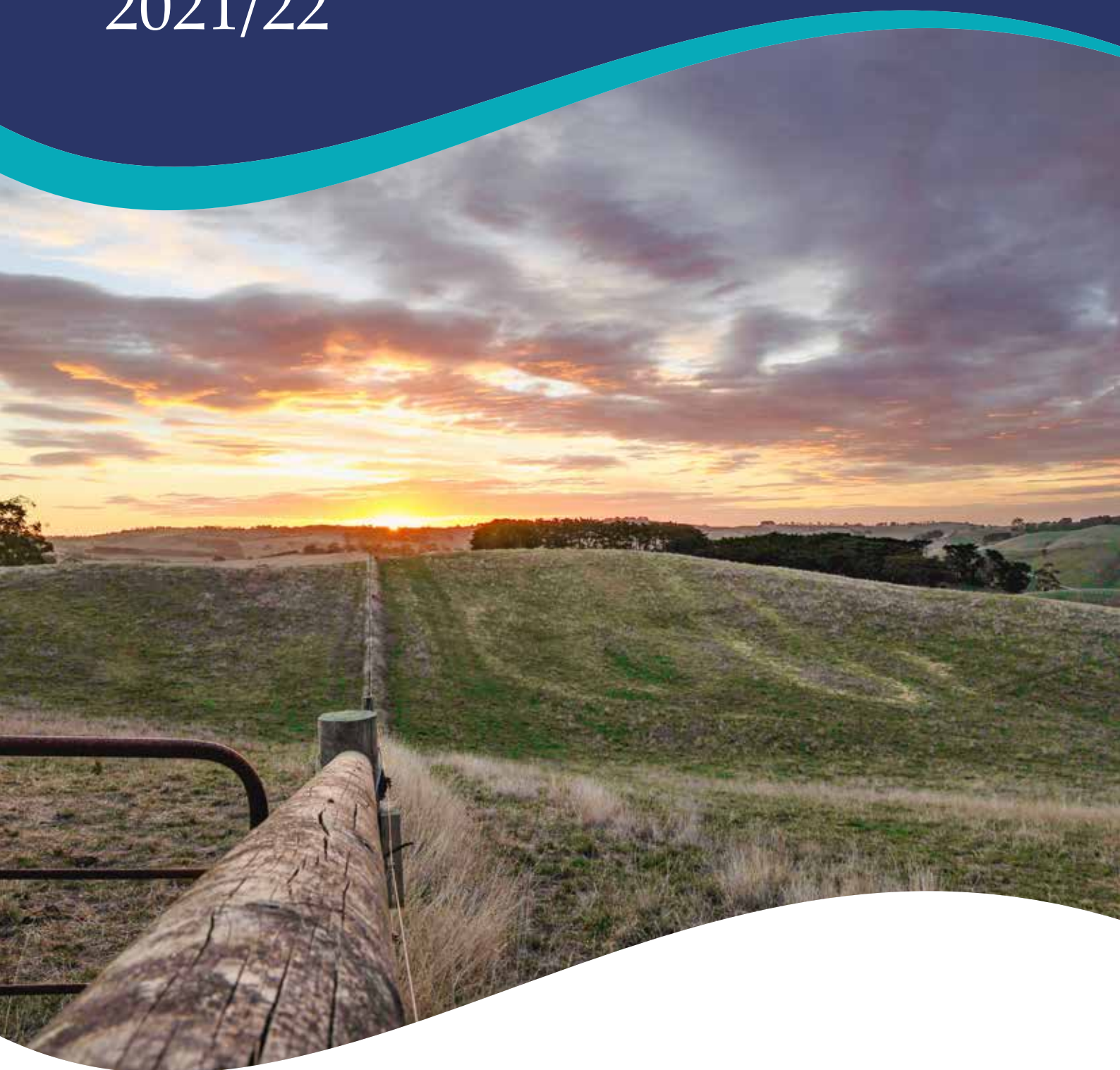


SOUTH GIPPSLAND SHIRE COUNCIL

Performance Statement 2021/22



Performance Statement

4.1

Description of Municipality

South Gippsland Shire Council is located in coastal south eastern Victoria, approximately 100km south-east of Melbourne. It is made up of three wards; Tarwin Valley, Strzelecki and Coastal Promontory.

The original inhabitants of the South Gippsland area were the Bunurong and Gunaikurnai indigenous people. The Shire is bounded by Cardinia and Baw Baw Shires to the north, Latrobe City and Wellington Shire to the east, Bass Strait to the south, and Bass Coast Shire to the west. The Shire is a rural, residential and tourist area.

It encompasses 3,308 square kilometres, including extensive coastal areas and the spectacular Wilsons Promontory National Park. Much of the rural area is used for forestry and agriculture; with dairy, beef, sheep, and snow pea farming being the main agricultural pursuits. Fishing, viticulture and tourism are also important industries that contribute economic diversity to the region.

Other major attractions of the Shire include Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, the Great Southern Rail Trail, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Agnes Falls and specialist wineries, gin distilleries and breweries.

South Gippsland includes: Agnes, Allambee, Arawata, Baromi, Bena, Bennison, Berrys Creek, Binginwarri, Boolarong, Boolarra, Boorool, Buffalo, Darlimurla, Delburn, Dollar, Dumbalk, Fairbank, Fish Creek, Gunyah, Hallston, Hazel Park, Hedley, Jeetho, Jumbunna, Kardella, Kongwak, Koonwarra, Koorooman, Krowera, Loch, Mardan, Meeniyan, Middle Tarwin, Mount Best, Mount Eccles, Moyarra, Nerrena, Nyora, Outtrim, Poowong, Port Franklin, Port Welshpool, Pound Creek, Ranceby, Ruby, Sandy Point, Stony Creek, Strzelecki, Tarwin, Tarwin Lower, Thorpdale, Tidal River, Toora, Trida, Turtons Creek, Venus Bay, Walkerville North and South, Waratah Bay, Welshpool, Whitelaw, Wild Dog Valley, Wilsons Promontory, Wonga, Wonyip, Woorarra East and West, Wooreen and Yanakie.

Overview of 2021/22

South Gippsland Shire Council welcomed the return of nine elected Councillors in November 2021 following a period of Administration that began in June 2019. During the period of administration, Council made substantial progress towards restoring good governance practices and implementing the recommendations of the *Commission of Inquiry and the Local Government (South Gippsland Shire Council) Act 2019*.

The *Local Government (South Gippsland Shire Council) Act 2019* expired at the commencement of the 17 November 2021 Council Meeting when the Mayor and Deputy Mayor were elected. A comprehensive Councillor onboarding program was delivered to the newly elected Councillors which was designed to inform them on their role as Councillors and support their transition.

In line with the requirements of the *Local Government Act 2020*, the Councillor group also led the design and delivery of the *Shaping South Gippsland* community engagement campaign to develop a suite of integrated strategic plans. This campaign was the largest and most comprehensive community engagement program ever undertaken by South Gippsland Shire Council.

The feedback shared by the community through this process informed the development of the *Community Vision*, and the *Council Plan* which established the objectives and priority actions for the Council term. The *Council Plan* in turn informed development of the Council's *Long-Term Financial Plan, Revenue and Rating Plan* and the four-year Budget, which provide the resources required to deliver on Council's Plan. This program positioned Council and the community in a strong position for this Council term and into the future.

Some significant capital works projects were also completed in 2021/22 from a total capital works of \$27.6 million for the community. These projects included the Bair Street Leongatha Redevelopment, major refurbishment of the Mirboo North Outdoor Pool and the Foster Stadium. Work on the Korumburra Community Hub site has significantly progressed, and the Leongatha Early Learning Centre also successfully commenced its build. The Great Southern Rail Trail Extension Project was also completed, and the Leongatha to Korumburra section opened in March 2022.

Despite the continuing challenges of COVID-19 pandemic, Council has continued its strong track record of delivering capital works and services for the community. Significant shortages in resources and workforce, along with escalating construction and fuel costs within a rate capped environment, continue to present challenges to Council. Despite these unprecedented and challenging times, Council has continued to deliver its services and initiatives whilst maintaining a healthy financial position.

Material Variation Comments

The following indicators include a material variation or comment, particularly those that are outside the normal range established by the State Government, or where a comment would be beneficial to assist the reader. Material variation comments are also included where a variance is + or – 10 per cent compared to the previous three years.

Sustainable Capacity Indicators for the year ended 30 June 2022

Service	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,223	\$2,462	\$2,127	\$2,650	There was a significant increase in costs in 2021/22 which related to natural disasters (total increase by \$4.5 million), as well as a one-off expense of \$1.7 million (non-cash) gift and transfer of the investment in West Gippsland Regional Library as required by changes in the <i>Local Government Act 2020</i> . It is important to note that Council is able to apply for grant relief for natural disasters which will offset these expenses.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$15,855	\$16,160	\$16,664	\$18,060	The annual variation is primarily due to the size of the Capital Works Program which can vary according to the number and size of projects.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14	14	14	15	No material variation
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,671	\$1,687	\$1,673	\$1,770	No material variation
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$469	\$482	\$456	\$600	The increase in operating grants is due to the increased advance payment of the <i>2022/23 Victorian Local Government Grants Commission (VLGGC)</i> allocation as compared to prior years and the receipt of natural disaster funding.

Service	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	5	5	5	5	No material variation
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	24.6%	12.8%	12.5%	11.1%	Workforce turnover has decreased since the previous year, indicating an improvement in staff retention in 2021/22. The continued trend in decreasing levels of staff turnover is a great result for South Gippsland Shire Council.

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

"Population" means the resident population estimated by Council

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation
Aquatic Facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i>					
[Number of visits to aquatic facilities / Municipal population]	5	4	2	4	Visitation to all aquatic facilities in the Shire has increased by 47 per cent from 74,862 to 110,086 visits compared to 2020/21, following the lifting of Victorian Government COVID-19 pandemic restrictions. Mirboo North pool also contributed to increased visitation numbers after re-opening to the public following a major refurbishment.
Animal management					
Health and safety					
<i>Animal management prosecutions</i>					
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	100%	100%	100%	There were six successful management prosecutions in 2021/22 compared to 11 prosecutions in the previous year. This result maintains levels at 100 per cent. <i>Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, refer to retired measures.</i>
Food Safety					
Health and safety					
<i>Critical and major non-compliance notifications</i>					
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100	100%	100%	100%	100%	There were 11 critical and major non-compliance notifications received in 2021 for food premises, which were all followed up.
Governance					
Satisfaction					
<i>Satisfaction with Council decisions</i>					
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	35	37	46	48	Community satisfaction with Council decisions making has increased significantly since 2020. This result compares to large rural council's average of 51. An increase on the 2021 result also demonstrates an improvement in community satisfaction with the newly elected Council in November 2021.

Service	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100	16%	16%	15%	14%	The municipal population is growing faster than the number of active library members using the service and therefore, there has been a slight decrease in the percent of residents who are active library borrowers. However, there has been a six per cent increase from 4,044 active library borrowers in 2020/21 to 4,267 in 2021/22, demonstrating users of libraries is increasing post COVID-19 restrictions.
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	75%	76%	76%	72%	Reasons for non-attendance could be a result of deciding not to utilise the service or deciding to attend a different Maternal and Child Health Service in another council.
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	63%	83%	70%	73%	The service has seen an increase from 16 to 20 Aboriginal children attending the MCH service at least once in this financial year.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	48	47	43	42	The Community Satisfaction Survey demonstrated that residents main concern was the condition of the sealed road network. Preliminary condition data has indicated that the sealed network has decreased in condition but is still within service levels. The poor condition of arterial roads in the Shire and the extent of roads adversely impacted by recent storm events, may also be contributing to lower community satisfaction. Improvements have been made this year using SAM (Strain Alleviating Membrane) seals to further improve road conditions within the Shire.

Service	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i>	80%	71%	50%	75%	Three of the four Planning Permits that were appealed to VCAT had decisions that were upheld (supported).
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					
Waste Collection					
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	52%	53%	52%	52%	The result is consistent year-on-year with waste diverted from landfill by providing services that suit the needs of the Shire. Planned future service changes in waste management and in partnership with other councils will also aim to increase diversion rates in the near future.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					
Definitions					
"Aboriginal child" means a child who is an Aboriginal person					"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the <i>Road Management Act 2004</i>
"Aboriginal person" has the same meaning as in the <i>Aboriginal Heritage Act 2006</i>					"Major non-compliance outcome notification" means a notification received by a Council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
"Active library borrower" means a member of a library who has borrowed a book from the library					"MCH" means the Maternal and Child Health Service provided by a Council to support the health and development of children within the municipality from birth until school age
"Annual report" means an annual report prepared by a Council under section 98 of the Act					"Population" means the resident population estimated by Council
"Class 1 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 1 food premises under section 19C of that Act					
"Class 2 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act					
"Critical non-compliance outcome notification" means a notification received by Council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to Council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health					
"Food premises" has the same meaning as in the <i>Food Act 1984</i>					

Dimension/indicator/ measure	Results 2019	Results 2020	Results 2021	Results 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Material Variation
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x 100	7.89%	1.85%	7.50%	10.56%	12.50%	12.57%	19.81%	16.76%	The increase in 2021/22 relates to the drawdown of loan proceeds for the Korumburra Community Hub. This loan is through Treasury Corporation Victoria with heavily discounted interest rates. The increase in 2025 reflects the anticipated loan funding required to upgrade other assets as per the <i>Long Term Financial Plan</i> .
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100	0.33%	7.79%	0.54%	0.82%	2.31%	1.56%	2.15%	2.59%	The increase in 2021/22 relates to the drawdown of loan proceeds for the Korumburra Community Hub. This loan is through Treasury Corporation Victoria with heavily discounted interest rates. The increase in 2025 reflects the anticipated loan funding required to upgrade other assets as per the <i>Long Term Financial Plan</i> .
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x 100	7.42%	10.26%	15.20%	20.11%	20.40%	21.03%	26.09%	22.94%	The increase in 2021/22 relates to the drawdown of loan funds for the construction of the Korumburra Community Hub coupled with an increase in landfill provision costs as a result of change in index and discount rates.

Dimension/indicator/ measure	Results 2019	Results 2020	Results 2021	Results 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Material Variation
<p>Asset renewal and upgrade</p> <p><i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and asset upgrade expense / Asset depreciation] x 100</p>	New in 2020	124.15%	230.08%	217.83%	223.91%	283.70%	213.78%	138.33%	<p>Although the variation is not material, the year-on-year differences relate to the schedule of annual asset renewal which can vary depending on projects completed.</p> <p><i>Note: indicator is new and was previously titled 'Asset renewal compared to depreciation'.</i></p>
<p>Operating position</p> <p>Adjusted underlying result</p> <p><i>Adjusted underlying surplus (or deficit)</i></p> <p>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100</p>	1.35%	-7.49%	5.42%	-1.60%	-11.29%	5.82%	6.39%	8.11%	<p>Due to significant natural disaster expenses not yet covered by grant funding, as well as a \$1.7 million one-off expense for the gift and transfer of the investment in the West Gippsland Regional Library.</p>
<p>Stability</p> <p>Rates concentration</p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x 100</p>	63.71%	64.08%	66.63%	58.85%	78.15%	69.87%	69.95%	70.28%	<p>The annual variation in this measure is primarily driven by the amount of operating grants received in that year. The greater the operating grants, the less reliance on rates revenue to fund council expenditure. The amount of the prepayment of the Victoria Grants Commission allocation coupled with funding received for natural disasters are particularly driving the variations in 2021/22 and 2022/23.</p>
<p>Rates effort</p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x 100</p>	0.52%	0.49%	0.47%	0.45%	0.33%	0.33%	0.32%	0.32%	<p>Although the variation is not material, the decrease in future years is primarily due to a conservative prediction of future rate cap rises as compared to property valuations.</p>

Retired Measure Service/Indicator/Measure	Results 2019	Results 2020	Results 2021	Results 2022	Material Variation	Agenda - 19 October 2022
Animal management						
<i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.</i>						
Health and safety						
Animal management prosecutions [Number of successful animal management prosecutions]	9	Retired in 2020	Retired in 2020	Retired in 2020		
Efficiency						
<i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'E4 - Average rate per property assessment'.</i>						
Revenue level						
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,834	Retired in 2020	Retired in 2020	Retired in 2020		
Obligations						
<i>Note: indicator is discontinued from 1 July 2019 and has been replaced by '05 - Asset renewal and upgrade compared to depreciation'.</i>						
Asset renewal						
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x 100	81.02%	Retired in 2020	Retired in 2020	Retired in 2020		
Definitions						
“Adjusted underlying revenue” means total income other than:					“Non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council’s Strategic Resource Plan	
(a) non-recurrent grants used to fund capital expenditure; and					“Own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)	
(b) non-monetary asset contributions; and					“Population” means the resident population estimated by Council	
(c) contributions to fund capital expenditure from sources other than those referred to above					“Rate revenue” means revenue from general rates, municipal charges, service rates and service charges	
“Adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure					“Recurrent grant” means a grant other than a non-recurrent grant	
“Asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability					“Residential rates” means revenue from general rates, municipal charges, service rates and service charges levied on residential properties	
“Current assets” has the same meaning as in the AAS					“Restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year	
“Current liabilities” has the same meaning as in the AAS					“Unrestricted cash” means all cash and cash equivalents other than restricted cash.	
“Non-current assets” means all assets other than current assets						
“Non-current liabilities” means all liabilities other than current liabilities						

Other Information for the year ended 30 June 2022

1. Basis of preparation

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's *Strategic Resource Plan*. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the Performance Statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its *Financial Plan* on 23 June 2021 and which forms part of the *Council Plan*. The *Financial Plan* includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long-term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The *Financial Plan* can be obtained by contacting Council or available on Council's website.

Certification of the Performance Statement for the year ended 30 June 2022

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Melissa Baker, CPA

Principal Accounting Officer

Date: 19 October 2022

Leongatha

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the Performance Statement to be misleading or inaccurate.

We have been authorised by the Council and the *Local Government (Planning and Reporting) Regulations 2020* to certify this Performance Statement in its final form.

Mohya Davies

Mayor

Date: 19 October 2022

Leongatha

Sarah Gilligan

Councillor (Audit and Risk Committee Member)

Date: 19 October 2022

Leongatha

Kerryn Ellis

Chief Executive Officer

Date: 19 October 2022

Leongatha

VAGO Certification to be applied here

VAGO Certification to be applied here



SOUTH GIPPSLAND SHIRE COUNCIL

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Meeting No. 476 - 19 October 2022



South Gippsland
Shire Council
South Gippsland Shire Council