



LODDON SHIRE COUNCIL

# PERFORMANCE STATEMENT YEAR ENDING 30 JUNE 2017

## DESCRIPTION OF MUNICIPALITY

Loddon Shire Council is located in central Victoria, about 175 kilometres north-west of Melbourne. It is bounded by the Gannawarra Shire in the north, Shire of Campaspe and City of Greater Bendigo in the east, Mount Alexander Shire and Central Goldfields Shire in the south, and Northern Grampians Shire and Buloke Shire in the west.

Loddon Shire Council is a predominantly rural area, with many small towns and communities. The largest towns are Boort, Bridgewater on Loddon, Inglewood, Pyramid Hill, and Wedderburn.

The Shire encompasses a total land area of about 6,700 square kilometres. Land is used mainly for agriculture and horticulture, particularly grain, sheep, wool, beef cattle, dairy, pigs and poultry. In recent years, there has also been an increase in viticulture, olives, and fodder crops.

The primary source of employment in the Shire is agriculture, forestry and fishing with 37% of employed residents working in those fields, while 10% work in health care and social assistance, 7% in retail trade, and 5% in public administration and safety.

## SUSTAINABILITY CAPACITY INDICATORS

Indicator / measure	Results		
	2015	2016	2017
<b>Indicator: Population</b> <i>Measure:</i> Expenses per head of municipal population <i>Computation:</i> Total expenses / Municipal population	\$3,597	\$3,657	\$3,763
<b>Material variations:</b> Gradual increases to expenditure over 3 year period with population remaining steady.			
<b>Indicator: Population</b> <i>Measure:</i> Infrastructure per head of municipal population <i>Computation:</i> Value of infrastructure / Municipal population	\$37,810	\$40,202	\$39,764
<b>Material variations:</b> Gradual increases to infrastructure value over 3 year period with population remaining steady.			
<b>Indicator: Population</b> <i>Measure:</i> Population density per length of road <i>Computation:</i> Municipal population / Kilometres of local roads	1.56	1.54	1.60
<b>Material variations:</b> No material variations.			
<b>Indicator: Own-source revenue</b> <i>Measure:</i> Own source revenue per head of municipal population <i>Computation:</i> Own-source revenue / Municipal population	\$1,808	\$1,815	\$1,796
<b>Material variations:</b> Gradual increases to own source revenue value over 3 year period with population remaining steady.			
<b>Indicator: Recurrent grants</b> <i>Measure:</i> Recurrent grants per head of municipal population <i>Computation:</i> Recurrent grants / Municipal population	\$2,209	\$1,462	\$2,180
<b>Material variations:</b> Recurrent grants have increased by \$5.8M. This is mainly due to the 50% upfront payment of the 2017/18 allocation of funding from the Victoria Grants Commission of \$4.1M.			
<b>Indicator: Disadvantage</b> <i>Measure:</i> Relative socio-economic disadvantage <i>Computation:</i> Index of relative socio-economic disadvantage by decile	1	1	1
<b>Material variations:</b> 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 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	2016	2017
<b>Aquatic facilities</b> <b>Indicator: Utilisation</b> <i>Measure:</i> Utilisation of aquatic facilities <i>Computation:</i> Number of visits to aquatic facilities / Municipal population	3	4	3
<b>Material variations:</b> Visitation numbers have decreased by 1,200 in 2017.			
<b>Animal management</b> <b>Indicator: Health and safety</b> <i>Measure:</i> Animal management prosecutions <i>Computation:</i> Number of successful animal management prosecutions	7	1	0
<b>Material variations:</b> Council has had no animal prosecutions in 2017.			
<b>Food Safety</b> <b>Indicator: Health and safety</b> <i>Measure:</i> Critical and major non-compliance notifications <i>Computation:</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	0%	83%	100%
<b>Material variations:</b> No compliance issues in 2015.			
<b>Governance</b> <b>Indicator: Satisfaction</b> <i>Measure:</i> Satisfaction with Council decisions <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community	58	56	55
<b>Material variations:</b> No material variations.			
<b>Home &amp; Community Care (HACC)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in HACC service <i>Computation:</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	58%	56%	N/A
<b>Material variations:</b> Indicator no longer required.			
<b>Home &amp; Community Care (HACC)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in HACC service by CALD people <i>Computation:</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	28%	30%	N/A
<b>Material variations:</b> Indicator no longer required.			
<b>Libraries</b> <b>Indicator: Participation</b> <i>Measure:</i> Active library members <i>Computation:</i> [Number of active library members / Municipal population] x100	14%	8%	8%
<b>Material variations:</b> No material variations.			

## SERVICE PERFORMANCE INDICATORS (Continued)

Service / indicator / measure	Results		
	2015	2016	2017
<b>Maternal &amp; Child Health (MCH)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in MCH service <i>Computation:</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	66%	73%	70%
<b>Material variations:</b> Numbers attending and enrolled fluctuate over the 3 years, as the child gets older the visits are less frequent.			
<b>Maternal &amp; Child Health (MCH)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in the MCH service by Aboriginal children <i>Computation:</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	60%	25%	56%
<b>Material variations:</b> There was an increase to aboriginal children of 2 and a higher amount participating in the service in 2017.			
<b>Roads</b> <b>Indicator: Satisfaction</b> <i>Measure:</i> Satisfaction with sealed local roads <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	55	55	50
<b>Material variations:</b> Decrease in survey value in 2017.			
<b>Statutory planning</b> <b>Indicator: Decision making</b> <i>Measure:</i> Council planning decisions upheld at VCAT <i>Computation:</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%	0%	100%
<b>Material variations:</b> One VCAT decision throughout 2017.			
<b>Indicator: Waste diversion</b> <i>Measure:</i> Kerbside collection waste diverted from landfill <i>Computation:</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	23%	20%	23%
<b>Material variations:</b> Weight of recyclables has increased by 10% and the weight of garbage has decreased by 2.5%.			

## SERVICE PERFORMANCE INDICATORS (Continued)

### 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 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			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Efficiency</b> <b>Indicator: Revenue level</b> <i>Measure:</i> Average residential rate per residential property assessment <i>Computation:</i> Residential rate revenue / Number of residential property assessments	\$698.23	\$941.22	\$992.71	\$959.77	\$971.86	\$993.02	\$1,014.66
<b>Material variations:</b> Residential rates are forecast to increase by 2.0% each year. 2015 results did not include waste charges.							
<b>Efficiency</b> <b>Indicator: Expenditure level</b> <i>Measure:</i> Expenses per property assessment <i>Computation:</i> Total expenses / Number of property assessments	\$3,409.82	\$3,441.69	\$3,670.24	\$3,709.12	\$3,673.25	\$3,772.04	\$3,922.60
<b>Material variations:</b> Property numbers remain constant with expenditure levels the main variance depending on the scope of works required for that financial year.							
<b>Efficiency</b> <b>Indicator: Workforce turnover</b> <i>Measure:</i> Resignations and terminations compared to average staff <i>Computation:</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.18	12.75	18.12	9.63	9.63	9.63	9.63
<b>Material variations:</b> A restructure to realign directorates in early 2016 and continuation into 2017 has resulted in an increase in staff turnover.							
<b>Liquidity</b> <b>Indicator: Working capital</b> <i>Measure:</i> Current assets compared to current liabilities <i>Computation:</i> [Current assets / Current liabilities] x100	587.88%	641.06%	790.25%	384.10%	290.30%	217.52%	85.73%
<b>Material variations:</b> Major variations can occur in this indicator due to the amount of cash and cash equivalents available for that projected year. The other components are fairly constant.							

## FINANCIAL PERFORMANCE INDICATORS (Continued)

Dimension / indicator / measure	Results			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Liquidity</b> <b>Indicator: Unrestricted cash</b> <i>Measure:</i> Unrestricted cash compared to current liabilities <i>Computation:</i> [Unrestricted cash / Current liabilities] x100	53.70%	281.60%	-3.85%	42.64%	-114.52%	-217.46%	-344.01%
<b>Material variations:</b> Council has a large amount of cash available on hand due to the delay in progression of some capital works projects including the Wedderburn Streetscape. Council also received a 50% upfront payment of \$4.1M for the 2017/18 VGC allocation during 2016/17. Future year projections include all costs to ensure there is no renewal gap, realistically this is not achievable and the values are adjusted and balanced through the budget process.							
<b>Obligations</b> <b>Indicator: Asset renewal</b> <i>Measure:</i> Asset renewal compared to depreciation <i>Computation:</i> [Asset renewal expenses / Asset depreciation] x100	42.47%	24.12%	33.93%	38.86%	26.90%	24.68%	25.36%
<b>Material variations:</b> Variations can occur within this indicator depending on the capital works program delivered each year, depreciation increases slightly per year.							
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> <i>Measure:</i> Loans and borrowings compared to <i>Computation:</i> [Interest bearing loans and borrowings / Rate revenue] x100	1.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment of outstanding loans during early 2016.							
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> <i>Measure:</i> Loans and borrowings repayments compared to rates <i>Computation:</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	1.57%	1.39%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment of outstanding loans during early 2016.							



## FINANCIAL PERFORMANCE INDICATORS (Continued)

Dimension / indicator / measure	Results			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Obligations</b> <b>Indicator: Indebtedness</b> <i>Measure:</i> Non-current liabilities compared to own source revenue <i>Computation:</i> [Non-current liabilities / Own source revenue] x100	16.94%	17.58%	12.52%	21.50%	23.84%	25.69%	27.55%
<b>Material variations:</b> Councils non-current liabilities increases each year with own source revenue remaining fairly constant.							
<b>Operating position</b> <b>Indicator: Adjusted underlying result</b> <i>Measure:</i> Adjusted underlying surplus (or deficit) <i>Computation:</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	10.82%	-37.73%	9.83%	-36.73%	-13.54%	-14.43%	-16.78%
<b>Material variations:</b> In 2016, Council had an underlying deficit compared to a surplus in 2017. The trend forward is expected to have underlying deficit positions.							
<b>Stability</b> <b>Indicator: Rates concentration</b> <i>Measure:</i> Rates compared to adjusted underlying revenue <i>Computation:</i> [Rate revenue / Adjusted underlying revenue] x100	30.88%	50.58%	32.05%	49.58%	42.10%	42.22%	42.33%
<b>Material variations:</b> Council has continued to apply the 2.0% cap to rates and charges for the forecast years. The main variation between years for this indicator is the operating grants.							
<b>Stability</b> <b>Indicator: Rates effort</b> <i>Measure:</i> Rates compared to property values <i>Computation:</i> [Rate revenue / Capital improved value of rateable properties in the	0.57%	0.56%	0.58%	0.60%	0.60%	0.61%	0.62%
<b>Material variations:</b> No material variations.							

## FINANCIAL PERFORMANCE INDICATORS (Continued)

### 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

### 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 sustainability 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 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 27 June 2017 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 can be obtained by contacting Council.

## CERTIFICATION OF 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.


Signed:  Date: 22, 8, 17.  
 SHARON ROSEMARIE MORRISON BA (POLITICS), LLB (HONS), GDLP, DIP BUS, CERT IV HR,  
 PRINCIPAL ACCOUNTING OFFICER

In our opinion, the accompanying Performance Statement of the Loddon Shire Council for the year ended 30 June 2017 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 sustainability capacity.

As 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 2014 to certify this Performance Statement in its final form.

Signed:  Date: 22/8/2017  
 NEIL EDWARD BEATTIE, MAYOR

Signed:  Date: 22/8/2017  
 GAVAN LINDSAY HOLT, COUNCILLOR

Signed:  Date: 22/8/2017  
 PHILIP LEONARD PINYON, CHIEF EXECUTIVE OFFICER

## Independent Auditor's Report

To the Councillors of Loddon Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Loddon Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2017</li> <li>• sustainable capacity indicators for the year ended 30 June 2017</li> <li>• service performance indicators for the year ended 30 June 2017</li> <li>• financial performance indicators for the year ended 30 June 2017</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Loddon Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>



**Auditor's responsibilities for the audit of the performance statement**

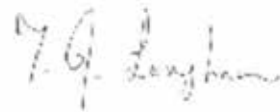
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
29 August 2017



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*





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