind of standard that others should try to achieve. These organizations may be similar Local Government organizations, selected Government agencies, or sometimes even Private sector organizations that are considered to be “leaders” in their fields.
- **Costs** - as we said before, many Local Authorities measure their costs in some way. These may be financial costs, but they may also be costs in terms of time, level of risk, or other things such as staff resources required.
- **Key Performance Indicators (KPIs)** – KPIs are the most important, or those “key” things that may indicate how well an organization is performing in certain areas. When developing KPIs, organizations look at what it is that will indicate that they are “on target” towards meeting their objectives. The KPIs become one of the ways that the organization will measure its performance. Sometimes the Local Authority itself sets the KPIs, but at other times they may be set by an external funding body or by some supervising Government Agency. Sometimes the KPIs set by an external body may not always seem useful or important to the Local Authority.
- **Quantitative Measurement** – there are many aspects of Local Government performance that can be measured in a quantitative way. These measurements often focus on what is sometimes called “hard” data – time, cost, number of people affected etc. These results can often be easily measured but fail (on their own) to truly measure the Local Authority’s performance from the community perspective. Unfortunately, there is often an over-emphasis on Quantitative measurement (especially cost) but such

measurement can fail to recognize local circumstances or indeed the wishes of the local community.

- **Qualitative Measurement** – looks at the “soft” outcomes or the “quality” of a program or activity. Such qualitative measures may be: “levels of community satisfaction”, “level of community involvement”, “degree of perceived improvement”, “the nature of complaints” etc. These kinds of measurements are often not as easy to collect as they cannot simply be compiled by looking at a set of numbers of a financial budget – often qualitative measurement requires us to ask more detailed questions to find out the “real” picture. For instance, if we were to measure “the cost per household of domestic waste collection” the qualitative data would give us a financial figure per household, but the quantitative data would give us the important information about: how the service was performed, exactly what was collected and how often, and maybe what technology was used to provide the service. The important lesson has perhaps been – you need to investigate both the Quantitative and the Qualitative measurements if you want to get the “full picture”.

4. COUNTRY INFORMATION & FINDINGS

Three countries were investigated – Sri Lanka, the Philippines and Australia. These countries were chosen simply because they were represented by LOGOTRI members who agreed to participate in the study. However, they do (in some way) represent the three major regions of the Asia-Pacific zone – i.e. the Sub-Continent, South-East Asia and Oceania.

4.1. SRI LANKA¹¹



¹¹ Information taken from LOCAL GOVERNMENT IN ASIA AND THE PACIFIC, UNESCAP & IULA/ASPAC, 1999

- **Brief Description of the Country**

Sri Lanka is an island situated close to the southeastern tip of the Indian subcontinent. It has a land area of 62,337 square kilometers. About 75 per cent of the land comprises broad lowland plains. The hilly area is in the centre and has been the feeder area for all rivers that flow to the Indian Ocean in a radial formation. The island receives rain from southwest and northeast monsoons and thunderstorms. The population is around 18.3 million with an annual population growth rate of 1.1 per cent. 57 per cent are concentrated in less than 25 per cent of the total land area. About 52 per cent live in the western, central and southern provinces.

- **National Governmental Political Structure**

Sri Lanka gained Independence from the British in 1948 and has a democratic system of government. It is governed under a unitary system of Constitution and is a Republic. The legislative power of the people rests with the Parliament whose members are elected on a political party basis, while the President who exercises the executive power is elected from the total electorate. Judicial power is exercised by the Parliament through Courts and other tribunals. The Thirteenth Amendment to the Constitution of 1987 has special relevance to power sharing between the central government and other levels of government within the system of republican governance. Under these amendments, subjects and functions in the purview of central and provincial governments have been identified in three scheduled lists: those of the central government, those of the provincial government and powers concurrent among central and provincial governments. The central government can set national policies on all subjects and functions and has the power to approve legislation on the concurrent list of subject areas that have been listed as provincial subjects in the scheduled list.

Local government has a long history, extending to the period of Singhalese kings dating back to the fourth century. The oldest chronicle of Sri Lanka, Mahawansa (sixth century) mentions that local administration was carried out by the Nagara Guttika (city Mayor). Village level organizations called Gam Sabhas functioned under village leaders who enjoyed powers to administer local affairs and also perform judicial functions such as dealing with petty offences and reconciling disputes. What is understood as local government today, is an expanded version of such responsibilities, operating under the democratic system of governance. Roads, thoroughfares' sanitation, health, water supply, solid waste management, sewerage and so on are the main functions of local authorities since their very inception.

- **Local Government Functions**

There are three levels of Local Government bodies in Sri Lanka – Municipal Councils, Urban Councils and Section 40 of the Municipal Council Ordinance lists the general powers of Municipal Councils. These are generally routine administrative powers, such as recruitment of officials, acquisition of assets, licensing, instituting legal actions, budgeting

and supplementary budgeting. Since Municipal Councils have to be careful about unauthorized constructions in their area of authority, one important power given to the Municipal Councils is the power to demolish unauthorized buildings. Municipal Councils provide public infrastructure services and are authorized to acquire lands for public purposes.

The general duties of the Municipal Councils are more important for the well being of the public. The duties as stated in section 46 are as follows:

- *Maintaining and clearing of all public streets and open spaces vested in the council or committed to its management;*
- *Enforcing the proper maintenance, cleaning and repairing of all private streets;*
- *Supervising and providing growth and development by planning and widening of streets, reservation of open spaces and execution of public improvements;*
- *Abating all nuisances;*
- *Establishing and maintaining public utilities for the welfare, comfort and convenience of the public; and*
- *Promoting public health, welfare and the development of sanitation and amenities.*

The law gives extensive powers to local authorities to meet their responsibilities. This includes making it mandatory for the police to help local authorities in enforcing their regulations. A majority of municipal council functions, such as health and sanitation activities, solid waste disposal, greening of the areas under their control and development of parks, could all be categorized as environmental activities.

Another important power in the hands of municipal councils is market facilitation and regulation in their areas of authority. While municipal councils can facilitate economic development using these powers in theory, most municipal councils have not been able to take advantage of these regulations or have failed to facilitate or regulate economic activities.

In addition the municipal councils are permitted to borrow for development activities, acquisition of lands, plant, machinery and equipment. Of course, there are certain limitations placed for certain transactions such as issue of debentures, housing bonds etc. Besides, the activities of local authorities are audited by the auditor general. This has a salutary effect on somewhat reasonable maintenance of accounts.

One important revenue-generating method in municipal councils has been the regular [collection and] revision of rates – land tax. Generally rates are revised every five years.

The powers of urban councils are enumerated in a separate ordinance: the Urban Council Ordinance. Their general powers and duties are not very different from the municipal councils. The vested assets of urban councils show some similarity to municipal councils, since parks, open spaces, gardens, canals, public markets and public buildings within the

urban council areas become the property of urban councils. The duties of urban councils as given in section 35 of the ordinance are almost similar to the corresponding section of the Municipal Council Ordinance. The main functions of the urban councils, like those of the municipal councils are environmental in nature. Besides, urban councils, like municipal councils, are authorised to maintain and regulate markets.

Pradeshiya Sabhas enjoy powers similar to municipal and urban councils with regards to routine administration of their areas. In Pradeshiya Sabhas the focus is on thoroughfares, public health and market places and, thus, the focus on services and environment has not changed. However, due to lack of finances these functions and services have not been sufficiently undertaken in many Pradeshiya Sabhas.

When both ordinances were promulgated, the central government was to supervise the functioning of local authorities. However, with the 13th Amendment to the Constitution this power has been transferred to the provincial councils. Similarly, processes of inquiry and oversight of local authorities have been transferred to provincial councils.

4.1.2. SRI LANKA – FINDINGS¹²

4.1.2.1. Background Information

Do Local Authorities undertake some kind of Corporate or Strategic Planning process where they could set performance measures for various activities?

There are 309 local authorities in Sri Lanka out of which 14 are Municipal Councils. The leading Municipality is the Colombo Municipality - they do have a Corporate Plan for their institution. Most of the local authorities do not have such plans. It will be a pleasant surprise even if 10% of the local authorities have such plans.

Do they do this voluntarily or are they required to do this due to some kind government requirement?

There is no compulsion.

Are local authorities required to submit some kind of “Performance Report” to another government agency, and, if so, when and how?

This is not compulsory. However, if there is a competition introduced among the local authorities, like for example, a competition introduced by the Ministry of Local Government and Provincial Councils to select the: Best Municipality; Best Urban Council; and the best Pradeshiya Sabha - Under such situations the local authorities will submit performance reports.

¹² Information provided by S.Omar Z Mowlana, Consultant, Sri Lanka Institute of Local Governance (SLILG)

4.1.2.2. Solid Waste Collection

What are the typical services provided to households (by the local authority) in your country in relation to solid waste collection?

Collection of garbage from households is done by almost all the local authorities. In some areas it is done daily and in some other places every other day or twice a week. One Municipality is experimenting with sorting at the initial stage itself. They have educated the households and provided them with different colours bags. Biodegradable garbage goes to a separate bag and other items like plastics and bottles go into different bags.

What current performance measurements are typically used to by local authorities to measure the performance of "Solid Waste collection" in your country?

Performance yardsticks are not used. However, many Local Authorities do have a rough estimate of the number of tractor loads they will have to collect for a day. Colombo Municipality, being the leading municipality in Sri Lanka does have a separate Solid Waste Management Department and they do measure the daily collection of garbage and have an organized collection system. At the garbage disposal site they weigh the garbage that is being unloaded and document the daily disposal. They also have studied a cost effective route system to minimize the cost and maximize the collection.

Do they need to be reported to another Government Agency or body?

Not at present. However, new regulations are being introduced to bring this under close supervision. The Central Environmental Authority coming under the Ministry of Environment are in the process of getting a Bill passed in the parliament to ensure that the local authorities will take the responsibility of collecting garbage without polluting the environment. In the future action would be taken against Local authorities that do not implement a good collection system. At present though, the Local Authorities are supposed to do this. It is not being done effectively in most of the places.

What is the primary use of the performance measurement information collected?

Colombo Municipality uses them for planning purposes.

Do you think the performance measures are useful (if so, why and if not why not)?

Certainly, the performance measurements are useful. They can use this information for improving the present system and use it as an input for planning their future garbage collection strategies.

If you think the performance measures could be improved, what improvement would you suggest?

As explained above, many local authorities have not [successfully] used indicators to measure their performance. Therefore, there is a lot of work to be done to gradually introduce systems to these authorities.

4.1.2.3. Financial Management

What current performance measurements are typically used to by local authorities to measure the performance of “Financial Management” in your country?

Indicators that are computed annually:

Objective: to eliminate Budget deficit.

Indicators

$$\text{Recurrent Surplus} = \frac{\text{Total Self Generated Revenue}}{\text{Total Recurrent Expenditure}}$$

$$\text{Overall Surplus} = \frac{\text{Total all Revenue}}{\text{Overall Expenditure}}$$

Objective: Improved Accounting

Indicator:

$$\text{Final Accounts} = \frac{3}{\text{No. Of Months taken}}$$

Objective: Sound Budgeting and Monitoring

Indicators:

$$\text{Revenue Budget Variance} = \frac{\text{Actual Revenue}}{\text{Budgeted Revenue}}$$

$$\text{Expenditure Variance} = \frac{\text{Budgeted Expenditure}}{\text{Actual Expenditure}}$$

Indicators that are Computed Quarterly:

Objective: Dues paid to all creditors

Indicators:

$$\text{Debt Owed} = \frac{\text{Average Monthly Bill}}{\text{Debt owed.}}$$

Objective: Proper Appraisal of Capital Programmes

Indicators:

Proper Evaluation of Projects = $\frac{\text{No. of Project Appraisal Forms Completed}}{\text{No. of capital Projects Over Rs.1 Lakh}}$

Objective: Improved Accounting

Indicators:

Update Bank reconciliation = $\frac{1}{\text{No. of months outstanding}}$

Balancing of Summary = $\frac{5}{\text{No of days taken to complete}}$

Update Charges Register = $\frac{5}{\text{No. of days taken}}$

Reconciliation of General Ledger
with Subsidiary Ledger = $\frac{21}{\text{No. of days taken}}$

Stores Pricing and Allocation = $\frac{15}{\text{No. of days taken}}$

Prompt Purchasing = $\frac{\text{No. of Requisitions Completed}}{\text{No. of Requisitions Received}}$

Action on Audit Reports = $\frac{\text{No. of Reports placed in Council Meetings}}{\text{No. of Monthly Reports Received}}$

Objectives: Sound Budgeting and Monitoring

Indicators:

Monthly Financial Accounts = $\frac{15}{\text{Actual No. of days taken}}$

Quarterly budget
Monitoring Report = $\frac{30}{\text{Actual No. of days taken}}$

Preparation and Discussion = $\frac{\text{Actual No. of days taken}}{\text{Actual No. of days taken}}$

Based on these indicators, minimum standards are set ranging 100% (say for Update Bank Reconciliation) to say 67% - (Reconciliation of General Ledger with Subsidiary Ledger).

Do they need to be reported to another Government Agency or body?

Being independent bodies, they (Local Authorities) are not under any obligation to report to any Government body. However, as indicated under background information, they will submit details if they are taking part in a competition or for some similar reasons.

What is the primary use of the performance measurement information collected?

These are to measure their [financial] performance.

Do you think the performance measures are useful (if so, why and if not why not)?

Yes. To measure their progress and also to if necessary to compare with other local authorities. -(Benchmarking)

If you think the performance measures could be improved, what improvement would you suggest?

The indicators given above are [only] basic indicators. If the local authorities reach certain levels an in order to give an upward push to reach higher levels, new indicators could be developed to improve the performance further.

4.2. THE PHILIPPINES



- **Brief Description of the Country**

The Republic of the Philippines is an archipelago of some 7,100 islands, situated to the north of Indonesia and Malaysia, and to the south of Taiwan. The country stretches some 1,100 miles north/south and the population (currently....) resides mainly on the 11 largest islands. The National Capital is Manila. The country is divided into 12 Regions, 73 Provinces and 61 cities.

- **Brief Description of the National/State/Local Government Structure**

There are three major levels of local government in the Philippines. These are the provinces, cities, and municipalities. The province is generally larger in size and serves as the intermediary between the national government and the cities and municipalities. They perform developmental and coordinative function and services for the cities and municipalities that comprises them. They see to it that the provincial physical and development planning considers the comparative advantage of its component cities so that

a more balanced contribution of development efforts, resources, and benefits can be achieved (Cabo, 1998:153).

The city and the municipality are geographically closest to the people and are the ones that directly provide services regularly needed by the residents in the community such as primary health care, lighting of streets, waste and garbage disposal, construction of local roads, and operation of public markets. A city is either highly urbanized or component. A component city is under the administration of the province. Under the city and the municipality is the *barangay* (village), which is the lowest level of local government in the country.

- **Local Government Functions**

When the Local Government Code (LGC) of 1991 was enacted greater autonomy and authority was granted to the local government units (LGUs) through the system of decentralization. The LGC provides the legal guidelines and principles for the operation of LGUs. Consistent with the declaration of local autonomy, the delivery of basic services was devolved from the national government to the local governments in consistent with national policies, guidelines, and standards. Among the devolved services are agriculture, health, public works and highways, social work, and environment.

Under the LGC of 1991, LGUs are tasked with providing basic services to the people, which include the following¹³:

For a Barangay:

1. Agricultural support services, which include planting materials distribution system and operation of farm produce collection and buying stations;
2. Health and social welfare services, which include maintenance of *barangay* health center and day-care center;
3. Services and facilities related to general hygiene and sanitation, beautification, and solid waste collection;
4. Maintenance of *Katarungang Pambarangay* (village justice system);
5. Maintenance of *barangay* roads and bridges and water supply systems;
6. Infrastructure facilities such as multi-purpose hall, multi-purpose pavement plaza, sports center, and other similar facilities;
7. Information and reading center; and
8. Satellite or public market where viable;

¹³ Taken from Book 1 Title 1 Chapter 2 Section 17 of the 1991 LGC. More details can be accessed at www.dilg.gov.ph.

For a Municipality:

1. Extension and on-site research services and facilities related to agriculture and fishery activities;
2. Implementation of community-based forestry projects;
3. Subject to the provision of Title Five, Book One of the LGC, health services which include;
4. Social welfare service which include;
5. Information services which include;
6. Solid waste disposal system or environmental management system and services or facilities related to general hygiene and sanitation;
7. Municipal buildings, cultural parks, public parks including;
8. Infrastructure facilities intended primarily to service the need of the residents;
9. Public markets, slaughterhouses, and other municipal enterprise;
10. Public cemetery;
11. Tourism and other tourist attractions including...and;
12. Sites for police and fire stations and substations and the municipal jail.

For a Province:

1. Agricultural extension and on-site research services and facilities, which include;
2. Industrial research and development services;
3. Pursuant to national policies...enforcement of forestry laws limited to;
4. Subject to the provisions of Title Five, Book I of this Code, health services which include;
5. Social welfare services;
6. Provincial buildings, provincial jails, freedom parks;
7. Infrastructure facilities intended to service the needs of the residents;

8. Programs and projects for low cost housing and other mass dwellings;
9. Investment support services;
10. Upgrading and modernization of tax information and collection services;
11. Inter-municipal telecommunications services...and;
12. Tourism development and promotion programs.

For a City:

All services and facilities of the municipality and province, and in addition hereto the following:

- Adequate communication and transportation facilities.
- Support for education, police and fire services and facilities.

Moreover, the LGC of 1991 grants LGUs with corporate powers, authority to negotiate and secure grants, and ensure people's participation in the governance process.

4.2.2. THE PHILIPPINES – FINDINGS

4.2.2.1. Background Questions

Typically, do local authorities undertake some kind of corporate or strategic planning process where they would set performance measures for various activities?

The 1991 LGC mandates all LGUs to have a multi-sectoral development plan that is initiated and formulated by their Local Development Council (LDC) and approved by their *Sanggunian* (legislative council). The multi-sectoral plan contains the vision and mission of the LGU, its priority programs and projects, and the action plan on how to implement the programs and projects, which agency will lead in implementing, the estimated cost for implementing, and the possible source of fund of the program or project. It is a five-year development plan of an LGU. The development is complemented by an annual plan prepared by an LGU, which specifies their programs and activities for the year, the budget allocated, and the key result areas or targets. Unfortunately, some LGUs are just starting to prepare their local plans against a set of performance measures to monitor their effectiveness and efficiency while others have yet to develop a consciousness on the importance of performance **measurement**.

The LDC shall formulate a long-term, medium-term, and annual comprehensive multi-sectoral development plan which shall serve as basis for budgeting of LGU's various development initiatives¹⁴. It is tasked to coordinate, monitor, and evaluate the implementation of programs and projects. It is composed of the local chief executive as the head, the chairperson of the local appropriations committee, the district's representative to the congress where the LGU belongs or her/his designated delegate, and representatives from the non-government organizations (NGOs) who shall constitute no less than one-fourth of the members of the LDC.

Once the LDC has formulated the local plan, it must be submitted to the local *Sanggunian* for their approval. The *Sanggunian* as the law-making body approves the local plan as well as the budget. Likewise, they pass local ordinances, tax measures, and resolutions in support of the implementation of the local plans. The province as a higher LGU reviews ordinances, resolutions, development plans, and investment programs and budgets of municipalities and component cities within its territorial jurisdiction. They ensure that local plans complements with provincial plans and the national government's guidelines and policies.

The LGC of 1991 further mandates that once approved by their local council, the local plan maybe integrated with the development plans of the next higher level of LDC. The approved local plans for provinces, highly-urbanized cities, and independent component cities shall be submitted to the regional development council and shall be integrated into

¹⁴ Taken from the final report on Local Participatory Planning and Budgeting Support Program under the Governance and Local Democracy Project of the United States Agency for International Development.

the regional development plan for submission to the National Economic and Development Authority, in accordance with existing laws. (Book 1 Title 6 Section 114 1991 LGC)

Do they do this voluntarily or are they required to do this due to some kind of government requirement?

The development of the multi-sectoral plan as well as the other local plans according to what has been described above are mandated by the LGC of 1991 which was enacted in October 1991 in line with the provision of decentralization and local autonomy to the LGUs.

Are local authorities required to submit some kind of “performance report” to another government agency, if so, when and how?

The Code requires that local chief executives submit an annual report, covering the immediately preceding year to their *Sanggunian*, on or before the 31st of March of every year. The report shall include important local policies, programs, and activities and their implementation status and significant results of LGU operations. Accomplishment shall focus on delivery of basic services and facilities and maybe stated in terms of people served, revenues collected, kilometers of road constructed or maintained with corresponding financial expenditures. The report may include a comparative statement showing actual accomplishment against the target. A budget performance and financial statement is in the report containing analysis performance versus approved budget, disbursements, and cash balances, revenues expenditure pattern for three to five years, efficiency and effectiveness in service delivery vis-à-vis budget expenditure and a financial statement duly certified by the Commission on Audit.

The *Sangguniang Panlalawigan* (provincial legislative council) is provided a copy of the annual report by the municipalities and component cities under their jurisdiction to assist these cities and municipalities in identifying problems, issues, concerns, and possible assistances by the province. The central and regional offices of the Department of the Interior and Local Government (DILG) which is the national government agency assisting the President of the Philippines in exercising general supervision over local governments are also given copies of the report, as specified in the Code but not to serve the purpose of a formal and instituted performance measurement.

4.2.2.2. Solid Waste Collection

What are the typical services provided to households (by the local authority) in your country in relation to solid waste collection?

In the LGC of 1991, LGUs shall implement and enforce a solid waste management program including segregation, collection and disposal.

It states that municipalities and cities are required to handle their solid waste disposal or to have an environmental management systems and services or facilities affecting general

hygiene and sanitation. Under their devolved function, they are given the leeway in establishing their own solid waste management provided that it is in accordance with national policies, guidelines and standards. They either directly manages the service from collection to disposal or contract out private companies to do the job.

This function was further strengthened by the Republic Act No. 9003¹⁵, which provides for a national ecological solid waste management program and the creation of provincial, city, and municipal solid waste management board. Among the functions of the board is to design, oversee, and monitor the local solid waste management plan as well as come-up with related policy recommendations that will ensure the effectiveness of the plan.

In Metro Manila, there is a metro government known as the Metro Manila Development Authority (MMDA). The MMDA is a central government agency assigned with planning, monitoring, and coordinative functions, and in the process exercise regulatory and supervisory authority over the delivery of metro-wide services that transcend local political boundaries or entail huge expenditures such as solid waste disposal and management. (Panganiban 1998:794)

What current performance measurements do local authorities typically use in your country to measure the performances of “solid waste collection?”

There is no standard mandatory performance measurement that LGUs currently use to measure their performance in solid waste collection. Some LGUs have data on the number of collections to be made by their garbage collectors and tons of garbage collected but its purpose is not to serve as indicators of measuring performance.

Do they need to be reported to another government agency or body?

No, they do not have to. However, some LGUs forward an accomplishment report to the DILG on their solid waste management program. The report usually contains LGU activities on solid waste management (IEC, beautification, etc.), schedule of implementation, implementers, source of funds and its amount, and status of the activity.

What is the primary use of the performance measurement information collected?

The present performance measurement is a basis to measure if program or activity targets have been met and to reflect accomplishments. Results are not yet popularly and seriously use to consciously assess the effectiveness and improvements of services of the LGU in solid waste management.

Do you think the performance measures are useful (if so, why and if not, why not)?

¹⁵ An act providing for an ecological solid waste management program, creating the necessary institutional mechanisms and incentives, declaring certain acts prohibited and providing penalties, appropriating funds therefore, and for other purposes.

The present indicators used are not that much useful if it will be used to meaningfully draw a picture of how adequate or effective is the solid waste **management service provided** to households by the LGUs. It does not even reflect the outcome of the service provided but only answers what has been accomplished based on targets, which are sometimes set loosely by LGUs just for the purpose of complying with requirements.

If you think the performance measures could be improved, what improvements would you suggest?

Some possible considerations for the development of a comprehensive and meaningful performance indicators in solid waste management may include the following:

- Presence of a solid waste management system from segregation to collection to disposal
- Availability of a recycling system
- Availability of local policies that will establish and put into order a local solid waste management plan
- Number of apprehended violations of local and national solid waste management policies
- Number of households that comply with and violate requirements of the local solid waste management plan
- Volume of solid waste collected from households analyze against the target volume of collected solid waste, generated solid waste, and the time or period of collection
- System of monitoring and evaluating as well as reporting the implementation and accomplishments of the solid waste management system (Is there a formed local board that may perform such function?)

4.2.2.3. Financial Management

What current performance measurements do local authorities typically use in your country to measure the performance of financial management?

Towards the end of the year, all LGU treasurers and assessors submit the Unit Performance Evaluation Report, which contains information on key result areas or indicators, strategies employed, and measurement of quantity, quality, and timeliness of accomplishments and serve as indicators for performance. It is the regional directors of the DOF who annually formulate the indicators.

In 2001, the Department of Finance standard preparing a Manual for LGUs on Performance Measurement but the work has yet to be completed and the manual to be adopted by LGUs. It is hoped that the manual will serve as a comprehensive indicator of how financially strong or weak an LGU is and will serve as a basis of its credit worthiness.

Do they need to be reported to another government agency or body?

The Report is submitted to the Department of Finance.

What is the primary use of the performance measurement information collected?

The Report is used more for the purpose of assessing and rating the performance of local treasurers and assessors as a basis for their promotion. Based on the indicators in the Report, the DOF also classifies LGUs as first to sixth class with first class as the highest rating. The classification is based on the LGUs income as seen in their financial report and certified by the Commission on Audit. LGUs also submit a revenue audit, assessment audit, management audit, and quarterly monitoring report but these serve more as available information rather than as a basis for performance measurement.

Do you think the performance measurements are useful?

For purposes of classifying LGUs based on their income level, the present performance measurement used is useful. However, if the present performance measure will be applied to evaluate the effectiveness and efficiency of an LGU or as a basis to improve their fiscal performance the present measures does not serve adequately for these purposes.

If you think the performance measures could be improved, what improvements would you suggest?

An improvement to the current performance measurement in financial management may consider factors such as the ability of an LGU to generate its own revenue and how it depends less and less on the national grant or the Internal Revenue Allotment (IRA) as years go by. How had an LGU made use of the power given to it through the LGC of 1991 to improve its financial position? Likewise, the performance measures should look at the expenditure of an LGU. It must consider where most resources of an LGU go considering existing policies, technology, and local condition, which could be an opportunity if the LGU will take advantage of it.

Performance measures that will compare the financial management of an LGU over time (through the years) would have to be established to actually see if its financial management have improved or is responsive to the call of times in view of the trend in local development. Moreover, measures that will compare the financial management of an LGU with other LGUs may just be what the LGUs need to stimulate their competitiveness and greatly improve their financial management from its present condition.

4.2.2.4. Citizen Participation

What current performance measurements do local authorities typically use in your country to measure the performance of citizen participation?

Presently, there is no mandatory performance measure applied on citizen participation that is being adopted by LGUs. Although, under Book I Title I Chapter 4 of the LGC of 1991 LGUs are mandated to actively promote, engage, and provide assistance to people's organizations, NGOs, and private sector. LGUs may go into joint venture or partnerships with people's and NG organizations for the improve delivery of local services and to enhance the capability of the LGU. The Code also mandates the representation of people's and NGO organizations to the local special bodies such as the LDC and the Local Health Board.

Do they need to be reported to another government agency or body?

To date, there is no mandatory reporting on the performance of LGUs on citizen participation. However, the civil society have taken it upon themselves to monitor the implementation of this as a factor for good local governance and it also heavily considered and included in present efforts in the development of a performance measurement for LGUs.

What is the primary use of the performance measurement information collected?

If ever citizen participation is measured by LGUs, it is purely to check if the general mandate of the LGC of 1991 is being complied with.

Do you think the performance measures are useful (if so, why and if not, why not)?

The performance measure that will ascertain the engagement of citizen participation in local governance has yet to be developed.

If you think the performance measures could be improved, what improvements would you suggest?

The performance measures on citizen participation must go beyond just assessing how far the LGUs have complied with the general requirement in the LGC of 1991. The measures must be able to determine how active the citizens are engage in local governance, in what aspect, what are the results or consequences of their engagement, and how strong they have citizens have been empowered as a result of their involvement in local governance.

4.2.2.5. Additional information - Current Initiatives On Performance Measurement In The Country

Although there is no mandatory performance measurement to be adopted by LGUs in the Philippines there are a number of performance measurement for them that have been developed and managed over the years. ¹⁶Initiatives towards the development of good governance indicators, financial indicators, health indicators, and development indicators intended to measure local government performance have been undertaken by the academe, national government agencies, and donor agencies. By 2001, the Philippine Business for Social Progress had documented at least 31 of these initiatives.

Local Productivity and Performance Measurement System (LPPMS)

To be able to monitor how LGUs managed the delivery of goods and services, the Bureau of Local Government Supervision (BLGS) of the DILG formulated the Local Productivity and Performance Measurement in the 1980s. With the devolution in 1991, it was enhanced into Local Productivity and Performance Management System (LPPMS) and is intended to be a self-assessment performance measurement tool of LGUs.

The LPPMS provides the LGUs the means to determine their strengths and weaknesses in the performance of their new roles and increased responsibilities brought about by the devolution. It makes use of indicators mostly derived from the LGC of 1991 to measure the performance and productivity of LGUs with the end view of taking corrective measures toward good governance, including better delivery of public goods and services.¹⁷

It is intended that the LPPMS would: a) determine the performance level of LGUs; b) allow local officials to identify and define problems and needs; c) take necessary actions that will address the problems and needs; and d) determine how delivery of goods and services were improved due to the actions taken. With the LPPMS, LGUs will also be more or less assured and confident that the right actions have been taken in addressing identified problems and needs.

¹⁸The LPPMS has three major components, which are:

1. Performance Measurement, focusing on the internal capability of LGUs in the areas of Local Financial Administration (LFA), Local Legislation (LL), Organization and Management (O & M), and the Local Development Planning (LDP). The degree of performance is determined through identified indicators and standards.
2. Productivity Measurement or evaluation of service delivery focusing on the physical services of an LGU in the areas of social, economic, political, and environmental services. The degree of productivity is determined by comparing the actual LGU

¹⁶ Based on the Report on State of Philippine Cities conducted in 2002.

¹⁷ Op cit.

¹⁸ Taken from the LPPMS Manual of the DILG.

services against service standards prescribed by concerned national government agencies.

3. Service Delivery Outcome Assessment determines the effect of services to the socio-economic conditions or the positive (or negative) change in the quality of life of the inhabitants especially the members of the marginalized sectors.

State of Philippine Cities (A self-assessment based on the LPPMS)

In 2002, the Center for Local and Regional Governance (CLRG)¹⁹ developed the State of Cities Report based on the gathered LPPMS for 2000 of cities. Of the 96 cities in 2000, 73 cities submitted their LPPMS reports (32 from Luzon, 25 from Visayas, and 16 from Mindanao).

Based on inputs, there are nine indicators used in the LPPMS rating system, which are:

- Presence of LGU-owned administration building
- Percent compliance with prescribed number of mandatory offices
- Percentage of prescribed mandatory positions filled up
- Percent compliance with the six prescribed local special bodies (LSBs)
- Percent compliance with prescribed membership in the six LSBs
- Presence of local chief executive's Budget Message
- Presence of previous year's certified statement of actual income and expenditure
- Frequency of conduct of *barangay* IEC
- Percent of *barangay* with IEC conducted

Likewise, the internal capability of an LGU in four functional processes was measured as identified in the following:

- Development Planning
 - Presence of planning policies and guidelines
 - Presence of updated annual investment program
 - Presence of annual development plan
 - Presence of comprehensive land use plan
 - Presence of data bank system
- Local Fiscal Administration
 - Presence of annual budget approved within the budget calendar
 - Presence of annual revenue plan
 - Presence of local revenue code
 - Presence of computer-based financial management system
 - Percent of budget allocated for personal services
 - Ratio of total expenditure to total income
 - Regular loan repayment
 - Percent of Fire Code collection fees remitted to the National Treasury

¹⁹ Training and research center based in the National College of Public Administration and Governance, University of the Philippines, Quezon City, Philippines.

- Organization and Management

There were eight indicators used in this process, which include:

- Presence of LGU Manual of Operations
- Annual Accomplishment Report submitted on time
- Percent of offices with approved Annual work and Financial Plan
- Presence of operational HRD plan
- Presence of LGU-initiated training
- Percent of serviceable equipment
- Percent of serviceable vehicles
- Response time in the issuance of civil registry certificates
- Response time in the issuance of mayor's permit

- Local Legislation

- Presence of internal rules of procedure
- Presence of legislative agenda
- Number of program-related resolutions passed
- Percent of ordinances enacted vs. proposed
- Ratio of public hearings conducted to number of ordinances enacted
- Compliance with the weekly standard number of sessions
- Presence of local administrative code
- Presence of environmental code
- Presence of incentive investment code

Both inputs and processes are given a weight of 25% in the LPPMS rating system.

The processing of inputs resulted to outputs and is given the highest rating of 35 % in the LPPMS system. These were used in measuring the productivity of cities and included the following:

- Social Services

- Percentage of LGU-owned facilities maintained
- Percentage of LGU-initiated health programs
- Increase in the number of health program beneficiaries
- Presence of sports facilities
- Percentage of *barangays* with day care center
- Percentage of *barangays* with organized *lupong tapamayapa*

- Economic Services

- Presence of agricultural support services
- Number of LGU livelihood programs implemented
- Presence of other LGU-owned economic enterprises
- Increase in the amount of market fees collected
- Increase in the amount of slaughterhouse fees collected

- Percentage of city roads maintained
- Protective Services
 - Presence of anti-drug abuse councils
 - Presence of organized employees' associations/unions
 - Conduct of Barangay visitations
- Environmental Protection Services
 - Presence of garbage disposal system
 - Percent of garbage collected and disposed
 - Presence of sewage and sewerage system
 - Frequency of sewage and sewerage inspection conducted

Based on fiscal administration, the results of the assessment show that the cities are weak in their computer-based financial management and their formulation of their annual revenue plan hindering them from optimizing their performance and gains.

Likewise, even if 73% of the cities provide garbage collection and disposal services, most of them cannot meet the demands for garbage management based on the generated garbage of the localities. At least 47percent of the cities admitted to dumping garbage in the streets instead of handling disposal properly.

Although the LPPM framework does not show a one-to-one correspondence of inputs / processes vis-à-vis output and outcome, its results, however, indicates gaps in local governance performance that can be addressed by both the LGUs and the national agencies. Areas needing priority attention and interaction were identified.²⁰

Local Government Performance Management System (LGPMS)

As a continuing effort, the BLGS-DILG has further enhanced the LPPMS into the Local Government Performance Management System (LGPMS). Aside from heavily taking off from the LPPMS, the LGPMS is based from two other developed performance measurements: a) Citizen Satisfaction Index; and b) Local Development Watch. Under the LGPMS, the original 417 indicators have been trimmed down to 167. To date, the LGPMS is still undergoing refinements and will hopefully be adopted by LGUs nationwide to measure their overall local governance performance and correspondingly address unmet needs and demands.

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4.3. AUSTRALIA

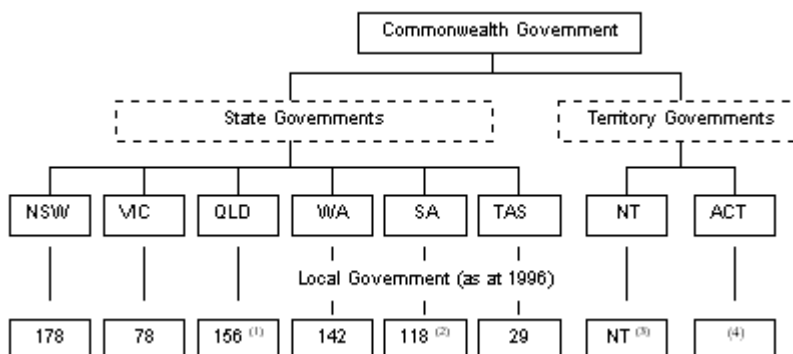


- **Brief Description of the Country and its National/State/Local Government Structure**

Australia is a large, island continent located south of Indonesia, north of the Antarctic, and to the west of New Zealand. It has two significant distinctions – it is the only country that is also a continent, and it remains the most sparsely populated continent in the world. Much of the interior of the country is dry, harsh desert and hence most of the population lives on the coastal fringe. Australians are extremely urbanized, with most of the population residing in the capital cities. Australia currently has a population of.....

Permanent European settlement of Australia commenced in 1788 with the establishment of a British penal colony in Sydney. In 1901 Australia became a Nation when the six States - separate colonies of the then British Empire - joined as a Federation and formulated a Constitution. Australia remains a Federation of States, each of which retains its own constitution, government and laws. The National Parliament sits in Canberra. Australia currently has 1 National Government, 8 State/Territory Governments and 769 Local Governments.

Australian Government Bodies



Notes:

¹ Includes 31 Aboriginal and Torres Strait Islander Local Government bodies.

² Includes 5 Aboriginal and Torres Strait Islander Local Government bodies.

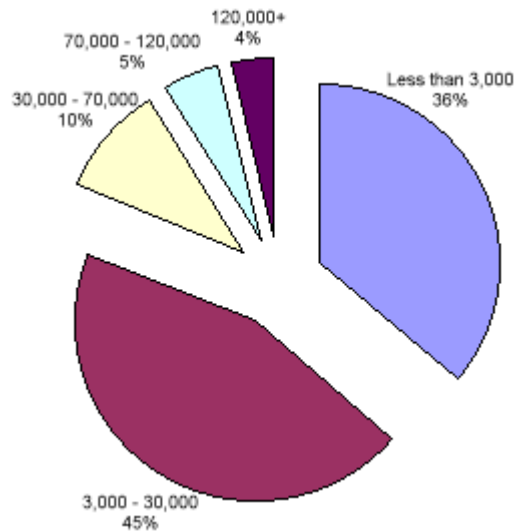
³ Includes 61 community government councils, incorporated associations and special purpose towns.

⁴ The ACT Government undertakes many government functions.

Local Government in Australia has no recognition in the National Constitution – they are “subjects” of their respective State Governments. The manner in which Local Government bodies are constituted and the nature and extent of their powers, authorities, duties and functions are determined largely by State Government legislation." Local Government Acts" (with slightly different names in some States) have been enacted by each State Parliament to be the central guiding legislation for Local Government.

Australian Local Government bodies are most commonly referred to as “Councils”. The Australian Local Government system does not generally distinguish between large and small Councils – although the City Councils of Brisbane and Melbourne have taken on some additional roles such as transport provision. The majority of Australian Local Governments are small in terms of population. More than three-quarters have less than 30,000 people. In such a highly urbanized society there are many huge councils by area with tiny populations.

Size of Local Governments



• **Local Government Functions**

Compared to many other countries in the region, Local Government in Australia has a relatively small range of functions. Typically, major service areas such as Health, Education, Emergency Services, Planning, Police, Transport and Major Infrastructure are the domain of the larger State and National Government.

Although it may vary slightly from State to State (and between localities) the following are typical examples of Local Government functions and services:

- Engineering (public works design, construction and maintenance - e.g. roads, bridges, footpaths, drainage - cleaning, waste collection and management);
- Recreation (golf courses, swimming pools, sports courts, recreation centers, halls, kiosks, camping grounds and caravan parks);
- Health (water sampling, food sampling, immunization, toilets, noise control, meat inspection and animal control);
- Community services (child care, elderly care and accommodation, refuge facilities, meals on wheels, counseling and welfare);
- Building (inspection, licensing, certification and enforcement);
- Land-use Planning and development approval;
- Administration (aerodromes, quarries, cemeteries, parking stations and street parking);
- Cultural/educational (libraries, art galleries and museums);
- Utilities (in some rural areas - water, sewerage etc.); and
- Other (abattoirs, sale-yards, markets and group purchasing schemes).

• **Local Government Finances**

Along with its relatively limited range of functions, Australian Local Government has also a limited source of income. Its only source of taxation income is from a land –tax (known as “rates”). It also has access to some limited general-purpose grants from the

Commonwealth Government, and some “tied” grants from both Commonwealth and State Governments (usually awarded where the Council performs tasks on behalf of the other spheres of Government – e.g. maintenance of National roads, provision of some community services etc).

However, levels of “wealth” between Councils varies dramatically – many urban councils may be viewed as fairly wealthy, whilst small rural Councils seem to be constantly struggling for funds.

Sources of Local Government Revenue ²¹

Source of revenue	Share (%)
Tax on	58
Fees	3
Fines	1
Net operating surplus of trading enterprises	6
Interest received	4
General purpose grants ex Commonwealth	13
Specific purpose grants ex Commonwealth	3
Special purpose grants ex States/territories	7
Other revenues	4
Total	100

- **Local Governance and Local Decision- Making**

While Local Governments have neither Constitutional autonomy nor general-purpose powers, they have some discretion in what they may do – within the limits of the legislation set by the State and/or Federal Governments. In some cases, the legislation provides a broad framework in which decisions can be made with some degree of local interpretation. In some other cases the legislation provides clear and mandatory obligations.

As mentioned earlier, in all States, the primary piece of governing legislation is the Local Government Act. In recent years, these Local Government Acts have all been reformed along two key themes: to make Councils clearly accountable to their local communities (through participatory planning and reporting processes), and to enforce a far more “strategic” approach to local planning (through Strategic Plans, Management Plans and the use of Performance Management tools).

²¹ Source: Gerritson & Osborn , *Reform of Local Government in Australia*, in *Comparative Study on Local Government Reform in Japan, Australia and New Zealand*, Japan Local Government Centre (CLAIR Sydney), Sydney, 1997

4.3.2. AUSTRALIA - FINDINGS

4.3.2.1. Background Questions

Typically, do local authorities undertake some kind of corporate or strategic planning process where they would set performance measures for various activities?

Since the 1990s, all of the reformed Local Government Acts (in all the States) have required Councils to undertake both Corporate and Strategic Planning – Strategic Planning (looking forward at issues) and Corporate Planning and Reporting (looking at the LGU's response in terms of resource allocation, program design and delivery and budget allocation).

The example of the requirements from the NSW Local Government Act 1993, is fairly typical.

A Council must:

- Prepare a Strategic Plan looking at “Principal Activities” for the next 3-5 years
- Nominate the Budget and resources to be allocated to those activities
- Nominate the Key Performance Indicators (KPIs) that will be used to measure the performance of the Council in undertaking those activities
- Consult the community and get input for a minimum of 1 month.
- Report Annually on their success/failure in achieving targets (measured by the agreed KPIs)
- Submit financial reports to the State Government every 3 months and an audited report each year
- Make any alterations to the Strategic Plan – develop a modified Plan for the next 3-5 years – consult the community on any proposed changes.

Do they do this voluntarily or are they required to do this due to some kind of government requirement?

It is required under State Law – Councils must undertake the Strategic and Corporate Planning process according to the government guidelines. They must also submit financial reports and prove that they have consulted the community

Are local authorities required to submit some kind of “performance report” to another government agency, if so, when and how?

As mentioned earlier, Councils must submit a copy of their Annual Report and their financial report to the State Government Department of Local Government. Additionally, the State Government collects information relating to key performance Indicators (28 in NSW) – each year the comparisons are published in the media.

4.3.2.2. Solid Waste Collection

What are the typical services provided to households (by the local authority) in your country in relation to solid waste collection?

Typically, in most urban communities, domestic waste collection is carried out by the local Council – although in some rural areas this does not occur. This service collects typical household waste (but not nightsoil – in areas without sewerage, human waste is treated onsite). In many urban areas, there is also “kerbside recycling”, which requires residents to sort out their recyclables for a separate collection. Many Councils also provide a separate “greenwaste” collection for vegetative matter.

What current performance measurements do local authorities typically use in your country to measure the performances of “solid waste collection?”

The NSW indicators²² are typical of the information collected by State Governments in this area:

Average charge for domestic waste management services per residential property

This indicator highlights the relative level of a council’s domestic waste management service charges. The formula used for this indicator is:

$$\frac{\text{Total domestic waste management charges}}{\text{Number of residential properties receiving service}}$$

Costs per service for domestic waste collection

This indicator assesses the efficiency of a council’s domestic waste collection, including recyclables.

The formula used for this indicator is:

$$\frac{\text{Total domestic waste collection costs excluding tipping costs}}{\text{Number of residential properties} \times \text{average number of services per week per property}}$$

Recyclables . kilograms per capita per annum

This indicator measures the effectiveness of a council’s recycling service. The formula used for this indicator is:

$$\frac{\text{Total kilograms of recyclables collected}}{\text{Estimated resident population within council boundaries}}$$

Domestic waste . kilograms per capita per annum

This indicator measures the effectiveness of a council’s efforts in domestic waste minimization.

The formula used for this indicator is:

$$\frac{\text{Total kilograms of domestic waste collected}}{\text{Estimated resident population within council boundaries}}$$

²² NSW Department of Local Government, Comparative Information on New South Wales Local Government Councils (Annual)

The actual cost of domestic waste collection must be identified separately on the “rates” bill levied on property owners.

In recent times there has been National campaign to reduce the amount of waste going to disposal by 50% - this has led to individual councils undertake very comprehensive “waste audits” (examining the exact nature of the recyclables still mixed in with domestic waste). Sadly this information is often not collected any more and Australia continues to be one of the most wasteful countries in the world.

Do they need to be reported to another government agency or body?

The comparative indicators are reported to the NSW department of Local Government. In each State there are similar reporting and collection regimes. However, there is no national system of comparative data – there were some attempts to create a National Indicators program, but Local Government resisted, claiming it would create unfair comparisons across the country, and also fearing it would be used to determine the amounts of Government grants.

What is the primary use of the performance measurement information collected?

The comparative data is intended (according to government sources) to allow councils to benchmark and learn from each other. However most Councils are suspicious. Often the results are published in the daily press and the results are “sensationalized” with no explanation – this leads to deep mistrust of the system.

Do you think the performance measures are useful (if so, why and if not, why not)?

The measures themselves are useful – if a little bit basic. However, they fail to capture any of the significant local information that may be useful in planning future services and programs (e.g. if we were to measure the types of recyclables that are most often being mixed in with household waste we could target specific education programs to try and change behaviour; also costs of waste education are often mixed in with cost of collection – they should be separate).)

If you think the performance measures could be improved, what improvements would you suggest?

Essentially, the indicators used should be clearly tied to an expression of local choice. However, there is some importance to placed on measuring the performance against National (and sometimes, International) objectives on important issues –e.g. Waste Minimization. The use of the indicators to “shame” poor performing Councils has some limited use.

4.3.2.3. Financial Management

What current performance measurements do local authorities typically use in your country to measure the performance of financial management?

Across the country, Councils are typically required to submit audited accounts to the State Government. In some States they are limited in their ability to increase rates or take out loans without State Government permission.

Typically, indicators used may include:

Average rate per assessment

Rates are an important source of a council's revenue. This indicator highlights the relative level of a council's residential, farmland and business rates. It does not include water and sewerage rates or domestic waste management charges.

The formula used for this indicator is:

$$\frac{\text{Total residential/farmland/business rates revenue}}{\text{Number of ratable residential/farmland/business properties}}$$

Outstanding rates, charges and fees

This indicator assesses the effectiveness of a council's revenue collection. The percentage of rates, charges and fees that are unpaid at the end of a financial year is a measure of how well a council is managing debt recovery. Rates and annual charges are usually levied at the beginning of the financial year (31 July at the latest). They can be paid as a single amount or in four equal instalments. The final instalment is due by 31 May. User charges and fees are billed throughout the year according to the use of specific services. There is no benchmark for the level of outstanding rates, charges and fees. The lower the percentage, the less income is tied up in receivables and the more revenue there is available for council purposes.

The formula used for this indicator is:

$$\frac{\text{Outstanding rates, charges and fees}}{\text{Annual Revenue from rates, charges and fees}}$$

Comparative performance for (example) 1999/00, 2000/01 and 2001/02

In 2001/02, \$268 million had not been collected from total rates, charges and fees revenue of \$3.881 billion. This represents an average outstanding amount of 6.9%, a decrease of 0.1% from 2000/01. The average amount overdue was 6.3% for urban councils and 10.6% for rural councils. In 2000/01, the average amount overdue was 6.4% for urban councils and 10.6% for rural councils.

Percentage movement in rates and annual charges revenue from previous year

This indicator shows the increase or decrease in revenue from rates and annual charges.

The formula used for this indicator is (for example):

$$\frac{2001/02 \text{ rates and annual charges} - 2000/01 \text{ rates and annual charges}}{2000/01 \text{ rates and annual charges}}$$

Percentage movement in user charges and fees revenue from previous year

This indicator shows the increase or decrease in revenue from user charges and fees. User charges and fees are levied at council's discretion and are not subject to rate-pegging.

The formula used for this indicator is (for example):

$$\frac{2001/02 \text{ user charges and fees} - 2000/01 \text{ user charges and fees}}{2000/01 \text{ user charges and fees}}$$

Sources of revenue from ordinary activities

This indicator was formerly known as sources of total revenue. Recent changes to the Australian Accounting Standard AAS 1 – 'Statement of Financial Performance' brought local government financial reporting more into alignment with industry. The main sources of a council's revenue are: rates and annual charges, user charges and fees, interest, grants, contributions and donations, other revenues e.g. fines, external works, business activities.

The formula used for this indicator is:

$$\frac{\text{Year}}{\text{Total ordinary revenue}}$$

Where 'Y' is the source of revenue

Total ordinary activities revenue per capita

Total ordinary activities revenue per capita is another way of analyzing revenues received by a council. Revenue depends on the number of people living and working within an area. It is also affected by ratepegging (rates), development activity (developer contributions) and the extent of user pays type services (charges and fees). This indicator measures the total ordinary activities revenue before capital per head of population. It shows the revenue available to service the needs of the community. It does not include water and sewerage rates.

The formula used for this indicator is:

$$\frac{\text{Total ordinary activities revenue before capital receipts}}{\text{Estimated resident population within council boundaries}}$$

Dissection of expenses from ordinary activities

This indicator assesses the expenditure patterns of councils. A council's possible expenditure needs to include: employee costs, materials and contracts, borrowing costs, depreciation, other expenses. Employee costs include wages and salaries (including fringe benefits), annual leave, annual leave loading, long service leave, sick leave, gratuities, post employment benefits other than superannuation and employment oncosts.

The formula used for this indicator is:

$$\frac{E}{\text{Total ordinary expenditure}}$$

Where 'E' is the type of expense e.g. employee costs, materials and contracts, borrowing costs, depreciation or other expenses.

Total expenses from ordinary activities per capita

This indicator measures the total expenses from ordinary activities per head of population before excluding capital expenditure. It does not include water and sewerage rates.

The formula used for this indicator is:

$$\frac{\text{Total expenses from ordinary activities before capital expenditure}}{\text{Estimated resident population within council boundaries}}$$

Current ratio (unrestricted)

This indicator is a measure of a council's ability to meet its financial obligations such as paying for goods and services supplied. It assesses the level of liquidity and the ability to satisfy obligations as they fall due in the short term. The formula used for this indicator is:

$$\frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$

Debt service ratio

This indicator assesses the degree to which revenues from ordinary activities are committed to the repayment of debt. It is generally higher for councils in growth areas where loans have been required to fund infrastructure such as roads and water and sewerage works. Debt service costs include debt redemption from revenue, transfers to sinking funds and bank overdraft interest. There is no set benchmark for the debt service ratio. The use of loan funds for infrastructure improvements and other capital purposes is considered to be a prudent financial strategy allowing for contribution to the cost of the asset through its life by the community. When assessing this financial indicator, the ratio may be compared over a number of years in conjunction with other financial performance ratios such as the current ratio.

The formula used for this indicator is:

$$\frac{\text{Net debt service cost}}{\text{Revenue from ordinary activities}}$$

Capital expenditure ratio

Councils control and have responsibility for assets such as roads, stormwater drainage, sewerage/water schemes, buildings and equipment. They need to ensure that operating and community assets are managed effectively and efficiently to meet community services expectations. An indication of good asset management is whether asset maintenance and replacement is keeping up with depreciation. This indicator assesses a council's ability to replace or add to capital assets compared with the consumption (depreciation) of assets. It does not include land, water and sewerage assets.

The formula used for this indicator is:

$$\frac{\text{Total 2001/02 property, plant and equipment} - \text{total 2000/01 property, plant and equipment}}{2001/02 \text{ depreciation expense}}$$

Do they need to be reported to another government agency or body?

As mentioned earlier, these indicators must be reported to the State Government.

Do you think the performance measurements are useful?

In some situations the indicators are useful for comparison (benchmarking) purposes. However, they perhaps provide “more questions than answers”. Where there are serious deviations from the so-called “norm”, this should prompt further investigation rather than simply publishing a “report card” of poor performance.

If you think the performance measures could be improved, what improvements would you suggest?

If a process of genuine community accountability is in place, then it will be a local community that judges the fiscal performance of its local Council. It is of little use to show small, rural Councils that their financial situation is precarious – they already know that. Given a comprehensive and concurrent system of financial auditing to ensure compliance and due diligence, perhaps such financial comparison is of limited value.

4.3.2.4. Citizen Participation

What current performance measurements do local authorities typically use in your country to measure the performance of citizen participation?

Australian Local Government, generally speaking, does not measure citizen participation. Although a number of laws require “demonstrated evidence of community involvement”, there is often little measurement of what that actually means. Despite the proudly flouted rhetoric of “open, participative and democratic governance”, there is, in actual fact, very little quantitative or qualitative measurement of citizen participation. Only in individual or particular cases, where citizen participation is seen as an “ends” (or objective), individual Councils may develop more comprehensive measures for discrete projects or programs.

5. ISSUES ARISING FROM THE FINDINGS

6. FUTURE DIRECTIONS

7. CONCLUSIONS

8. APPENDICES

Appendix 1. STUDY PARTNER GUIDELINES.

Appendix 2. QUESTIONS FOR STUDY PARTNERS

Appendix 1.

STUDY PARTNER GUIDELINES.

Thank you for agreeing to participate in this project.

The aim of this project is to conduct a brief but meaningful study into performance measurement in Asian-Pacific Local Government. You will be participating along with three other LOGOTRI members to act as Study Partners in this project and provide a sample of the region. I hope that this will be a fruitful process for you as well as assuring you that it will provide a valuable report for your other LOGOTRI colleagues.

You will have received the issues paper already. Although the issues paper covers the broad topic of Performance Measurement and Management generally, we do not have the resources to conduct a comprehensive review of such a broad topic. However, the issues paper should raise some important questions and issues about the context in which Local Government conducts performance measurement in your country. Please think about the context when answering the questions.

We will be focusing on three areas for this study (Solid Waste Collection, Financial Management, and Citizen Participation). These topics were selected by our LOGOTRI colleagues as being suitable for the focus of our research. A general description of each of these areas is provided in the issues paper for guidance.

Could you please:

- Read the issues paper
- Examine the topic descriptions for clarification
- Examine the attached survey questions

In some of the broader questions (e.g. about the context for performance measurement) it is likely that you may be able to answer the questions yourselves and also provide any additional supporting information you think may help. Much of the information may be held in documents you have already written for other purposes.

Where there are specific questions (e.g. about measurements/KPIs used, the usefulness of measurements/KPIs, problems with measurement and suggestions for change) we would ask you to consult some of your local authority colleagues for their feedback. You may choose to do that by distributing some of the questions as a written survey or you may choose to hold a brief focus group and collect the answers. You know your colleagues best, so you choose the most efficient way to get some worthwhile feedback. We don't want to survey the whole country, just to get a reasonable idea of people's thoughts.

You may choose to simply group their answers under each question and send them back, or you may have the time to do some preliminary analysis and send back a report – either response is fine (but the information will need to be translated into English).

I hope that some of this initial information may be back prior to our next AGM. I will analyze what you have sent me and develop any further questions I may need to put to you for clarification. If we need further clarification, this can be done by phone, fax and/or email.

When the Draft Report has been completed, we will send you back a draft for your appraisal. If there are any serious errors, omissions or misunderstandings, please let us know.

Following that, we will edit and compile the final report for distribution.

I thank you for you co-operation and look forward to your reply.

Robert

Robert Mellor
Program Manager
UTS Centre for Local Government

LOGOTRI Performance Auditor

Appendix 2.

QUESTIONS FOR STUDY PARTNERS

Please answer the following questions. You may send supporting documentation (by mail, fax or email) but please indicate in your response where you will be sending further supporting documentation.

1. Background Information

- **Can you please supply some information that describes (briefly) the general system of local government in your country?** – This may be some kind of public document that describes the role of the Local Authority in your country (what functions it carries out) and what is its relationship to Central Government (e.g. is it “autonomous” or are the functions of the Local Authority prescribed by another level of Government. This background information is required to provide a brief background statement to explain the context in which Local Authorities typically operate.
- **What is the typical source of funds for a local authority in your country?** – Are the funds allocated to the Local Authority by some other level of Government? Or do Local Authorities raise most of their income from local taxes etc? This (brief) information is required to see how much of a local Authority’s performance measurement is required to meet reporting requirements to some other body.
- **Are Local Authorities required to submit some kind of “Performance Report” to another Government Agency, and if so, when and how?** – This (brief) information is required to see how much of a Local Authority’s performance measurement is required to meet reporting requirements to some other body.

2. Solid Waste Collection

- **What are the typical services provided to households (by the Local Authority) in your country in relation to solid waste collection?**
- **What current performance measurements are typically used by Local Authorities to measure the performance of “Solid Waste collection” in your country?**
- **Do they need to be reported to another Government agency or body?**
- **What is the primary use of the performance measurement information collected?**
- **Do you think the performance measures are useful (if so, why and if not why not)?**
- **If you think the performance measures could be improved, what improvements would you suggest?**

3. Financial Management

- **What current performance measurements are typically used by Local Authorities to measure the performance of “Financial Management” in your country?**
- **Do they need to be reported to another Government agency or body?**
- **What is the primary use of the performance measurement information collected?**
- **Do you think the performance measures are useful (if so, why and if not why not)?**
- **If you think the performance measures could be improved, what improvements would you suggest?**

4. Citizen Participation

- What current performance measurements are used typically used by Local Authorities to measure the “Citizen Participation” in your country?
- Do they need to be reported to another Government agency or body?
- What is the primary use of the performance measurement information collected?
- Do you think the performance measures are useful (if so, why and if not why not)?
- If you think the performance measures could be improved, what improvements would you suggest?

Thank you for your help.

Robert

Robert Mellor
Program Manager
UTS Centre for Local Government

LOGOTRI Performance Auditor

Appendix 3. THE URBAN GOVERNANCE INITIATIVE (TUGI) – CHARACTERISTICS OF GOOD GOVERNANCE AND SOME SUGGESTED URBAN INDICATORS

CHARACTERISTICS OF GOOD GOVERNANCE:

- Participation
- Rule of law
- Transparency
- Responsiveness
- Consensus orientation Equity
- Effectiveness and efficiency
- Accountability
- Strategic vision

SUGGESTED URBAN INDICATORS

EFFECTIVENESS

1. Local government revenue per capita: Total local government revenue from all sources in US Dollars annually, both Capital and Recurrent divided by population (3-year average)
2. Travel time to work: Average time in minutes for a work trip
3. Expenditure on basic services: Percentage of local government expenditures on basic services
4. Percentage of Transfers in total local government revenue: % of local government revenue originating from higher levels of government. This includes formula driven payments (such as repatriation of income tax), other grant donations from higher government levels including national or state governments and other types of transfers..

EQUITY

5. Households below local poverty line: Percentage of men and women headed households situated below the locally defined poverty line.
6. Households with access to water: Percentage of households having water located within 200 meters of the dwelling, whether through piped units or supplied from other households within the same neighbourhood, without being subjected to great effort to draw it.
7. Households with access to sanitation: Percentage of households, which have access to sanitary facilities within or outside the housing unit.
8. Percentage of women councilors in local authorities: Percentage of women councilors at the local authority level

PARTICIPATION

9. Adult literacy: The percentage of the adult population aged 15 years and over which can read and write a simple sentence with understanding (Disaggregated by gender, at the city level)

10. Voter participation by sex: The total percentage of male and female voters in elections relevant to the local authority level.
11. Civic associations per 10,000 population: The ratio of the number of civic associations to every 10,000 people within the local authority's jurisdiction
12. Formal participation in projects and budgeting: Is the city involving the civil society in a formal participatory process before undertaking major public projects? Is the city involving the civil society in a formal budgeting process?

ACCOUNTABILITY

13. Control by higher levels of government: Can higher levels of government :
- a) Close the local government? (Yes/No)
 - b) Remove councilors from office (Yes/No)
14. Elected mayor: Is there a locally elected mayor (Yes/No)
15. Councilors per 10,000 population: The ratio of city councilors to every 10,000 people under the local authority's jurisdiction.
16. Formal publication (contracts and tenders; budgets and accounts): Is there a formal publication of: Contracts and tenders (Yes/No), Budgets and accounts? (Yes/No)

SECURITY

17. Under Five Mortality: Percentage of male and female children who die before having attained their fifth birthday. Child mortality = Number of deaths for children below five years old during the year/average number of live births during the last five years.
18. Environmental action plan: Has the city established long-term strategic planning initiatives for sustainable development involving key partners? (Yes/No)
19. Crime prevention policy: (YES/NO):
- (1) Are there areas within the local authority jurisdiction that are considered inaccessible or dangerous by police?
 - (2) Is there an official policy against domestic violence?
 - (3) Is there a crime prevention policy?
 - (4) Are there assistance programmes for victims of violence?

Appendix 4: List of indicators corresponding to the 20 Habitat

Agenda key areas of commitment.

<p>CHAPTER 1: Shelter</p> <p>1. <i>Provide security of tenure</i> <u>indicator 1: tenure types</u> <u>indicator 2: evictions</u></p> <p>2. <i>Promote the right to adequate housing</i> <u>qualitative data 1: housing rights</u> <u>indicator 3: housing price-to-income ratio</u></p> <p>3. <i>Provide equal access to land</i> <u>indicator 4: land price-to-income ratio</u></p> <p>4. <i>Promote equal access to credit</i> <u>indicator 5: mortgage and non-mortgage</u></p> <p>5. <i>Promote access to basic services</i> <u>indicator 6: access to water</u> <u>indicator 7: household connections</u></p>	<p>CHAPTER 4: Economic Development</p> <p>15. <i>Strengthen small and micro-enterprises, particularly those developed by women</i> <u>indicator 20: informal employment</u></p> <p>16. <i>Encourage public-private sector partnership and stimulate productive employment opportunities</i> <u>qualitative data 5: public-private partnerships</u> <u>Indicator 21: city product</u> <u>indicator 22: unemployment</u></p>
<p>CHAPTER 2: Social development and eradication of poverty</p> <p>6. <i>Provide equal opportunities for a safe and healthy life</i> <u>indicator 8: under-five mortality</u> <u>indicator 9: crime rates</u> <u>qualitative data 2: urban violence</u></p> <p>7. <i>Promote social integration and support disadvantaged groups</i> <u>indicator 10: poor households</u></p> <p>8. <i>Promote gender equality in human settlements development</i> <u>indicator 11: female-male gaps</u></p>	<p>CHAPTER 5: Governance</p> <p>17. <i>Promote decentralisation and strengthen local authorities</i> <u>qualitative data 6: level of decentralization</u></p> <p>18. <i>Encourage and support participation and civic engagement</i> <u>qualitative data 7: citizen involvement in major planning decisions</u></p> <p>19. <i>Ensure transparent, accountable and efficient governance of towns, cities and metropolitan areas</i> <u>qualitative data 8: transparency and accountability</u> <u>indicator 23: local government revenue and expenditures</u></p>
<p>CHAPTER 3: Environmental Management</p> <p>9. <i>Promote geographically-balanced settlement structures</i> <u>indicator 12: urban population growth</u></p> <p>10. <i>Manage supply and demand for water in an</i></p>	<p>CHAPTER 6: International Cooperation</p> <p>20. <i>Enhance international cooperation and partnerships</i> <u>qualitative data 9: engagement in international cooperation</u></p>

<p><i>effective manner</i></p> <p><u>indicator 13</u>: water consumption <u>indicator 14</u>: price of water</p> <p><i>11. Reduce urban pollution</i> <u>indicator 15</u>: air pollution <u>indicator 16</u>: wastewater treated <u>indicator 17</u>: solid waste disposal</p> <p><i>12. Prevent disasters and rebuild settlements</i> <u>qualitative data 3</u>: disaster prevention and mitigation instruments</p> <p><i>13. Promote effective and environmentally sound transportation system</i> <u>Indicator 18</u>: travel time <u>Indicator 19</u>: transport modes</p> <p><i>14. Support mechanisms to prepare and implement local environmental plans and local Agenda 21 initiatives</i> <u>qualitative data 4</u>: local environmental plans</p>	
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