



**AGENDA APPENDIX**  
**Council Meeting**  
**Wednesday 28 September 2016**

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.2 UNAUDITED FINANCIAL STATEMENTS & PERFORMANCE  
STATEMENTS 2015/16**

Appendix 2 – Draft Performance Statement

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 a resident population of 27,706 (ABS 2015).

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, Meeniyar, 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, Manufacturing and Construction.



# Sustainable Capacity Indicators

For the year ended 30 June 2016

Indicator/measure	2015	2016	Material Variations
<b>Population</b>			No material variations
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,013	\$2,128	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	\$16,042	The combination of a net \$29M revaluation increment, predominantly for the bridges and a decline in the municipal population in 2015/16 have contributed to the increase in the infrastructure per head of population measure when compared to the 2014/15 result
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13	13	No material variations
<b>Own-source revenue</b>			The decline in municipal population over the last twelve months has had a negative impact on the increased costs per head of population in 2015/16 compared to the 2014/15 results. The accurate counts of population are established every four years through the Census
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,522	\$1,670	
<b>Recurrent grants</b>			\$4.27M Victorian Grants Commission grants was received in advance in 2015. This has increased the 2015 results
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	\$414	
<b>Disadvantage</b>			No material variations
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	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 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 Performance Indicators

For the year ended 30 June 2016

<b>Service/indicator/measure</b>	<b>2015</b>	<b>2016</b>	<b>Material Variations</b>
<b>Aquatic Facilities</b>			
<b>Utilisation</b>			
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	6	The number of visits to aquatic facilities increased by 6.5%, due to the warmer weather season
<b>Animal management</b>			
<b>Health and safety</b>			
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	23	More reports of animals or people being attacked or bitten during the current period resulted in more prosecutions being undertaken
<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] x 100	94%	95%	No material variation
<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	47	While Council's results remain lower than the State average, a 3 point increase in satisfaction levels compared to 2014/15, indicates that actions taken to involve the community in informing decision making through public participation sessions and better communication of Council decisions through social and print media, are improving the community's perception of decisions made by Council
<b>Home and Community Care (HACC)</b>			
<b>Participation</b>			
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x 100	26%	26%	No material variations
<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] x 100	23%	22%	The small decrease of CALD people is due to the increase of aged care packages made available

Service/indicator/measure	2015	2016	Material Variations
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x 100	25%	23%	Measures those who borrow physical books and some e-resources, but not all. If the library card is not activated then a person's activity at the library is not recorded. A growing trend by members to access e-resources is impacting on comparative data
<b>Maternal and Child Health (MCH)</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] x 100	79%	N/A	In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is not required to report this data for the 2015/16 financial year
<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] x 100	76%	N/A	In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is not required to report this data for the 2015/16 financial year
<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	30	More roads have been rehabilitated and/or resealed
<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] x 100	0%	71%	Only one decision was reviewed in 2015. In 2016, two decisions of the seven reviewed by VCAT were set aside
<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] x 100	33%	50%	A kerbside green waste collection service was introduced in 2015/16. This has increased the percentage of waste diverted from landfill

## **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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"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 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 Food Act 1984

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"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 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

"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 2016

Dimension/ <i>indicator/measure</i>	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<b>Efficiency</b>							
<b>Revenue level</b>							
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,607	\$1,752	\$1,807	\$1,833	\$1,861	\$1,888	A variation of 9% between 2015 and 2016 is impacted by the introduction of a green waste service in 2015/16 as well as increased waste service levels provided to Venus Bay properties
<b>Expenditure level</b>							
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,913	\$3,038	\$3,289	\$3,005	\$3,079	\$3,162	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] x 100	9.29%	13.13%	9.86%	9.86%	9.86%	9.86%	Organisational restructure in 2015 led to higher than usual turnover in 2015/16 financial year
<b>Liquidity</b>							
<b>Working capital</b>							
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x 100	270.40%	240.08%	210.00%	229.76%	196.76%	280.38%	\$4.27M Victorian Grants Commission grants was received in advance in 2015. This has increased the 2015 results



Dimension/indicator/measure	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x 100	107.46%	-46.01%	34.87%	43.11%	50.93%	110.78%	The reclassification of highly liquid 'cash and cash equivalent assets' to 'other financial assets' which have a maturity date of greater than 90 days has created a variation between 2015 and 2016. This does not present as a strategic concern
<b>Obligations</b> <b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x 100	84.41%	100.84%	129.30%	81.68%	97.98%	98.17%	The nature of capital renewal expenditure is expected to fluctuate over the years
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> Interest bearing loans and borrowings / Rate revenue] x 100	9.40%	8.68%	8.38%	8.13%	7.88%	0.0%	No material variations
<b>Loans and borrowings</b> <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x 100	0.36%	0.37%	0.36%	0.34%	0.33%	7.76%	No material variations
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x 100	10.85%	10.67%	12.03%	10.14%	3.25%	3.29%	No material variations

Dimension/ <i>indicator/measure</i>	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
<b>Operating position</b> <b>Adjusted underlying result</b> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x 100	12.36%	0.99%	3.35%	5.33%	5.85%	5.47%	\$4.27M Victorian Grants Commission grants was received in advance in 2015. This has increased the 2015 results
<b>Stability</b> <b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x 100	55.55%	64.87%	60.58%	66.94%	66.95%	67.45%	\$4.27M Victorian Grants Commission grants was received in advance in 2015. This has decreased the 2015 results
<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality ] x 100	0.50%	0.54%	0.53%	0.54%	0.55%	0.56%	No material variations

## 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 above

"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 2016

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

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 which forms 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 2015-2018 can be obtained by contacting Council. A copy is also contained in the Council Plan 2013-2017 version adopted 22 June 2015.

# Certification of the Performance Statement

## For the year ended 30 June 2016

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.

**Tom Lovass, CPA**

Principal Accounting Officer

Dated: 28 September 2016

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2016 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.

**Robert Newton**

Councillor

Dated: 28 September 2016

**Mohya Davies**

Councillor

Dated: 28 September 2016

**Tim Tamlin**

Chief Executive Officer

Dated: 28 September 2016