



**AGENDA APPENDIX**  
**Council Meeting**  
**Wednesday 23 September 2015**

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND  
EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY  
CONTACTING COUNCIL ON 03 5662 9200.

**E.7 UNAUDITED FINANCIAL STATEMENTS AND PERFORMANCE  
STATEMENTS 2014-2015**

Appendix 2 – Performance Statement For Year Ended 30 June 2015



SOUTH GIPPSLAND SHIRE COUNCIL

# Performance Statement

For the year ended 30 June 2015



*South Gippsland  
Shire Council*





## Description of Municipality

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 27,937.

The Council covers an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

The Shire's major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, Meenyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

Key industry sectors by employment in the South Gippsland Shire at the last census in 2011 were Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction.

## Sustainable Capacity Indicators

For the year ended 30 June 2015

<i>Indicator/ measure</i>	<b>Results 2015</b>	<b>Material Variations</b>
<b><i>Own-source revenue</i></b>		
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1522	
<b><i>Recurrent grants</i></b>		
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	
<b><i>Population</i></b>		
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,013	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13.39	
<b><i>Disadvantage</i></b>		
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	

### Definitions

"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 in paragraphs (a) and (b)

"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 Performance Indicators

For the year ended 30 June 2015

<b>Service/ indicator/ measure</b>	<b>Results 2015</b>	<b>Material Variations</b>
<b>Governance</b> <b>Satisfaction</b> <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]	44	The results from the 2015 survey indicate the community's satisfaction with Council's performance against the survey's core performance measures continues to be below the average of the Large Rural Council Group and the State-wide council average.  There has been minimal shift in the perception of Council with most indicators shifting up or down slightly compared to the past year.  This is the first year this indicator has been asked in the Community Satisfaction Survey. The result is reflective of the lower than average scores across the board compared to other large rural shires.
<b>Statutory Planning</b> <b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [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] x100	0%	Council had one planning application sent to VCAT. Council's decision was set aside only to adjust a few conditions to the permit.
<b>Roads</b> <b>Satisfaction</b> <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]	27	The lower than adequate condition of State Government roads within the Shire continually impacts on Council's satisfaction standards. Council has been working with VicRoads to address community concerns.
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	25%	
<b>Waste Collection</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	33%	
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	

<b>Service/indicator/measure</b>	<b>Results 2015</b>	<b>Material Variations</b>
<b>Food Safety</b>		
<b>Health and safety</b>		
<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] x100	94%	
<b>Home and Community Care</b>		
<b>Participation</b>		
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	29%	
<b>Participation</b>		
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	28%	
<b>Maternal and Child Health</b>		
<b>Participation</b>		
<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] x100	79%	
<b>Participation</b>		
<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] x100	76%	

## Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, 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 *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized 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 *Food Act 1984*

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

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized 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

"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

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

# Financial Performance Indicators

For the year ended 30 June 2015

Dimension / indicator / measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
<b>Operating Position</b>						
<b>Adjusted underlying result</b>						\$4.27M Victorian Grants Commission grants was received in advance. This has increased the 2015 results.
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	12.36%	4.24%	4.12%	5.87%	6.54%	
<b>Liquidity</b>						
<b>Working capital</b>						
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	270.40%	181.57 %	201.07 %	213.43 %	197.22 %	Higher current assets as at 30 June 2015 due to receipt of 50% of Grants commission allocation related to 2015-16 in advance.
<b>Unrestricted cash</b>						
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	107.46%	90.75%	109.96 %	111.65 %	111.20 %	No Material Variations
<b>Obligations</b>						
<b>Loans and borrowings</b>						
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	9.4%	8.75%	8.44%	8.14%	7.85%	No Material Variations
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.36%	0.37%	0.36%	0.34%	0.33%	No Material Variations
<b>Indebtedness</b>						
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	10.85%	8.03%	7.89%	7.74%	1.00%	Loan of \$3.35M availed in 2014 is to be repaid after 5 years.



<b>Dimension / indicator / measure</b>	<b>Results</b>		<b>Forecasts</b>			<b>Material Variations</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
<b>Obligations continued</b>						
<b>Asset renewal</b>						
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	84.41%	130.96 %	92.37%	106.42 %	97.98%	Due to carry forward of capital renewal projects.
<b>Stability</b>						
<b>Rates concentration</b>						
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	55.55%	61.30%	65.79%	66.43%	66.50%	Percentage of rates is lower in 2014-15 due to receipt of 50% Grants commission allocation related to 2015-16 in advance.
<b>Rates effort</b>						
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.5%	0.54%	0.55%	0.57%	0.57%	No Material Variations
<b>Efficiency</b>						
<b>Expenditure level</b>						
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2913.34	\$3101	\$2997	\$3019	\$3102	No Material Variations
<b>Revenue level</b>						
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1607	\$1741	\$1775	\$1811	\$1846	No Material Variations
<b>Workforce Turnover</b>						
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.29%	10%	10%	10%	10%	Resignations and terminations are anticipated in similar number to 2014-15 - approximately 30 per year. Staff numbers are forecast for future years based on the current actuals as no increases in staff numbers are anticipated. It is important to note that maternity leave replacement positions are captured within the results. Casual positions have been excluded from the results

## Definitions

"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 in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"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

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"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

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

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"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

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



## Other Information

For the year ended 30 June 2015

### 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 1989 and Local Government (Planning and Reporting) Regulations 2014.

The Victorian Government developed a new performance reporting framework to ensure that all councils are measuring and recording on their performance in a consistent way. The framework became mandatory from 1 July 2014 and all councils will need to report results as part of their Annual Report 2014-2015 at the end of September 2015. This is the first year of reporting in this manner and as such there is no trend data to compare to. It is intended that in future years, the previous results will be used to compare and also highlight any material variations. By 2017-18 we will be comparing our results to the previous three years.

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 2014 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 strategic resource plan annually and these form part of the Council Plan. The strategic resource 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 Strategic Resource Plan 2016-2019 can be obtained by contacting Council. A copy is also contained in the Council Plan 2013-2017 version adopted 24 June 2015 available on Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)



## Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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**Mr Tom Lovass, CPA**  
**Principal Accounting Officer**  
**Dated:** *(Date)*

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2015 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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 by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

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**Mrs Jeanette Harding**  
**Councillor**  
**Dated:** *(Date)*

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**Mrs Mohya Davies**  
**Councillor**  
**Dated:** *(Date)*

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**Mr Tim Tamlin**  
**Chief Executive Officer**  
**Dated:** *(Date)*



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