



SECTION 4
OVERVIEW
**PERFORMANCE
STATEMENT**



PERFORMANCE STATEMENT

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 29,124 (ABS estimated resident population 2017).

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, Meeniyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

Key industry sectors by employment in the South Gippsland Shire at the last census in 2016 were Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction.



SUSTAINABLE CAPACITY INDICATORS

for the year ended 30 June 2018

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Population	\$2,013	\$2,128	\$2,091	\$2,124	No material variation
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]					
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	\$16,042	\$15,611	\$15,228	No material variation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13	13	14	14	The previous result for 2016/17 has been amended from 24 to 14 as the result includes sealed and unsealed roads. The previous result only included sealed roads.
Own-source revenue					No material variation
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,522	\$1,670	\$1,630	\$1,672	
Recurrent grants					This indicator is volatile based on the level of grants received each year. Population does not change very much but the higher the level of grants received in a year, the higher the ratio and conversely, the lower the level of grants in a year, the lower the ratio.
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	\$414	\$684	\$520	
Disadvantage					South Gippsland residents are more disadvantaged relative to the rest of Australia than they were five years ago. The ABS census indicator shows a decline of one point between the 2016 Census and the 2011 Census. A range of factors (such as housing, homelessness, transport, isolation, employment and education) are calculated to establish the indicator.
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	6	6	5	

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	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Aquatic Facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i>	6	6	6	5	Lower temperature in the summer weather resulted in decreased attendance numbers for outdoor pools.
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety					
<i>Animal management prosecutions</i>	20	23	9	19	Council has been more pro-active in education of residents in responsible pet ownership and has conducted property visits.
[Number of successful animal management prosecutions]					Increased prosecutions from 9 to 19 of which nine prosecutions were addressing dog attacks. Other issues include excess and unregistered animals and animal businesses without permits.
Food safety					
Health and safety					
<i>Critical and major non-compliance notifications</i>	94%	95%	100%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
[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					
Governance					
Satisfaction					
<i>Satisfaction with Council decisions</i>	44	47	45	42	The community has raised various concerns regarding Council's decision making and the performance of Councillors. The appointment of a Municipal Monitor may provide the community with some reassurance that there is Ministerial oversight of Council decision making now in place.
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					
Home and Community Care (HACC)					
Participation					
<i>Participation in HACC service</i>	26%	26%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of people that received a HACC service / Municipal target population for HACC services] x 100					
Participation					
<i>Participation in HACC service by CALD people</i>	23%	22%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100					

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Libraries					
Participation					
<i>Active library members</i>	25%	23%	21%	17%	An Active Library Member is defined as a member who has borrowed a library collection item. A reporting review by West Gippsland Regional Library Corporation found that reporting for this measure had previously incorrectly included library members who had used public computers and Wi-Fi but had not borrowed an item. This has now being corrected for future reporting.
[Number of active library members / Municipal population] x 100					
Maternal and Child Health (MCH)					
Participation					
<i>Participation in the MCH service</i>	79%	75%	76%	76%	No material variation
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100					
Participation					
<i>Participation in the MCH service by Aboriginal children</i>	76%	62%	67%	58%	The number of Aboriginal children enrolled in the MCH service increased from 17 to 20, however the number of children that attended the service at least once remained the same as the previous year. Reasons for non-attendance could be a result of declining the service or decided to attend a different MCH in another council.
[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					
Roads					
Satisfaction					
<i>Satisfaction with sealed local roads</i>	27	30	36	46	Council utilised the Customer Satisfaction Survey to clarify the differences between VicRoads roads, Council sealed roads and Council gravel roads to assist participants in rating their satisfaction with each type of road. The survey identified that all three types of roads remain a concern, however gravel roads are the most problematic.
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]					

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i>	0%	71%	50%	80%	A positive increase in performance whereby four from five decisions supported by VCAT compared to the previous year of three from six decisions.
[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>	33%	50%	51%	51%	No material variation
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

"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*

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*.

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Attachment 5.2.2									
Efficiency									No material variation
Revenue level									
<i>Average residential rate per residential property assessment</i>	\$1,607	\$1,752	\$1,789	\$1,811	\$1,875	\$1,913	\$1,951	\$1,990	
[Residential rate revenue / Number of residential property assessments]									
Expenditure Level									No material variation
<i>Expenses per property assessment</i>	\$2,913	\$3,038	\$3,105	\$3,094	\$3,164	\$3,010	\$3,004	\$3,090	
[Total expenses / Number of property assessments]									
Workforce turnover									No material variation
<i>Resignation and terminations compared to average staff</i>	9.29%	13.13%	11.19%	11.98%	11.48%	11.48%	11.48%	11.48%	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100									
Liquidity									Additional cash on hand at end of period due to carry forward of incomplete capital works program plus lower payables and employee provisions at the end of the financial year compared to previous year.
Working capital									
<i>Current assets compared to current liabilities</i>	270.40%	240.08%	281.98%	309.55%	171.71%	167.18%	186.72%	177.77%	
[Current assets / Current liabilities] x 100									

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	107.46%	-46.01%	-16.11%	-33.24%	86.46%	56.59%	76.53%	67.98%	The reclassification of \$24.3M of highly liquid cash and cash equivalent assets to other financial assets which have a maturity date of greater than 90 days has reduced the amount of Cash and Cash equivalents. This does not present as a strategic concern.
[Unrestricted cash / Current liabilities] x 100									
Obligations									
Asset renewal									
<i>Asset renewal compared to depreciation</i>	84.41%	100.84%	111.33%	98.04%	164.21%	184.06%	137.62%	121.67%	The nature of capital renewal expenditure is expected to fluctuate over the years based on the mix of capital in each year.
[Asset renewal expenses / Asset depreciation] x 100									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	9.40%	8.68%	8.37%	8.16%	7.88%	0.00%	0.00%	0.00%	No material variation
[Interest bearing loans and borrowings / Rate revenue] x 100									
Loans and borrowings									
<i>Loans and borrowings repayments compared to rates</i>	0.36%	0.37%	0.36%	0.35%	0.33%	7.82%	0.00%	0.00%	The spike in 2019/20 is due to Council's only loan (interest only) of \$3.35M which is due to be paid out in July 2019. The following years Council has budgeted to have zero debt.
[Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100									
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	10.85%	10.67%	12.62%	12.73%	3.80%	3.85%	3.88%	3.92%	Council's interest only loan reverts from non-current liability to current liability during the 2018/19 year as the loan is due to be paid out in July 2019. This causes the ratio to drop in 2018/19 and remain constant thereafter as there is no further budgeted loan liability.
[Non-current liabilities / Own source revenue] x 100									

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Operating position									
Adjusted underlying result	12.36%	0.99%	12.11%	7.30%	-1.69%	8.81%	9.93%	8.99%	
<i>Adjusted underlying surplus (or deficit)</i>									
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100									
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i>	55.55%	64.87%	58.11%	61.52%	68.31%	66.05%	67.04%	67.57%	
[Rate revenue / Adjusted underlying revenue] x 100									
Rates effort									
<i>Rates compared to property values</i>	0.50%	0.54%	0.53%	0.54%	0.53%	0.53%	0.53%	0.54%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x 100									

The lower value in 2018/19 is due to half of Council's largest sources of funds (Victorian Grants Commission) payments due for payment in 2018/19 being paid early and recognised in the 2017/18 financial year. There is no concern with this indicator as it simply reflects a timing issue of when the grant funding is recognised.

This ratio is volatile due to the volatility of grants. In years where the ratio is higher, grant income is lower which makes the rate percentage of the overall income higher. Conversely, in years where grant income is higher, the rate percentage of overall income is lower.

No material variation

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 2018

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 2017-2021 can be obtained by contacting Council.



CERTIFICATION OF THE PERFORMANCE STATEMENT

for the year ended 30 June 2018

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.

Tracey Lindupp, CA
Principal Accounting Officer
Dated: 26 September 2018

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2018 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.

Cr Lorraine Brunt
Mayor
Dated: 26 September 2018

Cr Ray Argento
Councillor (Audit Committee Member)
Dated: 26 September 2018

Tim Tamlin
Chief Executive Officer
Dated: 26 September 2018