

Southern Grampians Shire Council

Performance Statement

For the Year Ended 30 June 2018

Description of municipality

Southern Grampians Shire Council was formed in September 1994 by the amalgamation of the former Shires of Dundas, Mt Rouse, Wannon and the City of Hamilton. We are located in the centre of the Western District of Victoria, 290 kilometres west of Melbourne and 500 kilometres south east of Adelaide.

Hamilton is the regional retail and service centre for the entire south west of Victoria. It is supported by a delightful mix of smaller townships offering different regional lifestyle choices. The nine smaller towns in the Shire are Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, Peshurst and Tarrington.

The region is home to a dynamic portfolio of businesses thriving in local, national and international markets. A rich agricultural heritage, fertile landscape, comprehensive infrastructure and advanced utilities shape its prosperous and sustainable economic profile, and pave the way for future development, investment and employment growth.

The Southern Grampian Shire's 16,000-strong population enjoys superior leisure and medical facilities, prestigious schools and tertiary institutions. A sophisticated arts culture and a thriving retail and hospitality sector inject vibrancy, while breathtaking landscapes add to the strong sense of place.

Sustainable Capacity Indicators

<i>Indicator/measure</i>	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Population					
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,531.10	\$2,616.15	\$3,531.14	\$2,913.21	Councils 2016/17 result was inflated due to the recognition of \$14m of Impairment due to the September 2016 Flood/Storm event. The 2017/18 result continues to be higher than "normal" due to additional costs relating to the repair of the impaired assets.
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$19,124.17	\$20,152.43	\$19,067.42	\$18,807.30	
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	6.32	6.20	5.68	5.78	
Own-source revenue					
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,639.70	\$1,696.84	\$1,729.16	\$1,900.01	Own source revenue has increased due to an increase in the value of investment properties and other revenue of \$3m, however this is partially offset by an increase in the population base of 300 people.
Recurrent grants					
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$867.43	\$593.87	\$997.33	\$806.99	This indicator has been particularly affected by the timing of the payments of the Financial Assistance Grants. Whilst the allocation has remained around \$7m, the actual payments received in each year has varied from 2014/15 - \$10.153m, 2015/16 - \$3.275m, 2016/17 - \$10.192m, 2017/18 - \$7.201m. The other major recurrent grant which has impacted this indicator is Roads to Recovery 2014/15 - \$1.521m, 2015/16 - \$3.787m, 2016/17 - \$3.114m, 2017/18 - \$3.064m.
Disadvantage					
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	5.00	

Definitions

- "adjusted underlying revenue" means total income other than—
 - non-recurrent grants used to fund capital expenditure; and
 - non-monetary asset contributions; and
 - 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

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Aquatic Facilities Utilisation AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	13.70	15.23	14.80	5.77	A major service review was undertaken for the outdoor swimming pools in 2017/18 with outcomes of more accurate patronage and cost allocations.
Animal Management Health and safety AM4 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	1.00	0	There were no animal management prosecutions in the 2017/18 year
Food Safety Health and safety FS4 <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	96.43%	92.31%	85.71%	Premises with non-compliance inspection with outstanding follow-up inspections in 2017, received their follow-up inspections in January & February 2018
Governance Satisfaction G5 <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]	44.00	50.00	49.00	50.00	A slight increase with a new policy implemented on confidential Council reports seeing a large reduction in matters considered in confidential.
Home and Community Care (HACC) Participation HC6 <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100 Participation HC7 <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	35.00%	35.78%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS & CHSP programs
Libraries Participation LB4 <i>Active library members</i> [Number of active library members / Municipal population] x100	35.00%	16.16%	15.28%	14.82%	A relatively large capital upgrade occurred with relocated library services for over 2 months along with a revamped mobile library service.

Service Performance Indicators cont'd

Service/indicator/measure		Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Maternal and Child Health (MCH)						
Participation						
MC4	<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	85.00%	71.53%	77.01%	76.61%	
Participation						
MC5	<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	81.00%	75.00%	69.77%	65.71%	
Roads						
Satisfaction						
R5	<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]	41.00	36.00	35.00	32.00	Both flood damage and confusion with State and Local roads continues to dominate this area of community satisfaction.
Statutory Planning						
Decision making						
SP4	<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	0.00%	0.00%	0.00%	0.00%	One matter was referred to CVAT in the 2017/18 financial year. VCAT upheld the decision made by Council
Waste Collection						
Waste diversion						
WC5	<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	47.00%	45.17%	41.39%	44.23	A major review of waste services occurred in 2017/18 with implementation underway and results reflective of this work.

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*
- "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 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

Dimension/indicator/measure	Results	Results	Results	Results	Forecasts				Material Variations and Comments	
	2015	2016	2017	2018	2019	2020	2021	2022		
Efficiency										
Revenue level										
E1	Average residential rate per residential property assessment	\$852.69	\$1,127.86	\$1,378.14	\$1,432.00	\$1,456.52	\$1,485.64	\$1,515.35	\$1,545.66	The 2016/17 figure was substantially inflated due to impairment expenses recognised
	[Residential rate revenue / Number of residential property assessments]									
Expenditure level										
E2	Expenses per property assessment	\$3,746.27	\$3,489.64	\$5,056.27	\$4,250.91	\$3,871.00	\$3,970.73	\$4,085.09	\$4,175.27	
	[Total expenses / Number of property assessments]									
Workforce turnover										
E3	Resignations and terminations compared to average staff	10.94%	22.05%	17.12%	17.60%	17.72%	19.34%	21.12%	23.29%	
	[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100									
Liquidity										
Working capital										
L1	Current assets compared to current liabilities	227.52%	195.39%	306.73%	257.22%	127.60%	119.31%	66.08%	6.75%	Council cash holdings are reduced from the prior year. Council projects to utilise cash holdings to fund future capital works.
	[Current assets / Current liabilities] x100									
Unrestricted cash										
L2	Unrestricted cash compared to current liabilities	65.37%	56.29%	31.81%	16.60%	73.47%	51.34%	-1.63%	-62.56%	
	[Unrestricted cash / Current liabilities] x100									

Financial Performance Indicators cont'd

Dimension/indicator/measure	Results	Results	Results	Results	Forecasts				Material Variations and Comments	
	2015	2016	2017	2018	2019	2020	2021	2022		
Obligations										
Asset renewal										
O1	Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	74.48%	64.39%	51.75%	142.96%	287.66%	142.46%	102.97%	119.15%	This is substantially due to remedial capital works to reverse impairment included in the renewal classification
Loans and borrowings										
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	19.31%	16.28%	13.91%	11.48%	9.46%	19.88%	16.60%	13.63%	Council has been consistently reducing outstanding borrowings in preparation for new borrowings
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.18%	2.97%	2.87%	2.78%	2.79%	2.51%	3.89%	3.48%	
Indebtedness										
O4	Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	22.13%	20.56%	13.60%	8.68%	10.32%	26.94%	24.37%	21.78%	Council is currently reducing its outstanding long term debt in preparation for a longer term borrowing strategy to fund future capital works and intergenerational strategies.
Operating position										
Adjusted underlying result										
OP1	Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.63%	-13.07%	-24.46%	-6.88%	-4.79%	-10.89%	-11.66%	-11.68%	Council's 2016/17 result was inflated due to the recognition of Impairment
Stability										
Rates concentration										
S1	Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	41.80%	54.28%	42.54%	45.04%	48.25%	50.77%	50.69%	50.60%	
Rates effort										
S2	Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.45%	0.48%	0.57%	0.58%	0.58%	0.59%	0.60%	0.62%	

Financial Performance Indicators cont'd

Definitions

- "adjusted underlying revenue" means total income other than—
- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- 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

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 on 12 July 2017. 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 can be obtained by contacting council.

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.

Belinda J Johnson, B.Comm., CPA.

Principal Accounting Officer

Dated: 12 September 2018

In our opinion, the accompanying performance statement of the (*council name*) 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 Mary-Ann Brown

Mayor

Dated: 12 September 2018

Cr Colin B Dunkley

Councillor

Dated: 12 September 2018

Michael G Tudball

Chief Executive Officer

Dated: 12 September 2018