

Inquiry into the sharing of government and community facilities

Circular 4

30 June 2009
No. SGCF 04

Inquiry update

Draft report release and requests for further submissions

The Victorian Competition and Efficiency Commission has released its draft report for the inquiry into the sharing of government and community facilities.

The release gives interested parties the opportunity to comment on the Commission's analysis and recommendations before presentation of the final report to Government by 15 September 2009.

The Commission welcomes further input and seeks to receive submissions by Wednesday 5 August 2009.

Submissions may comment on any of the issues and options covered in the draft report or relevant to the inquiry. In addition, the Commission has identified several specific areas where it requires further information. A detailed list of the areas where we are seeking further information can be found in the overview of the report. In the light of submissions received, the Commission will consult further with interested parties.

A limited number of additional copies of the draft report are available from the Commission or it can be accessed on the Commission's website (see contact details).

How to make a submission

The Commission encourages everyone with an interest in the issues under consideration in this inquiry to make a submission, either on their own behalf or on behalf of an organisation which they represent. If you need any help with your submission, please contact the Commission and we will do our best to help.

It is most useful if your submission contains relevant facts, figures and data, examples, and documents to support your views but less developed submissions are also welcome.

The Commission develops policies in the light of the *Charter of Human Rights and Responsibilities Act 2006* which recognises that human rights are essential in a democratic and inclusive society. It welcomes submissions that draw attention to the human rights implications of issues raised in the inquiry.

A submission can be in written, electronic or audio form. We aim to publish submissions on our website and to assist this, we prefer electronic versions of written submissions (by email or on computer disk).

Written submissions should be posted to:

Shared Facilities Inquiry

Victorian Competition and Efficiency Commission

GPO Box 4379

Melbourne Victoria 3001

Submissions in electronic form, should be emailed to: sharedfacilities@vcec.vic.gov.au

The Commission strongly encourages lodgement of submissions by the due dates to enable careful attention to be given to the views expressed. If you anticipate that your submission may be late, it is helpful if you inform the Commission.

Publication of submissions

The Commission publishes on its website all written submissions it receives unless confidentiality is claimed or, in its discretion, the Commission considers that publication is not in the public interest. This could be because a submission may be defamatory or otherwise unlawful or reflect on an individual or organisation in a way the Commission considers an abuse of the process. Contact details will be removed from submissions before they are uploaded to the website.

Materials submitted as confidential must be clearly marked 'CONFIDENTIAL', either in part or in full and, if possible, with an explanation of the reason for claiming confidentiality. Confidential material will be read only by Commissioners and Commission staff and will not be referred to in the Commission's report. You should be aware that the Commission's documents, including the submissions it receives, are subject to the *Freedom of Information Act 1982*.

Submissions already received

To date, the Commission has received 60 submissions to this inquiry. These submissions (and others as they are received) are available on the Commission's website, where they may be viewed or downloaded.

Unless marked 'in confidence' or there are other timing issues involved, your submission will be posted on the Commission's website as soon as it is processed.

Further information

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This circular and subsequent updates will be made available on our website: www.vcec.vic.gov.au.

Further information on the Commission and all current and completed inquiries can be obtained from the Commission's website: www.vcec.vic.gov.au.



Getting it Together:

An Inquiry into the Sharing of Government and Community Facilities

A draft report for further consultation and input

June 2009

Overview and Recommendations



Key messages

- Despite the information on sharing of facilities being patchy and incomplete, it is clear there is already extensive sharing of government and community facilities in Victoria, ranging from occasional use of existing facilities to ongoing arrangements to use new purpose built facilities. Two surveys conducted by the Commission have added to this information but significant gaps remain.
- Shared facilities generally bring benefits; including improving service delivery and expanding the scope of services (especially in interactions between service providers), encouraging social connectedness within communities, facilitating access to and participation in activities (particularly among disadvantaged groups), improving efficiency (especially in maintenance costs) and better use of land. The mix of benefits varied across the range of shared facilities.
- But there are also costs to sharing and sharing may not suit all groups or types of activities. Moreover, sharing is not an end in itself, but a means to better outcomes.
- While sharing agreements vary widely, successful arrangements are characterised by appropriate resourcing, governance and institutional arrangements, committed leadership, early planning, active management and community involvement.
- Many sharing arrangements have developed from the grass roots level and have not required explicit planning or government intervention. The individuals involved have decided that the benefits of sharing outweigh the costs.
- Overall, the Commission considers that in many areas gains can be achieved from increasing the sharing of government and community facilities in Victoria, building in particular on the experience of those involved in sharing in the past, including in schools. Some modest increased participation by the private sector could be part of this.
- There are four types of actions governments can take to increase the number and prospects of success of shared facilities.
 - Reducing the burden of administration and regulations, rules and obligations that affect shared facilities — for example, by providing template agreements, portals, fit-for-purpose governance standards and booking facilities.
 - Providing better support for community groups in forming and managing shared facilities — for example, greater access to facilitation, brokering and mentoring, and building a store of lessons learned to facilitate continuous learning and improvement.
 - Improving the flexibility and efficiency of government resources used to support shared facilities.
 - Improving the process for identifying sharing opportunities.

Overview

Victorians have been 'getting it together' through shared facilities for over a century. The many mechanics institute halls spread throughout the state and the history of many sporting clubs and community groups are testaments to the community building and self help contributions of many groups and leaders. There may be as many as 15 000 to 20 000 shared facilities in Victoria.

Government policies and funding have contributed to the sharing of facilities for some time. But what has been the outcome, and what are the costs and benefits? What approach should the government take, and how should it focus efforts to increase the scope and benefits of sharing? How can it support good outcomes and build on local knowledge and enthusiasm? To what extent is sharing facilities a means to achieving better delivery of services, rather than an end in itself?

Box 1 **Collingwood Neighbourhood Justice Centre**

The Collingwood Neighbourhood Justice Centre (NJC) is a local Magistrates' Court with a difference. The NJC has attempted to redefine the way a court engages with the community. It has, on average, 97 bookings per month for use of its rooms and facilities by people and groups from the community. The NJC has held launches, Annual General Meetings, a community market, indigenous events, provided space for arts projects, and a venue for a local choir.

Further discussion of the Collingwood NJC is provided in appendix C as a case study.

Source: sub. 57, pp. 2-4.

This inquiry commissioned by the Victorian Government seeks to explore these issues. This draft report presents preliminary analysis and recommendations for community feedback before a final report goes to Government in September 2009.

A wide variety of sharing

Examples of shared facilities abound in Victoria, and there is much diversity in scale, purpose and complexity. There is no single definition of what is a 'shared facility'. Many participants commented on the nature of shared facilities and how the term should be defined. In light of the comments received the Commission has developed a definition of shared facilities for the purpose of this inquiry (box 2).

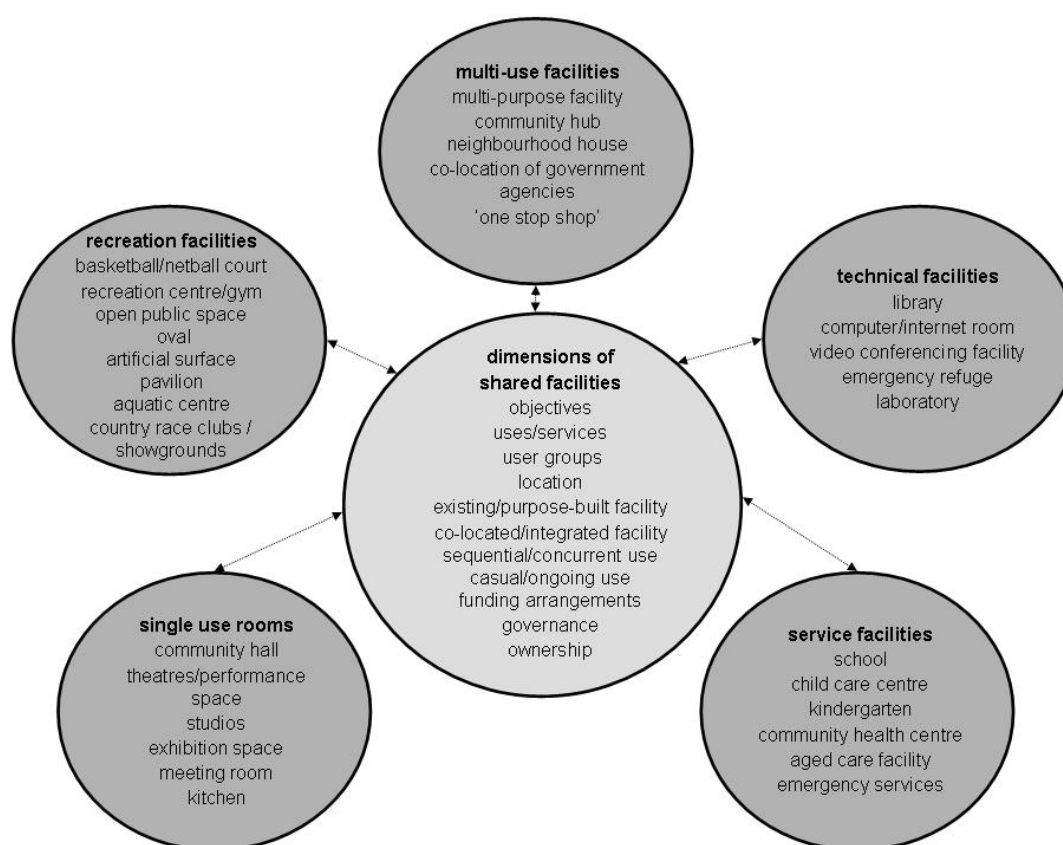
Box 2 A Definition of Shared Facilities

Based on feedback from participants, the Commission has defined shared facilities as:

A physical asset that is (1) owned, funded, or leased by government or the community (2) used by more than one group (3) for a range of activities that share buildings, rooms or open spaces at the same time (concurrently) or at different times (sequentially).

The Commission has classified the types of shared facilities as multi-use facilities, recreation facilities, service facilities, single-use rooms and technical facilities. The diversity of potential shared facilities and their dimensions is illustrated in figure 1.

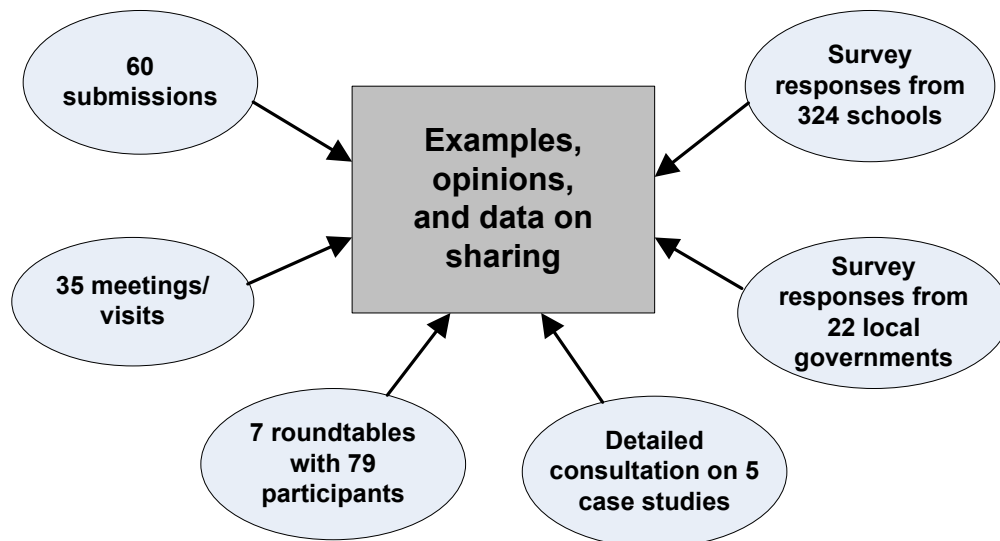
Figure 1 Typology of shared facilities and dimensions



Although the Commission has gathered many examples of shared facilities, the information and data available is patchy and incomplete. Submissions, visits and roundtables were supplemented by surveys of schools and local governments. The inquiry process and information sources are summarised in figure 2. It was clear during the inquiry that there was a great deal of consistency in the views

raised by participants and insights from the examples of shared facilities presented to the Commission.

Figure 2 **Conduct of the Inquiry**



The Commission discovered, amongst other things, that:

- Local councils are the main providers of community facilities with up to 500 facilities in some council areas for use by the community.
- Of the 1577 Victorian government schools, as many as two-thirds might share their facilities in some way.
- Victoria's 12 000 crown land reserves and public land (such as state and national parks) often have public facilities, managed by around 7000 committees of management or Parks Victoria.
- Over 500 mechanics institutes remain in Victoria, mostly as community halls (sub. 17, p. 1).
- Much sharing is undertaken informally without complex agreements or being organised through official channels.
- Many community groups, independent from government, make their facilities available for sharing. For example, in Cardinia Shire, 49 out of 105 community groups make their facilities available to other users (sub. 42, p. 6).

Local governments and schools feature strongly

The extent of sharing of local government facilities is driven by the large number of community facilities they own and manage (box 3).

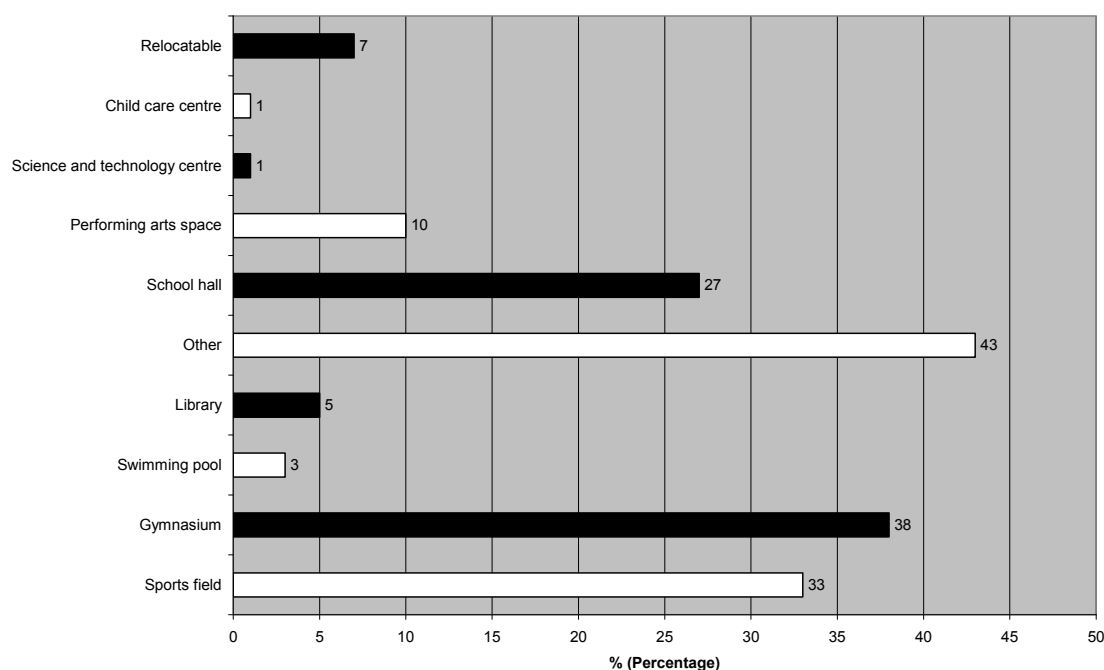
Box 3 Examples of a local government's shared facilities

City of Melbourne – Over 100 facilities and 560 hectares of open space.

- 3 libraries
- 8 council child care centres
- 3 neighbourhood houses
- Family & children's resource centre
- 4 senior service centres
- 4 aquatic facilities
- 10 sporting pavilions
- 7 rowing facilities
- A golf course
- 7 maternal & child health centres
- 3 multi-purpose facilities
- Town hall
- Multicultural community centre
- A 'range' of arts spaces
- 40 sports grounds
- 8 tennis facilities
- 2 lawn bowls centres
- 560 hectares of parks and gardens (sub. 29 pp. 1–2).

Sharing is common in Victorian schools. Extrapolating from the survey results, up to two thirds of schools may be sharing at least one facility. Most sharing is fairly simple, with limited use of Joint Use Agreements and almost half of all sharing takes place with only one type of organisation (figure 3).

Figure 3 Types of facilities shared at government schools^{a,b}



^a 'Other' includes permanent classrooms, grounds and playgrounds, multi-purpose rooms, specialist rooms such as arts, IT and music. ^b Total does not equal 100 per cent as schools may report sharing more than one type of facility.

Changing trends and opportunities

The use of shared facilities is occurring against a back drop of changing trends in Victoria:

- Population growth is creating new communities and opportunities to promote sharing.
- An ageing population and immigration is translating into new facility and service needs in many areas.
- More complex and sophisticated needs within communities are being driven by factors such as changing work patterns and increased sharing of work roles in the family (sub. 25, p. 2).
- Drought conditions in Victoria are affecting sports grounds in particular.
- Demographic influences and pressures to share facilities are evident in provincial areas. According to the Department of Education and Early Childhood Development (DEECD):

Rural communities... often have limited choice in terms of available infrastructure that can be shared due to population size and geographic location. Schools can be the only major government/community infrastructure in the area. (sub. 55, p. 16)

Survey results and submissions to the inquiry suggest opportunities for greater sharing to take place. In some cases there is unsatisfied demand for sharing, for example, sporting facilities. At the same time some assets may be under-utilised, for example, some schools.

Government policies relate to sharing

Many Victorian Government policies relate to the sharing of facilities. Policy objectives are variously:

- high-level and direct: for example, the government believes school facilities should be shared
- inferred: for example, the government encourages stronger communities
- indirect: for example, some government grants recognise sharing as a qualifying criteria.

And there are many sources of funding, with the primary provider of grants being the Department of Planning and Community Development (DPCD), which administers 70 grants. DEECD's funding for schools can provide for gymnasiums and other school facilities that can be used for sharing. The Department of Sustainability and Environment manages crown land, with various management arrangements over 7000 of these reserves.

The 79 local governments in Victoria are also crucial to the development and operation of shared facilities.

According to the *Victorian Local Government Act 1989*, Council must provide and maintain community infrastructure in the municipal district. Council is required to ensure that facilities provided by the Council are accessible and equitable. (sub. 35, p. 1)

And the Commonwealth Government provides funding through grant programs that can be used to develop shared facilities, for example through support for schools and local government grants.

While there are many sources of funding for shared facilities, and the benefits of sharing are often acknowledged, there is not much co-ordination of all this activity. Capital funding does not give systematic recognition of on-going costs. And there is little evidence of contingent funding or evaluation of the benefits of sharing. The aim should be to achieve the government's policy objectives in the most appropriate manner. Sharing should be used when it is the most appropriate policy response — sharing is a means to an end, it is not an end in itself.

Getting a handle on the benefits of sharing

The Commission's analysis suggests that effective sharing arrangements have potentially significant benefits for the community. Although the extent of these benefits is likely to vary across different sharing arrangements, they arise from: (1) enhanced service delivery and quality of services for individuals and communities; (2) more socially connected communities; (3) increased access and participation by individuals in a broader range of activities, and; (4) better use of government and community resources. But there are also additional costs arising from sharing arrangements, including higher transaction, management and operating costs, which may fall disproportionately on some groups.

The private sector and community groups have incentives to share facilities without government involvement and there are several areas in which this is currently occurring in Victoria. So there are good reasons to share and many groups and individuals are aware of them. However, there are several important reasons — notably spillover benefits and the non-market nature of many transactions — which means that private and community arrangements will not result in the optimal level of sharing.

There is accordingly scope for the government to support additional sharing opportunities, but only where this represents the best way of achieving its objectives. To do so, government needs to prioritise its focus on those areas where demand for community facilities is the strongest. It also needs to focus, at a practical level, on addressing the most significant barriers that prevent optimal

sharing arrangements from emerging, and building on those factors which underpin successful shared facilities.

In the absence of data to measure the benefits of sharing facilities, the Commission has relied on a priori reasoning validated against practical experience. There is a strong theoretical case for government intervention to support non-market arrangements and externalities associated with shared facilities. This theory is confirmed by a high degree of consistency in the evidence of participants, including those who meet the costs of facilities. Moreover, in the five case studies the Commission has assessed, the reported benefits met or exceeded expectations.

Nonetheless, government processes to support shared facilities are not costless. As far as possible, the Commission's draft recommendations seek to add to or use existing processes in order to achieve extra benefits at marginal cost.

Success factors and impediments

Participants offered many views — expressed in submissions and roundtable discussions — on the factors that contribute to successful shared facilities and the impediments to good outcomes. From this information, the Commission has drawn out the main factors that appear to contribute to successful sharing. In addition, a large number of possible impediments to good outcomes were also identified.

BOX 4 **Champion: Caroline Springs Partnership**

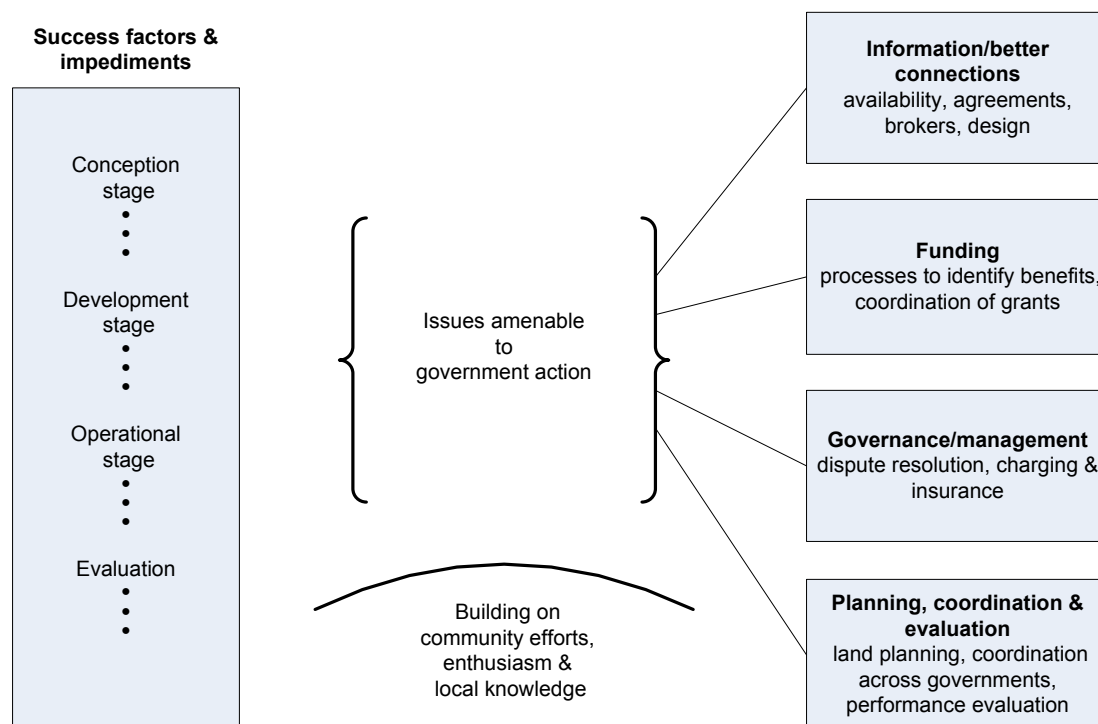
According to the Schools and Community Partnerships - Demonstration Project (SCPDP), a number of people interviewed mentioned the importance of getting third party endorsements for the vision of the partnership. In terms of endorsements, many organisations involved felt that having their local MP and other ministers support the initiative and say that it was worth giving a try had created momentum and given them some authorisation to approach departments. It had also given them a boost in confidence and helped them stay motivated. Throughout the life of the partnership, the vision was also propagated to the community through local media and professional groups through presentations at national and international forums. This had also helped keep up momentum and confidence.

Source: SCPDP, sub. 25, p. 10.

The Commission considered the most critical impediments or barriers to achieving successful shared facility arrangements. Guided by the terms of reference and its own research, the Commission has focused on barriers in the following areas that are amenable to government action:

- information about the demand for and supply of shared facilities (chapter 6), including information regarding:
 - availability of shared facilities
 - sharing agreements and brokers
 - facility design.
- funding processes for shared facilities (chapter 7) including:
 - government processes
 - coordination of funding streams.
- governance and management of shared facilities (chapter 8) including:
 - facility management
 - dispute resolution procedures
 - charging principles and insurance arrangements.
- planning, coordination and evaluation of shared facility projects (chapter 9) including:
 - planning processes
 - coordination across providers and government
 - performance evaluation.

Figure 4 **Focusing recommendations**



Source: VCEC.

In a number of instances, including planning and coordination, the Commission has formed tentative conclusions but seeks additional information to test them.

Better connection and better guidance

Better connections between what is wanted and what is available is a starting point for improving the benefits of shared facilities. Information can help identify sharing opportunities of which groups may have been unaware and help bridge the gap between available facilities and user groups looking to access facilities. There is already a lot of experience with sharing — spreading good practice and applying it broadly could help speed up the process of getting projects up and reducing transaction costs.

The sharing already taking place provided examples of good practices that can help inform future projects. However, the information is often not well disseminated. In some cases, such as schools, there is significant guidance and information available, but still some need for help. And in non-school cases the amount of information available is mixed and what is available is not collected nor is it easily accessible.

Box 5 Information accessibility

The lack of an accessible portal so that user groups could get information on what facilities are available was raised by the City of Monash:

There is no single portal (eg a register of all community facilities) in the local community where a community group can articulate a need for meeting space with their special requirements and then get access to such a space. (sub. 56, p. 2)

Source: City of Monash, sub. 56.

The Commission's recommendations aim to draw together the information on availability of facilities and best practices in setting up shared facilities in a more complete and readily accessible manner. In particular, the Commission's analysis and recommendations in chapter 6 aim to:

- reduce the burden of administration and regulations imposed on shared facilities — for example, by providing template agreements, portals, fit-for-purpose governance standards and booking facilities.
- providing modest support to strengthen selected success factors — for example, by greater access to facilitation, brokering and mentoring.

Focusing funding

Funding is crucial to the success of many shared facilities as such facilities are generally conceived and operated outside the market sector. The challenge is not

to simply respond by offering greater funding — although it is not surprising that there is much well-motivated demand for government funding to contribute towards shared government and community facilities. The challenge is to ensure the best use is made of existing funds and that they are allocated to those projects which maximise the benefits flowing to the Victorian community.

Box 6 Funding processes: Clayton Community Centre

While the Clayton Community Centre was generally considered to be a successful shared facility, MonashLink reported that the state government capital funding processes were inflexible and expensive — with onerous administrative requirements. In addition, the process was time consuming. In a strong ‘sellers’ property market, opportunities to purchase land could be lost.

According to MonashLink, the funding process for the Department of Human Services (DHS) allowed for limited input from the service provider (MonashLink).

The timing of state government grants and alignment with council capital programs was also an issue for MonashLink. Although MonashLink were keen to join the centre up-front, they were unable to do so until funding from DHS was guaranteed. This resulted in the centre design being changed four months after it had been finalised once funding was secured.

Source: appendix C.

Determining the best application of government resources is difficult. There is little information on best practice to guide reform. The Commission is not aware of any examples where other jurisdictions are doing this better than Victoria — so there is no 'pre-packaged' solution that Victoria can follow.

The government contributes resources to shared facilities in various forms. The Commission considered five issues that arise from funding arrangements: capital funding, grants funding, whole of life funding and cost shifting, service delivery and return on government assets.

The Commission's analysis of funding arrangements focuses on:

- funding of capital projects and the need to consider the social costs and benefits of capital projects in the decision making process.
- grants provided to third parties, especially approaches to lessening the hurdles of grant provision and increasing flexibility to assign grants to projects.
- whole of life funding and cost shifting, including the need to consider all funding sources and requirements throughout the life of a project.
- the opportunities for better service delivery through shared facilities and the subsequent impact on government resources.

- return on government assets, encompassing the allocation and use of existing assets and opportunities for improving the return from such assets.

The Commission's recommendations in chapter 7 focus on improving the efficiency of current funding initiatives, rather than recommending greater levels of funding for shared facilities at this time.

Good governance

Appropriate governance and commercial arrangements are required if shared facilities are to operate effectively and enjoy ongoing success. However, the governance and commercial arrangements that are appropriate depend on the type of facility and local circumstances, as poor or inappropriate governance and commercial arrangements can significantly reduce the success of shared facilities.

Governance relates to the framework of principles, structures, processes and accountabilities that enable an organisation to function effectively, conform with its legal and regulatory requirements, and meet community and stakeholder expectations of probity and openness. While there is wide agreement that governance arrangements are important, it is also agreed that there is no single model applicable to all situations.

There was, however, more agreement on the principles that lie behind good governance arrangements. DEECD has published guidance on good governance for shared facility partnerships (box 7).

Box 7 Principles of good governance

DEECD has identified eight principles of good governance for shared facility partnerships:

- (1) Transparency – decisions are based on clear criteria and are able to be scrutinised
- (2) Accountability – responsibilities are clearly allocated to each partner
- (3) Participation – each partner and other stakeholders should have input into the operation of the partnership and the facility
- (4) Consensus-oriented – there should be a shared understanding of the objectives and management of the partnership
- (5) Responsiveness – the partnership should be able to respond to new circumstances
- (6) Effectiveness and efficiency – the project should match the available resources and achieve the best possible result
- (7) Integrity and stewardship – the project must be delivered legally and ethically
- (8) Leadership – all partners are responsible for the leadership and delivery of the project.

Source: DEECD 2007, pp. 7–8.

The eight principles of good governance identified by DEECD provide a useful starting point for developing a broader framework for examining governance arrangements — however, the challenge for those on the ground is to turn these principles into working governance models suited to the complexities and challenges of shared facilities.

The Commission found that there is some guidance available on governance structures and arrangements for shared facilities – especially for educational facilities. However, other material is more difficult to find and less comprehensive. Hence there is value in DPCD preparing guidelines to facilitate good governance arrangements for community groups operating in shared facilities. Participation in mentoring programs would also be of value.

Commercial arrangements are also important. However, there is also little guidance on commercial arrangements and cost recovery principles for owners or users of shared facilities. The Commission has therefore recommended in chapter 8 the preparation of cost recovery principles to guide those in shared facilities.

To the extent that competitive neutrality may be an impediment to further sharing of government and community facilities, compliance with the pricing guidance suggested by the Commission is likely to reduce uncertainty so that:

- all groups are aware of the situations in which applying competitive neutrality principles is important
- competitive neutrality does not constrain sharing in situations in which charges below market rates are appropriate.

Finally, insurance issues were raised by a number of participants. However, there was little 'hard' evidence provided and the Commission seeks further information on the extent to which insurance costs have affected the ability of community organisations to use shared facilities and on the extent to which there is duplication of insurance coverage.

Long term opportunities: planning to increase sharing

As well as dealing with existing problems, ensuring that the benefits from sharing are maximised requires a long term perspective. The Commission has considered how to improve the capacity of the Victorian Government to identify and prepare for opportunities for shared facilities.

Box 8 Identifying opportunities

In discussing the Wendouree West development (see appendix C), the Principal of the Yuille Park P-8 Community College stated that:

... Wendouree would never have happened if it hadn't have been for two regional directors with a vision and cooperation ... [who] put aside departmental competition and were able to deliver this facility to their credit. (trans. 4 pp. 48–49)

Source: trans. 4, pp. 48–49.

The Commission's analysis in chapter 9 focuses on:

- The decision making processes used by different levels of government — the Commission considers that there is scope to build on existing initiatives to increase the likelihood that sharing arrangements are identified and, where they represent the best means of achieving the government objectives, developed.
- sharing information on the forward investment plans of different levels of government — the Commission has sought further information on how to improve co-ordination and consultation between the State and local governments in Victoria on service delivery and land use planning. But there is also scope for the Commonwealth Government to improve its funding processes in respect of shared facilities. The costs of extra processes need to be weighed against the extra benefits of sharing.
- evaluation and dissemination lessons learned — it is also important to evaluate the cost-effectiveness and performance of shared facilities. Such information would further assist the identification and development of effective sharing arrangements in the future.

Moving forward by building on success

There was widespread support and enthusiasm for the inquiry and participants thought the time was right for such an inquiry. Moreover, the Commission is conscious that the same enthusiasm and local knowledge has underpinned the creation and running of many community facilities over the years. Recommendations that simply sought to centralise decision making would run the risk of dampening that enthusiasm.

This is not to say to the Commission has not found scope to improve current Victorian arrangements. But the experience to date has given the Commission confidence that there is a solid basis upon which to build and there is no need to implement a radically new model.

Progress is best made in a step-wise manner through improving processes and information as experience grows. For example, it will take time to build a better

picture of the full costs and benefits of sharing facilities and incorporating this information into the process of assessing grant applications. The objective is to develop good processes to ensure good outcomes.

Victoria has wide experience with shared facilities and with the build up of knowledge, there is every reason to expect Victoria to be able to share its experience and good practices. Improving processes, information and guidance material would also help encourage sharing of facilities in Victoria.

The collection and publication of much of this information on a shared facilities portal administered by DPCD would be a valuable resource, not only for the Victorian community, but also to those interested in shared facilities in other states and the Commonwealth.

Draft recommendations and information requests

Chapter 6: Better connections: information, good practice, and better guidance

Draft recommendation 6.1

That to increase the benefits from existing shared facilities, the Victorian Government commence a two-year program, co-ordinated by the Department of Planning and Community Development, to build up a reasonably comprehensive picture of shared facilities. That within the next 12 months:

- The Department of Planning and Community Development, in consultation with the Municipal Association of Victoria, set up a program to identify existing best practice local government databases that facilitate public access to information on shared facilities and their availability, and offer an IT based solution to each local government.
- The Department of Education and Early Childhood Development, as part of its management of government schools, collect information on the level of sharing and facilities that are available for additional sharing to allow the contribution sharing makes to education to be maximised, and instruct schools to provide information on sharing to local governments on request.
- The Department of Sustainability and Environment in its management of crown land and associated facilities under Committees of Management, bring up to date the list of facilities and committees, and provide it to relevant local governments on request.

In addition, that:

- On request, other departments provide information to local governments about facilities that are shared and available for additional sharing. If necessary the relevant department should audit its facilities if this information is not available from other sources.
- The Department of Planning and Community Development collect information on other community facilities that are potentially available for sharing (conducting an audit to collect this information if needed) and provide that information to relevant local governments on request.

Draft recommendation 6.2

That to improve the success rate of new proposals for shared facilities, the Department of Planning and Community Development act as a catalyst for the selective use of brokers to facilitate sharing, including:

(1) within nine months, training a small number of its staff to be available on projects that would benefit from such support

(2) within 18 months providing information about brokers on a web-based shared facilities portal (recommendation 10.1). This information would include:

- information on the role of the broker, and how it differs depending on the complexity of the shared arrangements
- a checklist to identify under which circumstances a broker may be beneficial to the arrangements
- a set of questions for parties to ask potential brokers.

(3) For grants funding starting in 2010-11, independent brokers should be actively considered for projects over \$10 million that involve three or more stakeholder groups.

Draft recommendation 6.3

That the Department of Education and Early Childhood Development, starting in 2010, include in its reporting systems with schools an opportunity for school principals to indicate how the department can further support principals in sharing school and community facilities.

That the Department of Education and Early Childhood Development subsequently report back to principals on the issues raised and how it responded to those issues.

Draft recommendation 6.4

That to improve the effectiveness of non-school shared facilities, the Department of Planning and Community Development, in consultation with the Municipal Association of Victoria, develop and disseminate within 12 months shared agreement templates for non-school facilities, in the form of:

- templates for simpler hire or licence agreements
- guidelines for creating joint use agreements for more complex arrangements.

Templates and guidelines would draw on the experience from the Department of Education and Early Childhood Development, and also seek an appropriate balance of responsibilities between parties.

Draft recommendation 6.5

That to lessen delays in preparing new shared facilities involving schools, that the Department of Education and Early Childhood Development commit to a target period of time of six months for the completion of joint use agreements involving government schools. The Department of Education and Early Childhood Development would give progress reports to parties and publicly report actual times against this target.

That other departments involved with joint use agreements would also set similar target time periods and publish outcomes against those targets.

Information request:

The Commission seeks advice on whether the six months time proposed above is appropriate for DEECD and other departments with the intention to include a specific recommended times in the final report.

Draft recommendation 6.6

To improve design outcomes for shared facilities, that the Office of the Victorian Government Architect provide, within 12 months, the following information to be included in the Department of Planning and Community Development web-based shared facilities portal (recommendation 10.1):

- a list of recent shared facilities and architect contact details
- a list of questions for parties to ask prospective architects
- a set of principles of good design for shared facilities
- examples of innovative and effective design solutions.

Chapter 7: Improving funding-based incentives to share

Draft recommendation 7.1

That to improve capital expenditure decisions as they relate to achieving the Government's objectives through the sharing of facilities, the following actions be undertaken:

- When Ministers bring forward capital expenditure proposals for funding consideration commencing as soon as possible and at the latest in 2010–11, they (i) indicate whether the sharing of a facility is feasible, and if so (ii) demonstrate that the preferred option for the design and operation of the facility maximises the net benefits for the community, including by exploiting any suitable sharing opportunities.
- The Department of Treasury and Finance guidelines for new capital expenditure include guidance for departments on how to identify and assess the social benefits of options for the design and operation of a shared facility, to be prepared within 12 months.
- The Treasurer, as part of the annual budget process commencing in 2011–12, report on relevant funding decisions that have exploited opportunities to share facilities.

Draft recommendation 7.2

That to improve the assessment of proposals for new school funding, the Department of Education and Early Childhood Development include in its formula for funding new and existing schools, an assessment of the consequences for educational objectives from shared facilities, from 2010-11.

Information request:

Is it feasible for other departments to contribute funding towards school facilities that are reasonably expected to be used for sharing, where DEECD funding is insufficient to achieve the full benefits of sharing? Is this also feasible for other levels of government, such as local councils? If this is not a feasible option, are there other ways to allow extra funding to allow school facilities to be shared more effectively?

Draft recommendation 7.3

That to assess factors beyond capital requirements, the approval for state government grants administered by the Department of Planning and Community Development, starting in 2010–11, take into account whether the proposed project has adequately identified and considered the factors important to successful sharing, such as:

- consultation
- feasibility studies and planning
- brokers or facilitators
- ongoing management.

The Department of Planning and Community Development, starting in 2010–11, allow greater flexibility within its grants for applicants to apply for funding to meet the costs of these processes.

Draft recommendation 7.4

That to improve the success rate of grant proposals for shared facilities, the Department of Planning and Community Development, starting in 2010–11, simplify the process for applying for funding across multiple grants, by only requiring one application per facility, rather than one application per grant. Applications would then be assessed against all eligible grants.

Draft recommendation 7.5

That to improve the coordination of grant proposals between government departments, the Secretaries' Committee, supported by the Department of Planning and Community Development, trial case manager and project team approaches to grants administration for an 18 month period.

- For smaller projects, a case manager may be appointed. The case manager would be responsible for coordinating all state government grants, irrespective of which department is providing the grants. The case manager would undertake liaison between different departments.
- For more complex funding arrangements, a project team across departments should be established, where each relevant department is represented by an officer who is able to make decisions on behalf of their department.

This trial would commence by June 2010.

Draft recommendation 7.6

That to improve the assessment of proposals and grants for new shared facilities, business cases (where needed and not currently undertaken) and grant applications for shared facilities, starting in 2010, include a section in which applicants are required to demonstrate consideration of all funding requirements over the life of the project.

Information request:

Are there deficiencies or impediments to decision making that mean that the potential for, or the benefits of, sharing are not fully considered in the government processes for reallocating the use of assets? Are current management and governance arrangements for community facilities on public and Crown land sufficient for capturing wider social benefits; if not, what changes could be made? Are the current processes for managing surplus government assets sufficiently considering sharing and community benefits?

Chapter 8: Governance, management and commercial arrangements

Information request:

The Commission seeks specific examples where groups believe that the cost of governance obligations imposed on them is not commensurate with the potential risks involved.

Draft recommendation 8.1

That the Department of Planning and Community Development prepare, within 12 months, guidelines for good governance arrangements for community groups operating in shared facilities. The guidelines for shared facilities would be sufficiently detailed to ensure predictability in how the governance process operates.

The guidelines would provide:

- **specific guidance for 'small', 'medium' and 'large' shared facilities**
- **guidance on the different governance structures for the development and operational phases of a shared facility**
- **provide guidance on different forms of community engagement and involvement that are appropriate during the start-up and on-going operation of a shared facility**
- **direction on the responsibilities of partners and users of the facility that should be incorporated in agreements**
- **advice on setting up management boards**

- advice on getting the right people involved
- advice on dispute resolution procedures.

The guidelines would also embed the principle of proportionality to limit unnecessary administrative burdens on the shared facilities.

Draft recommendation 8.2

That to increase the support for skill development among community organisations involved in shared facilities the Department of Planning and Community Development, for grants applications starting in 2010, assess opportunities for those involved in the governance and operation of shared facilities to be supported by existing mentoring programs, including that run by Leadership Victoria, and pass contact details on to these mentoring programs on request.

Draft recommendation 8.3

That to assist those involved in shared facilities to develop and understand good approaches to pricing the Department of Treasury and Finance, within 12 months, prepare guidance on cost recovery principles to be applied to shared facilities. The guidance would address the following:

- consistency with existing guidelines applying to state government activities
- consistency with the Victorian Government's policies on competitive neutrality
- comments in this report on how that policy would relate to shared facilities including recognising that provisions to waive charges for specified reasons can be appropriate.

The Victorian Competition and Efficiency Commission endorse the guidelines as they relate to competitive neutrality. This guidance would be supported by supplementary guidance prepared by:

- The Department of Education and Early Childhood Development in relation to the application of cost recovery principles to government schools
- The Department of Planning and Community Development, in consultation with the Municipal Association of Victoria, for application to shared facilities, other than government schools that are owned or funded by the Department and/or local governments.

Information request:

The Commission seeks further evidence on the extent to which insurance costs have affected the ability of community organisations to use shared facilities and on the extent to which there is duplication of insurance coverage.

Information request:

Given that the private sector has an incentive to seek out profitable opportunities, what, if any, impediments exist to prevent greater private sector involvement in shared government and community facilities?

Chapter 9: Long term opportunities to increase sharing

Information request:

The Commission seeks further information and comment on the advantages and disadvantages of the following approach to improving information flows across government:

That each local government should provide their four year Strategic Resource Plan to each state government department once they have been adopted by council (they are currently provided to the Minister for Local Government).

That each state government department should review local council Strategic Resource Plans to identify and then discuss, in conjunction with the Department of Planning and Community Development (as the department responsible for local government), with the relevant local council whether potential sharing opportunities could contribute to policy objectives for inclusion in its budget submission.

That the asset strategy and multi-year strategy prepared by state government departments as part of the annual budget process should be provided to local councils on a confidential basis once they have been finalised OR that the Department of Planning and Community Development should act as a channel to share information from state government departmental asset and multi-year strategies with local councils.

That a key contact or contacts within each department (at the head office or regional office as appropriate) and each local council be nominated to facilitate discussions between state government departments and local councils on sharing opportunities. Given their role in facilitating exchanges between local and State government agencies, could Regional Management Forums also be given a role in collating and facilitating these discussions?

Draft recommendation 9.1

That the Department of Planning and Community Development, in consultation with the Department of Education and Early Childhood Development and the Municipal Association of Victoria, develop options for streamlining the planning process for shared facilities, such as: including a threshold test where certain activities do not require a planning permit. These options should be put to the Minister for Planning within 12 months and then be released for public consultation.

Draft recommendation 9.2

That, to increase the likelihood that shared facilities in Victoria achieve value for money and support stronger communities, the Victorian Government, within six months, propose improvements to funding programs administered by the Commonwealth Government by:

- providing sufficient time for applicants (including schools and community groups) to identify and develop opportunities for effective sharing arrangements
- adjusting funding conditions that act as a disincentive to sharing facilities (for example, limits on the use of capital funding provided to non-government schools), unless such conditions are necessary to achieve other policy objectives
- consult with a view to aligning the information requirements and timelines for the submission of applications and approval of funding for shared facilities across different levels of government.

Draft recommendation 9.3

That the Department of Education and Early Childhood Development and the Department of Planning and Community Development, in consultation with the Municipal Association of Victoria, independently evaluate a sample of shared facility arrangements within two years. To improve learnings from shared facilities, the results of these evaluations be widely disseminated to stakeholders, including via the proposed portal (draft recommendation 10.1).

Draft recommendation 9.4

That the budget for any shared facility funded by the Victorian Government where the government's total contribution is greater than \$2 million set aside funds to undertake an ex post evaluation of the benefits and costs of that facility. To improve learnings from shared facilities, the results of these evaluations should be widely disseminated to stakeholders, including via the proposed portal (draft recommendation 10.1).

Chapter 10: Bringing it all together

Information request:

The Commission seeks information and, if possible, data on the magnitude and nature of cost advantages resulting from sharing government and community facilities.

Draft recommendation 10.1

That to facilitate better connection between users and suppliers of shared facilities and to facilitate access to information, the Department of Planning and Community Development develop and host a web-based shared facilities portal. This portal would provide facility owner and managers as well as potential facility users with a central repository of information and best practices in relation to shared facilities. The portal would commence within 12 months, and be built up over time.