

Sustainability Framework

For Queensland Local Governments



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Introduction

Overview

Queensland’s local government’s role in supporting the safety, liveability, and prosperity of their local communities is critical.

Each of the 77 councils face unique financial, service delivery and community need circumstances. Ensuring local government sustainability is a challenge for all councils and the Queensland Government.

The COVID-19 pandemic has presented challenges to local governments on a scale not seen before and has exacerbated the sustainability challenges faced by the sector.

Sector diversity means that no single solution or approach addresses sustainability challenges. To better reflect and respond to this complexity, the Department has developed a new Sustainability Framework that recognises the varied factors influencing council success over time.

This Framework outlines an integrated view of the drivers impacting council sustainability and illustrates how the Department will attend to these issues in collaboration with councils, agencies, and sector stakeholders.

Principles

Implementation of the new Sustainability Framework will provide councils and the Department greater insight into the sector’s challenges and support the development of more tailored solutions to councils.

This also supports the Department’s vision of business-ready councils and liveable communities – today and into the future –enabling growth and prosperity by focusing on three principles:



Over time, the Framework will be embedded into the Department’s operations, driving a more considered and holistic view of the sector and its needs. The Framework will continue to evolve based on feedback from councils and key stakeholders.

Structure of this Document

This document is divided into two parts:

Part A provides an overview of the Queensland local government sector as it relates to sustainability, including an overview of key statistics and historical reforms, relevant regulatory frameworks and documents, and the role of the Department and stakeholders.

Part B addresses local government sustainability, including the Department's definition of sustainability, the core elements contributing to council sustainability, and how the Department deploys the tools at its disposal to support the sector to achieve success.

Note: Under the *Local Government Act 2009* and *City of Brisbane Act 2010*, the Department is required to establish a set of relevant measures of financial sustainability for the purposes of council annual financial planning and reporting.

The guideline containing these measures has been developed based on the principles established in this Sustainability Framework and is published separately as the *Financial Management (Sustainability) Guideline*. Please refer to the Department's website for more information.



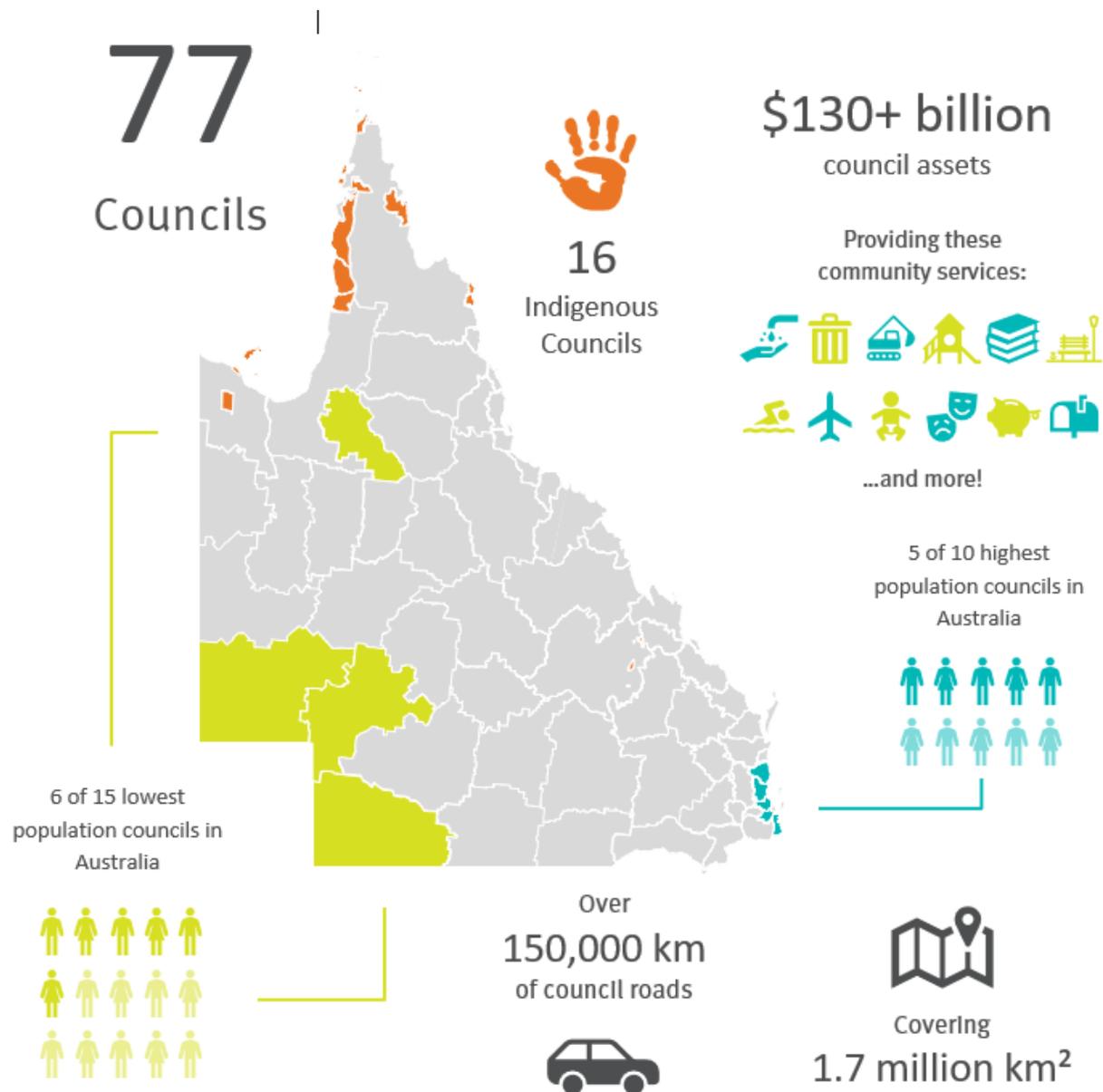
Part A: Background

The Queensland Context

Local Government Sector Profile

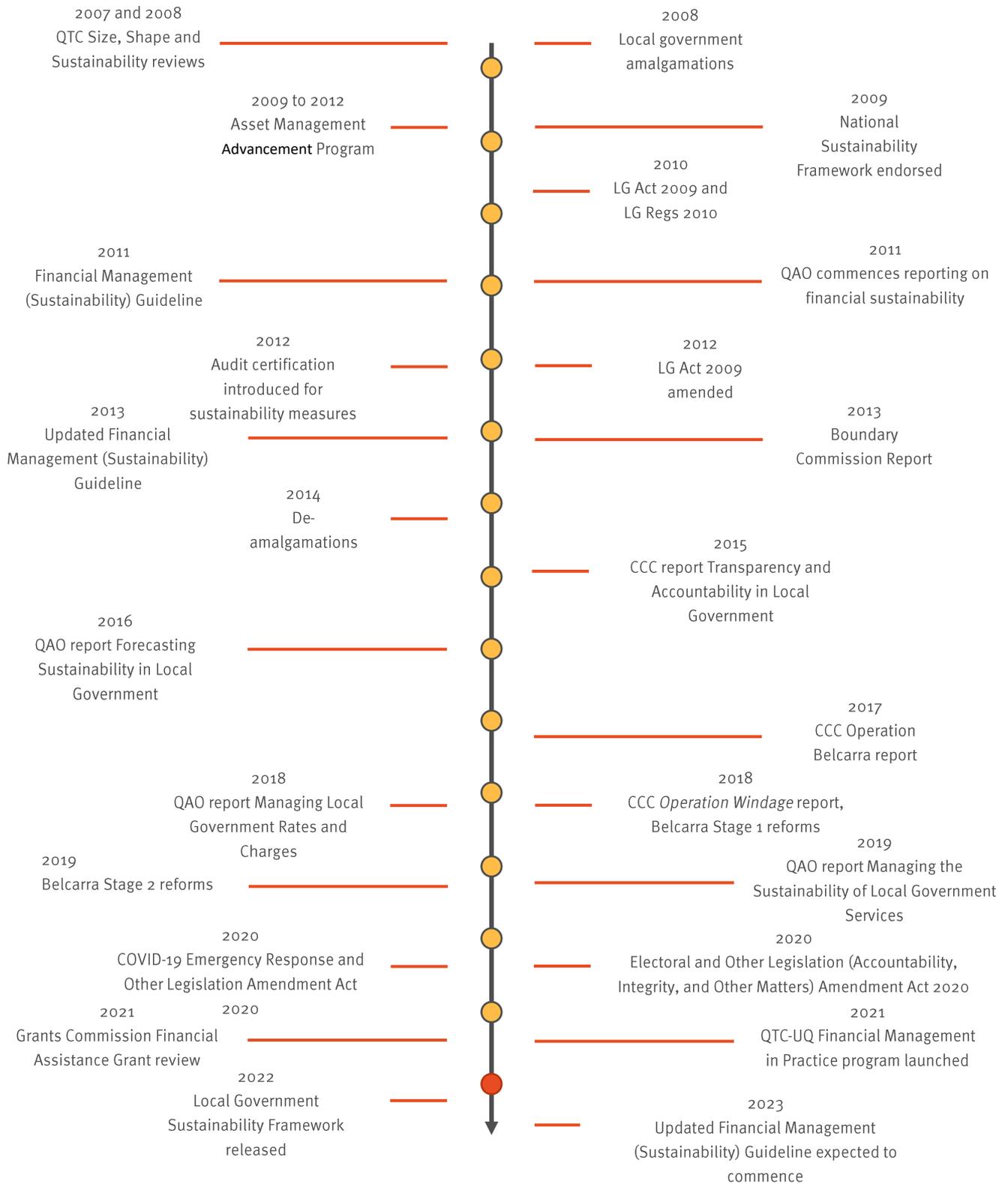
Queensland has one of the most diverse local government sectors in Australia, covering a large geographic area and comprising a multitude of regions, cultures, social factors, and economic drivers. Our councils provide vital economic and social services which facilitate and grow our communities.

The infographic below shows just some of the key facts about Queensland's councils.



History of Local Government Reform in Queensland

Queensland has undertaken various reforms over time to support and strengthen local government governance and sustainability. Some of these initiatives are outlined in the following timeline.



All states and territories endorsed a nationally consistent local government financial sustainability framework in 2007 and 2009. The framework provided:

- » criteria for assessing financial sustainability of local councils
- » a toolkit to develop asset planning and management; and
- » better practice financial planning and reporting guides.

Since then, Queensland has worked to incorporate and refine the elements of these frameworks into the State’s regulatory environment in a way which recognises the needs and diversity of our local government sector and supports councils to improve the liveability and prosperity of their communities.

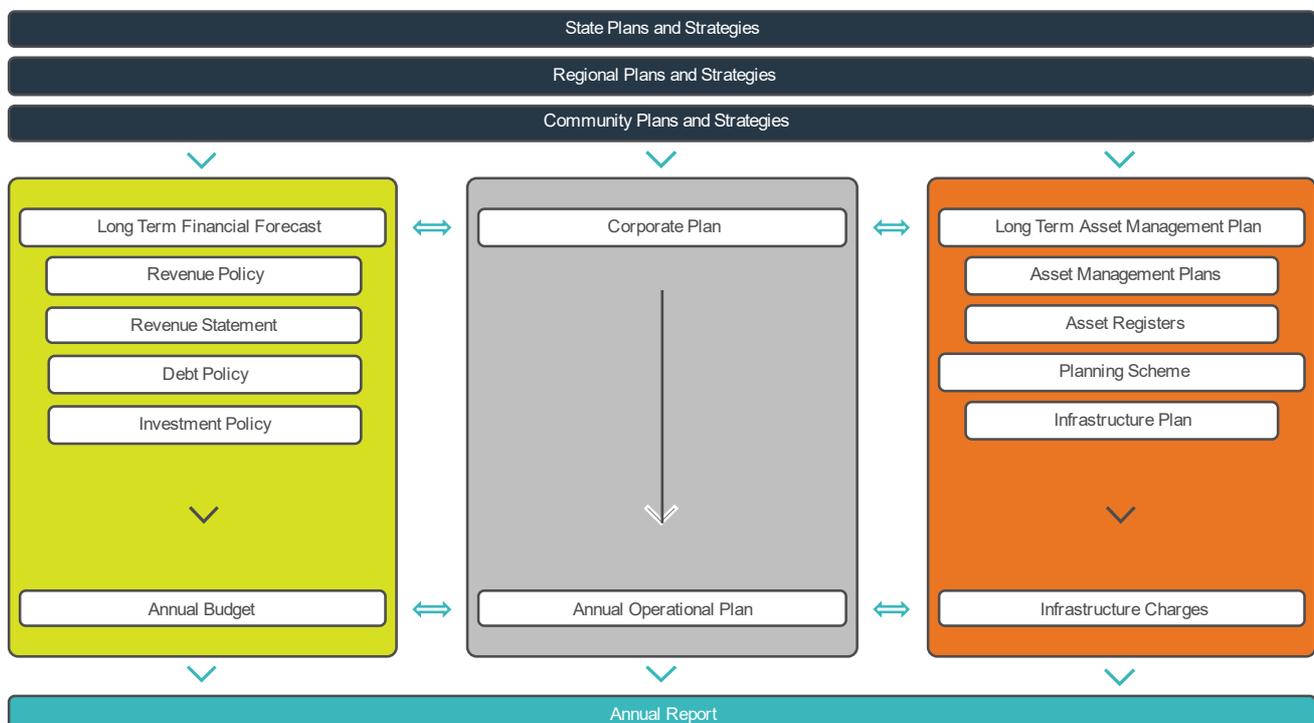
At the same time, the State has responded to major reports on council governance and financial sustainability published by the QAO, CCC, and other stakeholders through regulatory changes, capability, and other support programs, as well as undertaking structural reforms where necessary.

The State will continue to monitor and respond to the needs of councils into the future, and this Local Government Sustainability Framework will form the foundation for further policy and tailored support for the sector.

Local Government Sustainability and Reporting Framework

Queensland’s councils operate within an integrated sustainability planning and reporting framework, with several linked strategic documents forming the basis for successful and sustainable management of a local government in the long term.

A summary of the legislative sustainability and reporting framework is below.



Key Sustainability and Reporting Documents

Each of these strategic and operational documents plays a critical role in a council's short- and long-term sustainability, as summarised below.

Community Plans and Strategies – provide the council's overarching direction and inform long-term planning on behalf of the community.

Long-Term Financial Forecast – a 10+ year forecast and supporting information, which outlines long-term financial direction and links to the council's other long-term plans.

Financial Policies – these provide the principals under which councils addresses financial matters (e.g. Rating, borrowings)

Annual Budget – this represents the first year of the long-term forecast, outlines council's projected revenue and spending plans, and integrated to other annual documents.

Corporate Plan – a 5+ year plan outlining council's strategic direction, objectives and performance indicators and links to the council's other long-term plans.

Operational Plan – this outlines council's business plan for the year and how it will further the strategic corporate plan, and links to other annual documents.

Long-Term Asset Management Plan – a 10+ year strategic plan, supported by individual asset management plans and asset registers, which outlines a council's approach to sustainably managing its assets and infrastructure, and links the council's other long-term plans.

Planning Scheme – a strategic plan, possibly including an infrastructure plan, which outlines a council's approach to its long-term community development, is reviewed every 10 years, and links the council's Long-Term Asset Management Plan.

Infrastructure Charges – these are levied on developers to support a council's local infrastructure plan and are consistent with council's other annual documents.

Annual Report – prepared each financial year, this document contains a council's audited financial statements and reports on progress against its corporate and operational plans. It also includes a report on internal audit results, a summary of discretionary councillor spending, and other matters pertaining to council governance.

Queensland's Legislative Framework

The *Local Government Act 2009* and *City of Brisbane Act 2010* set out the accountability framework for local governments in Queensland. These Acts and their associated Regulations combined with other State and Commonwealth legislation establish council obligations and cover for example governance, financial accountability, environmental management, urban planning, and community consultation.

Local Government Principles

The two principal Acts are 'principles based' legislation and are founded on five local government principles. All principles are of equal importance.

These principles are:



All councillors must comply with the local government principles when making decisions for their communities. Councillors must ensure they effectively represent the overall public interest when making decisions for the benefit of the whole community.

Being broad in nature, the local government principles allow councils to develop processes and procedures well-adapted to their own unique and diverse circumstances.

Sustainability and Reporting

As noted above, councils are required to prepare and maintain a set of key strategic and operational documents to support their ongoing governance and sustainability. These requirements are set out in the *Local Government Act 2009*, *City of Brisbane Act 2010*, *Local Government Regulation 2012*, and *City of Brisbane Regulation 2012* and summarised in **Appendix A**.

Note: This summary is presented for informational purposes only and does not replace the need for council officers and elected officials of local governments to be familiar with the Acts and Regulations.



The Department's Role

Overview

The Department supports the sector in many ways, working with councils and stakeholders to facilitate sustainable, capable, and accountable local governments that in turn enable communities to thrive.



To achieve this, the Department uses the six primary levers at its disposal to influence the broader local government regulatory environment and support council elected officials and officers directly through various programs within those levers, as summarised below.

Departmental Levers



Policy

The Government, through the Department, sets the primary legislative framework for the sector through the local government Acts and Regulations and coordinates with other policy-making agencies to ensure alignment between these and other legislative regulation.

Policy is informed by submissions from the sector and key stakeholders, Government objectives, and monitoring and analysis undertaken by the Department. The aim is to create policy supporting the ongoing good governance and sustainability of councils for the benefit of their communities.



Monitoring

To support its administration of the relevant local government Acts and Regulations, the Department undertakes ongoing monitoring to gather intelligence about legislative compliance, funding and capability support needs, policy and advocacy opportunities, and the overall health of the sector.

Monitoring is undertaken through various short- and long-term channels, including councils and stakeholder engagement, data collection and analysis, representation at various sector bodies and events, community submissions, and media reports.





Funding

The Department develops and administers State and Commonwealth funding programs to support councils in delivering services and infrastructure to their communities. These programs include operational and capital grant programs, as well as local government borrowing and other financial facilities.

Funding programs are designed to address gaps between a council's financial capacity and desired council and community outcomes and support the achievement of Government objectives. Programs can be general or specific in nature, depending on relevant policy goals.



Capability

The Department also supports councils to meet their statutory responsibilities, with the goal of empowering council elected officials and officers to perform at the level sought by their communities and required by legislation.

Capability building programs take many forms, including online or face to face direct training or training facilitated by the Department, the establishment and facilitation of peer learning networks, and advisory services provided by Departmental officers or subject matter experts engaged by the Department.



Performance Response

The Department administers the local government Acts and Regulations to provide for the good governance of all councils. Where the Minister or Department consider a significant risk to the good governance a council exists, they have power to intervene as responsibility for council success ultimately rests with the State

Interventions are broad, ranging from non-regulatory support options such as ongoing monitoring, training, and advice, through to formal statutory interventions up to and including the dissolution of a council. The Department's preference is to empower local governments to improve their own self-governance where possible, and formally intervene only in urgent and significantly compelling cases.



Advocacy

As part of its role of facilitating sustainable, capable, and accountable local governments that enable thriving local communities, the Department engages with stakeholders across and outside government at all levels to represent the interests of the Queensland local government sector.

The Department is a representative on relevant State and Commonwealth bodies and works to build and enhance relationships with key stakeholders outside government. Through these relationships, the Department influences policy and program development, shares knowledge and best practice, advocates for funding, and communicates the successes and challenges of Queensland's councils.

A chart summarising the Department's sustainability principles, elements and levers is in **Appendix B**.

Other Key Stakeholders

The Department works closely with a range of stakeholders to enhance and support the success of councils, leveraging their perspectives and expertise to deliver positive outcomes for Queenslanders.

Communities

Local government is the closest level of government to the community, and its representatives are drawn from its ranks. In addition to working closely with councils themselves, the Department also consults with the community itself about changes to policies and programs that affect local government.

Councils

Councils play a central role in community governance as a local decision-making and service delivery agent. Councillors are elected to represent their constituents and oversee the good rule and government of their local area.

The Department is responsible for administering and supporting the Queensland local government sector and works closely the councils to empower them to deliver positive outcomes for their communities. As mentioned above, this is achieved through the six key levers of policy, monitoring, funding, capability, governance, and advocacy. The Department maintains a regional network of officers across the state to support its work and provide an on-the ground contact point for council officers and elected officials.

Queensland Audit Office

The QAO, led by the Auditor-General, is tasked with auditing local government annual financial statements and publishing their opinions about the reliability of these statements through councils' annual reports. These opinions, along with an assessment of the overall financial sustainability of the sector, are summarised and published by the QAO each year.

Additionally, the QAO also undertakes performance audits to examine the efficiency, effectiveness and legislative compliance of councils and identify opportunities for them to improve performance and service delivery.

Queensland Treasury Corporation

As the Queensland Government's central financing authority, Queensland Treasury Corporation (QTC) manages the State's borrowing program in the global financial markets and provides financial services to all government entities in Queensland. QTC works closely with the Department to provide financial resources and services to councils and deliver sustainable and cost-effective borrowings for the local government sector.

QTC also undertakes credit reviews of councils holding or seeking borrowings and provides recommendations to the Department about the ongoing creditworthiness of Queensland's councils.



Office of the Independent Assessor

The OIA, led by the Independent Assessor, undertakes the initial assessment of all complaints about councillor conduct in Queensland. It investigates misconduct complaints against local government mayors and councillors and, where appropriate, prosecutes those complaints in the Councillor Conduct Tribunal.

The Independent Assessor reports directly to the Minister for Local Government and ensures the councillor complaint process remains transparent and accountable.

Electoral Commission of Queensland

The ECQ, led by the Electoral Commissioner, is the independent statutory authority that is responsible for the conduct of local government elections in Queensland. It also reviews local government electoral boundaries and regulates and promotes compliance with electoral funding and disclosure requirements.

The Department works with the ECQ to establish and administer the local government electoral system through the *Local Government Electoral Act 2011* and supports the Commission by offering training sessions to intending councillors prior to nominating for election.

Other State Government Agencies

Other State Government departments and statutory authorities provide support to councils through various policies and programs and administer other Acts and Regulations that affect the local government regulatory framework.

The Department coordinates with these agencies to represent the interests of the sector, ensure alignment between legislation and policies, and provide specialist expertise on Queensland local government to support the delivery of programs for the benefit of our communities.

Local Government Association of Queensland

The LGAQ is the peak body for local government in Queensland. It is a not-for-profit association set up solely to advise, support, and represent councils, enabling them to improve their operations and strengthen relationships with their communities.

The Department consults closely with the LGAQ on matters affecting Queensland councils and works together with them to strengthen the ability and performance of local government to better serve their community through the Partners in Government Agreement.

Other Relevant Peak Bodies

The Department also engages with other peak bodies in the local government sector to seek input on policies and programs and support the delivery of government initiatives and objectives. These bodies include Local Government Managers Australia (Queensland), Local Government Finance Professionals, and the Institute of Public Works Engineers Australasia.



Part B: Sustainability

Definition

There are many definitions of local government sustainability that have been developed over time by various jurisdictions and stakeholders. The Department's definition of sustainability is suitable to the Queensland context, recognises the various drivers of council success, and guides future support to the sector.

Principles

Local Government Act Definition

The *Local Government Act 2009* provides the following definition of financial sustainability:

A local government is **financially sustainable** if the local government is able to maintain its financial capital and infrastructure capital over the long-term.

For both financial capital and infrastructure capital, the emphasis is on maintaining the service capacity of the council in the long-term. There is a direct link between the prudent and strategic management of community infrastructure and financial assets, and the ongoing financial viability of a local government.

Although an individual councillor or council officer may only serve their council for a limited time, they should take the short- and long-term impacts of their choices into consideration of every decision they make. The Department provides an oversight role for councils, but ultimately it is up to individual local governments to make decisions in the best interests of their community now and into the future.

A Holistic Approach

Although the above definition provides a basis for the responsible management of community funds and assets, it does not include other factors which influence council success and sustainability.

Non-financial elements such as governance and integrity can significantly impact a local government's ability to represent and deliver for their community in a way that maintains public confidence.

At the same time, there are factors largely beyond a council's control which can have a material effect on its short- and long-term sustainability, such as natural disasters. These influences can only be managed, not controlled, so as to minimise risks to the community and council's ongoing service delivery.

The Department recognises the important influence of non-financial factors on council success and for this reason has incorporated these key drivers into this Framework. It ensures an integrated and more holistic approach to monitoring, measuring, and managing council sustainability.



Service Delivery

Councils provide a multitude of services to their communities, using a variety of operating methods and delivery approaches, operating in a range of different local environments. The efficiency and effectiveness of these services is directly impacted by how well a council manages the fundamental elements of its own sustainability, which is why it is not included as a specific element below.

Due to the breadth of services provided by the sector and the many different operating models employed by councils to deliver them, the Framework does not set service level standards for local governments.

Individual councils can and should establish efficiency and effectiveness performance indicators for the services they deliver, taking into account local factors and constraints as well as council's specific organisational and delivery model.

Elements of Sustainability

Using the principles explained above, the Department has distilled the financial and non-financial factors influencing local government sustainability into five key elements - Operating Environment, Finances, Assets, Governance, and Compliance, as outlined further below.



Operating Environment

Impact of the external environment on councils and their capacity to respond effectively.

Outcomes

- » Councils are aware of their operating environments and respond appropriately
- » Local communities are supported socially and economically by their councils
- » Councils are resilient and equipped to respond to natural disasters

A council's operating environment represents those factors primarily outside its control but still affecting its ability to operate. This includes factors like remoteness, demographics and socio-economic characteristics, industry composition, as well as an area's exposure to natural disaster events. While councils cannot control these factors, their ability to respond to and/or influence them can affect their long-term sustainability.

The outcomes sought for this element reflect the everyday reality for councils in Queensland, where communities adapt to local circumstances and manage risks as best as they can. An understanding of these external factors can assist councils to develop risk mitigation and management strategies and seek innovative solutions to support their local communities.

Finances

Performance of councils in managing their finances over the long-term.

Outcomes

- » Service levels are maintained at appropriate levels over time
- » Services are delivered efficiently and effectively
- » Councils operate within their means
- » Appropriate levels of debt are maintained relative to council's servicing capacity

Councils that cannot afford to deliver the necessary levels of service to their communities over the longer term are not sustainable. For all councils, regardless of size, this requires operating within their means and managing resources efficiently and effectively to minimise the need for external financial support, to the extent possible.

The outcomes sought for this element reflect the legislative expectation that councils manage their finances prudently and avoid making decisions which negatively impact financial sustainability especially in the longer term. Council elected officials and officers should ensure they understand the long-term effects of financial decisions in addition to short-term impacts.

Assets

Performance of councils in managing assets over the long term.

Outcomes

- » Assets are well managed and maintained
- » Capital expenditure is adequately funded when it falls due
- » Projects are appropriately prioritised and costed
- » Councils are planning for future community needs

Service delivery is closely aligned with how well a council manages its assets, including critical water and waste infrastructure, road networks, community amenities, and airports. Poor asset management impacts the quality and reliability of community services, increased costs to councils and ratepayers and compromises long-term sustainability.

The outcomes sought for this element reflect the need for councils to plan and make decisions for the long-term. A thorough understanding of community asset conditions, whole-of-life maintenance and renewal costs, and achievable service levels and capital expenditure given financial and other constraints is required by council officials to better inform their decision-making and conversations with their local communities.



Governance

Performance of councils in understanding and managing risks and embedding effective governance practices.

Outcomes

- » Decisions are made responsibly and in accordance with legislative governance framework
- » Core business risks are identified and managed
- » Suitably qualified staff are employed and retained
- » Community is satisfied with council performance

Councillors and council staff are expected to make decisions in the best interests of the community and manage risks to ensure council success. Effective governance and decision-making reduce the potential for adverse impacts on community service delivery and confidence from failures of planning, integrity, and transparency. Councils with effective governance practices are better placed to make informed decisions that consider the long-term risks and long-term affordability.

The outcomes sought for this element reflect the Local Government Principles and the requirement for council decision-makers to exercise the highest standards when fulfilling responsibilities. Elected officials and officers must familiarise themselves with their obligations, and nurture a council culture which values integrity, accountability, transparency, appropriate risk management, and a focus on the community interest.

Compliance

Performance of councils in meeting legislative requirements.

Outcomes

- » Financial accountability and corporate planning documents are prepared on time and to a high standard
- » Council complies with all State and Commonwealth statutory requirements
- » Documents are publicly available as required by regulation
- » Grant funded projects are delivered on time and within budget

It is imperative that councils are effective managers of their regulatory obligations. Councils without the organisational behaviours and systems in place to consistently meet their regulatory requirements in a timely and effective manner attract financial and other statutory penalties, which can compromise their ongoing sustainability.

The outcomes sought for this element reflect the statutory requirements for councils to comply with regulatory frameworks applicable to them. Elected officials and officers must familiarise themselves with the relevant Acts and Regulations and put in place systems to ensure proactive compliance and management of risks.



Measurement

Local government sustainability is a broad concept, with many elements influencing council outcomes in different ways depending on local circumstances.

No measurement system will be able to provide complete assurance of a specific council's sustainability, particularly in a rapidly changing environment, however an analysis of key indicators over time provide evidence of whether or not desired outcomes are being achieved.

Indicators can be either quantitative or qualitative. Quantitative measures are more objective in nature and are easier to measure, while qualitative measures are less easily defined but provide necessary context which may not be captured by numbers.

Principles

Based on the 2007 National Framework *Criteria for Assessing Financial Sustainability*, the Department has established a set of principles for the development of sustainability indicators.

Relevance	» Indicators chosen should measure factors which define sustainability.
Reliability	» indicators should be based on information that is readily available and reliable.
Measurability	» Indicators should be based on information that is quantifiable and as objective as possible.

Differentiation

Queensland has one of the most diverse local government sectors in Australia, covering a large geographic area. Across the state, individual councils face a unique set of financial, service delivery and community need circumstances and are impacted by a wide range of social and economic factors.

The Department acknowledges the diversity across the sector and recognises there is little benefit gained from comparing disparate councils given their vastly different operating environments. As a result, the Department has allocated each of Queensland's 77 councils to a small number of groups to allow for like-for-like comparisons between councils with similar characteristics for sustainability reporting purposes.

Grouping councils allows fit-for-purpose measures and/or benchmarks for each council group, increasing the relevance of the information communicated to stakeholders and enabling the department to identify and provide more targeted support where required. This approach does not supersede existing classifications of councils for other statutory and program purposes.



Various alternative approaches for grouping councils were considered and analysed for correlation across key performance metrics with support from the sector and stakeholders, with the final methodology resulting in eight “Tiers” of councils based on a combination of population figures and remoteness classifications by the Australian Bureau of Statistics.

These two factors were found to have the greatest influence on council sustainability as they are key drivers of the types of services provided, as well as a council’s ability to fund the delivery of these services to their community. For example, remote councils with small populations often provide services as the provider of last resort such as aged care and childcare.

Grouping councils according to population and remoteness is also considered the most stable and reliable method compared with other potential approaches due to the limited variation in these two factors over time for the vast majority of councils.

Council Narrative

Without context, most performance measures will have little meaning, reducing their effectiveness and council accountability in addition to creating confusion for stakeholders.

Commentary provided by the council allows elected officials and senior management the opportunity to offer necessary clarity about a local government’s performance, the drivers of the published results, and whether or not the council remains on track toward achieving its goals.

Comparison against other councils over time is one way to identify relative performance across a range of published measures, which can offer context to elected officials and other stakeholders about a council’s efficiency and effectiveness compared with its peers.

Elements

This section outlines examples of qualitative and quantitative measures which can be used to provide insights into varying aspects of a council’s sustainability. The categories and indicators listed here are not exhaustive and councils and the Department may choose to analyse other measures of success in forming a view on council performance depending on the issue under consideration.

Operating Environment

Indicators for this element strive to capture those drivers which are outside a council’s control, but which have the potential to affect local government sustainability over the short- and/or longer-term. They can also help councils understand the impact of various decisions on their local communities.

- » **Demographic** – population, birth rates, age structure, household size and composition
- » **Environmental** – climate, rainfall, pollution, disaster frequency and preparedness, water quality
- » **Economic** – unemployment, capital investment, median income, industry concentration
- » **Social** – home ownership, crime, literacy, education levels, cultural identity, disadvantage



Finances

Indicators for this element illustrate various aspects of a local government's financial performance and are usually lagging (after the fact) in nature. Council management and elected officials should use these measures to assess the financial impacts of proposed actions on their council's ongoing sustainability.

- » **Financial Capacity** – population growth, council-controlled revenue, grants reliance
- » **Operating Performance** – operating surplus, operating cash, revenue/expenditure growth
- » **Liquidity** – working capital, unrestricted cash expense cover
- » **Debt Servicing** – leverage, net financial liabilities, debt service coverage

Assets

Indicators for this element assess a council performance across various aspects of asset management, from initial project planning to delivery and ongoing maintenance. They can assist councils with understanding their asset base and making better investment decisions for their communities.

- » **Planning** – lifecycle costs, net present benefit/cost, asset management plan quality/links
- » **Investment** – renewal ratio, sustainability ratio, infrastructure backlog, service levels
- » **Consumption** – consumption ratio, occupancy/usage rate, maintenance/renewal rates
- » **Performance** – failure rates, overall equipment effectiveness, customer satisfaction

Governance

Indicators for this element provide insights into aspects of a council's risk management and leadership frameworks and can often be leading indicators of future sustainability challenges. Council leadership should monitor these areas to ensure the ongoing good governance of their community over time.

- » **Leadership** – meeting attendance, community satisfaction, contested executive and senior management decisions, policy suite
- » **Workforce** – employee/executive turnover, vacancy periods, employee satisfaction
- » **Audit** – committee meetings, internal audit planning, identified control risks, aged risks
- » **Complaints and Media** – conduct complaints, negative media, conduct register publication



Compliance

Indicators for this element assess a council's ability to meet its prescribed statutory requirements and avoid potential risks and penalties for non-compliance. They can assist with monitoring deadlines, improving transparency and accountability, and retaining the confidence of their communities.

- » **Information** – notice periods, website publication timeliness, community engagement, policy suite
- » **Meetings** – transparency, impartiality, decision legality, procedure adherence, public disclosures
- » **Funding** – reporting timeliness/quality, funding variations, projects on time/budget
- » **Declarations** – registers of interests, conflicts of interest

Other Measures

Councils often include other performance indicators in their internal and/or external reporting framework to meet other regulatory requirements or highlight areas of particular importance for their communities. Where these measures are included, councils should strive to ensure the meaning and results are clear to stakeholders and align with the council's short- and longer-term objectives.

Note: Under the *Local Government Act 2009* and *City of Brisbane Act 2010*, the Department is required to establish a set of relevant measures of financial sustainability for the purposes of council annual financial planning and reporting.

The guideline containing these measures has been developed based on the principles established in the Sustainability Framework and is published separately as the *Financial Management (Sustainability) Guideline*. Please refer to the Department's website for more information.



Application

Overview

Council sustainability is a complex issue. Although a council may succeed in one or more elements of sustainability, it may struggle in others. Further, sustainability is not a “set-and-forget” issue where challenges can be “fixed” once and for all, with many issues councils face requiring constant monitoring and maintenance to ensure ongoing success and stability.

This Framework forms the basis for how the Department will engage with the sector and its stakeholders to support council sustainability, as illustrated in the diagram below:



A more detailed chart summarising the relationship between the various local government sustainability principles, elements, and levers outlined in this Framework can be found in **Appendix B**.

The Department will work with councils and other sector stakeholders to monitor council sustainability, and use the intelligence gathered from these and other sources to inform policy, funding, capability, and other responses to support individual councils, groups of councils, and the sector at large, delivered through the Department or in combination with other stakeholders.

See the **Examples** section overleaf for hypothetical applications of the Framework to potential local government sustainability issues.

Over time, the Department will seek to embed the principles and language underpinning the Framework into all facets of the State’s engagement with the sector, providing a common language for monitoring, measuring, and responding to council sustainability challenges.

Examples

The following examples illustrate how the Framework can be used by councils and the Department to identify and address short- and longer-term sustainability issues facing the sector in a structured, considered, and collaborative way.

Example 1: Financial Distress

The Department notes from a regular service meeting with Council A (**Monitoring**) that the council is experiencing cashflow problems and is forecasting difficulties fulfilling its future expenditure obligations if the current trend continues (**Finances**). Further investigation reveals a history of cost overruns and poor project oversight (**Assets, Governance**).

Working closely with Council A's elected leaders and CEO, the Department quickly establishes a temporary working capital facility for the council to ease the immediate pressure on its finances (**Funding**). The Department also appoints an advisor (**Performance Response**) to support and train the council's leadership to establish appropriate controls over project planning and delivery and identify and minimise future sustainability risks (**Capability**).

The Department continues to monitor the situation over the coming months to ensure Council A's challenges are resolved and that service delivery to the community can continue without interruption, eventually winding down the working capital facility and advisor appointment on the council's achievement of performance milestones agreed with the council's leadership as they are fulfilled.

Example 2: Asset Management

A regional group of councils have reached out to the Department to discuss common challenges they are experiencing in fulfilling their regulatory asset management functions (**Assets, Compliance**), including the regular condition assessment of community assets, future demand and maintenance forecasting, and preparation and updating of asset management plans (**Governance**).

The Department convenes a meeting with the councils and relevant stakeholders with expertise in this area (**Advocacy**) to discuss the issues, identify best practices, and develop a plan to build the council's asset management capacity – including grant funding for a regional uplift project (**Funding**), and the development of templates and training for council officers and elected officials (**Capability**).

Following the project, the Department continues to work closely with the councils to monitor and support the implementation of the agreed program (**Monitoring**) and works with the sector and relevant stakeholders to update existing policy guidelines to provide better clarity to councils about regulatory obligations for asset management functions (**Policy**).



Glossary

Reference	Meaning
CCC	Crime and Corruption Commission
Commonwealth	Australian Government
Department	The Department of State Development, Infrastructure, Local Government and Planning
ECQ	Electoral Commission of Queensland
LG Act	Local Government Act 2009 and City of Brisbane Act 2010 (for Brisbane City Council)
LG Regulation	Local Government Regulation 2012 and City of Brisbane Regulation 2012 (for Brisbane City Council)
LGAQ	Local Government Association of Queensland
Minister	Minister for Local Government
OIA	Office of the Independent Assessor
QAO	Queensland Audit Office
QTC	Queensland Treasury Corporation
State	Queensland Government
UQ	University of Queensland



Additional Resources

This page provides links to additional resources and stakeholders to support users of the Local Government Sustainability Framework.

Legislation

- » [Local Government Act 2009](#)
 - [Local Government Regulation 2012](#)
- » [Local Government Electoral Act 2011](#)
 - [Local Government Electoral Regulation 2023](#)
- » [City of Brisbane Act 2010](#)
 - [City of Brisbane Regulation 2012](#)
- » [Statutory Bodies Financial Arrangements Act 1982](#)
 - [Statutory Bodies Financial Arrangements Regulation 2019](#)
- » [Planning Act 2016](#)
 - [Planning Regulation 2017](#)

Stakeholder Websites

Queensland Government

- » [Department of State Development, Infrastructure, Local Government and Planning](#)
- » [Queensland Audit Office](#)
- » [Queensland Treasury Corporation](#)
- » [Office of the Independent Assessor](#)
- » [Electoral Commission of Queensland](#)

Peak Bodies

- » [Local Government Association of Queensland](#)
- » [Local Government Managers Association \(Queensland\)](#)
- » [Local Government Financial Professionals](#)
- » [Institute of Public Works Engineers Australasia](#)

Key Documents

- » [Financial Management \(Sustainability\) Guideline](#)



Appendix A – Sustainability and Reporting Requirements Summary

The key sustainability requirements contained in the Local Government Act 2009 (LGA09), City of Brisbane Act 2010 (COBA), Local Government Regulation 2012 (LGR12) and the City of Brisbane Regulation 2012 (COBR) have been summarised below, under the following categories:

- » Financial Sustainability
- » Financial Management System
- » Financial Forecasts
- » Asset Management Plans
- » Budget Requirements
- » Internal Audit
- » Audit Committees
- » Audit Requirements
- » Annual Report Requirements
- » Community Financial Report Requirements
- » Statutory Interventions

This summarised information is presented for informational purposes only and is not intended to replace the need for officers of local governments to be familiar with the Acts and Regulations.

Category	Legislative Reference	Summary
Financial Sustainability	s104(2) LGA09 s103(2) COBA	Definition of ‘financially sustainable local government’
	s169(6) LGR12 s160(6) COBR	The nine measures of financial sustainability
Financial Management System	s104(1) LGA09 s103(1) COBA	Local governments must have a financial management system in place.
	s104(5) LGA09 s103(5) COBA	Required financial management system components
	s104(6) & (7) LGA09	Requirement for regular review and update of financial policies
Financial Forecasts	s171(1) LGR12 s163(1) COBR	Definition of ‘long-term financial forecast’
	s171(2) LGR12 s163(2) COBR	Requirement for annual review and update of long-term financial forecast
Asset Management Plans	s167 LGR12 s159 COBR	Requirement for long-term AMP to cover a period of at least 10 years
	s168 LGR12	Long-term AMP contents
	s169 LGR12	Budget requirements

Category	Legislative Reference	Summary
Budget Requirements	s160 COBR	
	s169(2)(a) LGR12 s160(2)(a) COBR	Must include long-term financial forecast in budget process
Internal Audit	s105(1) LGA09	Councils must establish an efficient and effective internal audit function
	s207 LGR12 s199 COBR	Internal audit provisions
Audit Committees	s105(2) LGA09	Each large local government must establish an audit committee
	s105(4) LGA09	Duties of audit committees
	s210 LGR12 s200 COBR	Audit committee composition
	s211 LGR12 s201 COBR	Audit committee meetings
Audit Requirements	s212(1) LGR12 s202(1) COBR	Provide current year financial sustainability statement to Auditor-General for auditing
	s212(2) LGR12 s202(2) COBR	Provide long-term financial sustainability statement to Auditor-General for information
	s212(5)(b) LGR12 s202(5)(b) COBR	Mayor and CEO to include (as part of the Management Certificate) their opinion as to whether current year and long-term financial sustainability statements have been accurately calculated
	s178(2) and (3) LGR12 s170(2) and (3) COBR	Long-term financial sustainability statement requirements
Annual Report Requirements	s176 LGR12 s175 COBR	Must prepare current year and long-term financial sustainability statements each financial year
	s178(1) and (3) LGR12 s170(1) and (3) COBR	Current year financial sustainability statement requirements
	s183(b) & (c) LGR12 s175(b) & (c) COBR	Must include current year and long-term financial sustainability statements in Annual Reports
Community Financial Report Requirements	s179(2)(c) and (3) LGR12 s171(2)(c) and (3) COBR	Include measures of sustainability in Community Financial Report
Statutory Interventions	s115 of LGA09	Provision for monitoring and evaluation of a council of councillor by the Department
	s117 of LGA09	Provision for appointment of an advisor to a council by the Department
	s118 of LGA09	Provision for appointment of a financial controlled to a council by the Department

Category	Legislative Reference	Summary
	s121 of LGAo9	Provision for the removal of an unsound decision of a council by the Minister
	s122 of LGAo9	Provision for the removal of a councillor by the Minister
	s123 of LGAo9	Provisions for suspension or dissolution of a council, and appointment of an administrator, by the Minister



Appendix B – Sustainability Framework Principles, Elements, and Levers



