



Performance statement

Year ending 30 June 2019

Tarnagulla Soldiers Memorial Park. Image Loddon Shire Council.

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 per cent of employed residents working in those fields, while 10 per cent work in health care and social assistance, seven per cent in retail trade, and five per cent in public administration and safety.

SUSTAINABILITY CAPACITY INDICATORS

Indicator/measure	Results			
	2016	2017	2018	2019
Indicator: Population <i>Measure:</i> Expenses per head of municipal population <i>Computation:</i> Total expenses/Municipal population	\$3,657	\$3,763	\$4,502	\$5,919
Material variations: Gradual increases to expenditure over the four year period with population remaining steady. Year three and four have a higher increase as a result of extra works undertaken for flood restoration projects.				
Indicator: Population <i>Measure:</i> Infrastructure per head of municipal population <i>Computation:</i> Value of infrastructure/Municipal population	\$40,202	\$39,764	\$43,768	\$45,810
Material variations: Gradual increase to infrastructure valuation over the full four year period with population remaining steady.				
Indicator: Population <i>Measure:</i> Population density per length of road <i>Computation:</i> Municipal population/Kilometres of local roads	1.54	1.60	1.59	1.59
Material variations: No material variations.				
Indicator: Own-source revenue <i>Measure:</i> Own source revenue per head of municipal population <i>Computation:</i> Own-source revenue/Municipal population	\$1,815	\$1,796	\$1,868	\$1,904
Material variations: No material variations.				
Indicator: Recurrent grants <i>Measure:</i> Recurrent grants per head of municipal population <i>Computation:</i> Recurrent grants/Municipal population	\$1,462	\$2,180	\$1,836	\$1,851
Material variations: Recurrent grants have remained steady for 2018 and 2019 due to the continued 50% upfront timing of the Victoria Grants Commission funding. 2017 had a full yearly allocation plus a further 50% upfront.				
Indicator: Disadvantage <i>Measure:</i> Relative socio-economic disadvantage <i>Computation:</i> Index of relative socio-economic disadvantage by decile	1	1	2	2
Material variations: 2018 saw the indicator move from one to two, it has remained steady at that indicator.				

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)

"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			
	2016	2017	2018	2019
Aquatic facilities Indicator: Utilisation <i>Measure:</i> Utilisation of aquatic facilities <i>Computation:</i> Number of visits to aquatic facilities/Municipal population	4	3	3	3
Material variations: Number of visits has slightly decreased while the population has remained steady.				
Animal management Indicator: Health and safety <i>Measure:</i> Animal management prosecutions <i>Computation:</i> Number of successful animal management prosecutions	1	0	0	0
Material variations: Council had no animal prosecutions in 2016/17, 2017/18 and 2018/19.				
Food Safety Indicator: Health and safety <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	83%	100%	100%	100%
Material variations: All compliance issues in 2016/17, 2017/18 and 2018/19 have been followed up.				
Governance Indicator: Satisfaction <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	56	55	48	50
Material variations: As a result of feedback from the community, in 2018 Council identified the need to better communicate its decisions to the community including the rationale for those decisions. This has seen a slight increase in this indicator.				
Home and Community Care (HACC) Indicator: Participation <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	56%	N/A	N/A	N/A
Material variations: Indicator no longer required.				
Home and Community Care (HACC) Indicator: Participation <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	30%	N/A	N/A	N/A
Material variations: Indicator no longer required.				
Libraries Indicator: Participation <i>Measure:</i> Active library members <i>Computation:</i> [Number of active library members/Municipal population] x100	8%	8%	7%	7%
Material variations: Loddon continues to experience a decline in the number of active library members however the number does not include library visitors, Wi-Fi or computer use, attendance at programs or use/borrowing of the electronic collection. All of these activities are anecdotally well supported by Loddon residents.				

SERVICE PERFORMANCE INDICATORS (Continued)

Service/indicator/measure	Results			
	2016	2017	2018	2019
Maternal and Child Health (MCH) Indicator: Participation <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	73%	70%	65%	66%
Material variations: Council continues to work closely with Community Health Services to meet the needs of Loddon Children. There has been a significant increase to both the number of children enrolled and participation rates.				
Maternal and Child Health (MCH) Indicator: Participation <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	25%	56%	83%	57%
Material variations: Council works closely with Community Health Services to meet the needs of Aboriginal Children. There has been a significant increase in the number of children enrolled with a slight increase to the participation rates.				
Roads Indicator: Satisfaction <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	50	50	52
Material variations: There is a slight increase to this indicator and it is expected to be a result of the finalisation of the flood rectification works program.				
Statutory planning Indicator: Decision making <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%	100%	0%	100%
Material variations: One VCAT planning decision in 2018/19, also one in 2016/17.				
Indicator: Waste diversion <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	20%	23%	22%	26%
Material variations: There has been one per cent increase to the weight of recyclables collected offset by a 16 per cent reduction in the weight of garbage collected.				

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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australian 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

"local road" means a sealed or unsealed road for which 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			
	2016	2017	2018	2019	2020	2021	2022	2023
Efficiency Indicator: Revenue level <i>Measure:</i> Average residential rate per residential property assessment Computation: Residential rate revenue/Number of residential property assessments	\$941.22	\$992.71	\$1,011.60	\$1,007.51	\$998.45	\$1,015.09	\$1,037.90	\$1,061.31
Material variations: Residential rates are forecast to increase by 2.0% per year.								
Efficiency Indicator: Expenditure level <i>Measure:</i> Expenses per property assessment Computation: Total expenses/Number of property assessments	\$3,441.69	\$3,670.24	\$4,339.15	\$5,685.05	\$4,008.49	\$3,985.97	\$4,078.53	\$4,177.33
Material variations: Property numbers remain constant with expenditure levels the main variance depending on the scope of work required for that financial year.								
Efficiency Indicator: Workforce turnover <i>Measure:</i> Resignations and terminations compared to average staff Computation: [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	12.75	18.12	12.29	10.32	9.87	9.87	9.87	9.87
Material variations: A restructure to align directorates in early 2016 and continuation into 2017 resulted in an increase in staff turnover. This is slowly returning to a steady turnover rate.								
Liquidity Indicator: Working capital <i>Measure:</i> Current assets compared to current liabilities Computation: [Current assets/Current liabilities] x100	641.06%	790.25%	742.25%	503.88%	415.19%	349.44%	265.78%	219.41%
Material variations: 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					Forecasts			
	2016	2017	2018	2019	2020	2021	2022	2023
Liquidity Indicator: Unrestricted cash <i>Measure:</i> Unrestricted cash compared to current liabilities Computation: [Unrestricted cash/Current liabilities] x100	281.60%	-3.85%	91.92%	-156.79%	71.46%	-16.19%	-102.08%	-167.02%
Material variations: Council had a large amount of cash at the end of 2019 but \$10M of this was term deposits that mature in a period greater than 90 days. 50% Victoria Grants Commission funding was received upfront in 2016/17, 2017/18 and 2018/19. Current liabilities remain constant.								
Obligations Indicator: Asset renewal <i>Measure:</i> Asset renewal compared to depreciation Computation: [Asset renewal expenses/Asset depreciation] x100	24.12%	33.93%	35.98%	19.86%	64.01%	30.13%	30.35%	30.11%
Material variations: Variations can occur within this indicator depending on the capital works program delivered each year, depreciation increases slightly in line with asset values.								
Obligations Indicator: Loans and borrowings <i>Measure:</i> Loans and borrowings compared to rates Computation: [Interest bearing loans and borrowings/Rate revenue] x100	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Material variations: Council made the last payment of outstanding loans during early 2016.								
Obligations Indicator: Loans and borrowings <i>Measure:</i> Loans and borrowings repayments compared to rates Computation: [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	1.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Material variations: Council made the last payment of outstanding loans during early 2016.								

FINANCIAL PERFORMANCE INDICATORS (Continued)

Dimension/indicator/ measure					Forecasts			
	2016	2017	2018	2019	2020	2021	2022	2023
Obligations Indicator: Indebtedness <i>Measure:</i> Non-current liabilities compared to own source revenue Computation: [Non-current liabilities/Own source revenue] x100	17.58%	12.52%	11.76%	12.57%	15.57%	17.41%	19.08%	20.85%
Material variations: Council's non current liabilities increase slightly each year in line with EA increases, own source revenue also increases slightly each year in line with expected CPI increases.								
Operating position Indicator: Adjusted underlying result <i>Measure:</i> Adjusted underlying surplus (or deficit) Computation: [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-37.73%	9.83%	-4.51%	-2.87%	-37.72%	-15.56%	-15.90%	-16.50%
Material variations: Future year projections include all costs to address the renewal gap, however based upon current forecasting Council will not have enough income to address the gap without compromising on other services or generating more or other sources of revenue.								
Stability Indicator: Rates concentration <i>Measure:</i> Rates compared to adjusted underlying revenue Computation: [Rate revenue/Adjusted underlying revenue] x100	50.58%	32.05%	32.31%	24.87%	48.48%	41.60%	41.69%	41.83%
Material variations: Council has continued to apply the rate cap to rates and charges for the forecast years. The main variation between years for this indicator is the operating grants.								
Stability Indicator: Rates effort <i>Measure:</i> Rates compared to property values revenue/Capital improved value of rateable properties in the municipality] x100	0.56%	0.58%	0.50%	0.52%	0.49%	0.49%	0.49%	0.49%
Material variations: 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 25 June 2019 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.

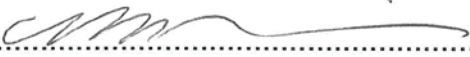
Signed:  te: 13/09/2019
SHARON ROSEMARIE MORRISON BA (POLITICS), LLB (HONS), GDLP, DIP BUS, CERT IV HR,
PRINCIPAL ACCOUNTING OFFICER
Serpentine, Victoria, 3517

In our opinion, the accompanying Performance Statement of the Loddon Shire Council for the year ended 30 June 2019 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:  te: 13/09/2019
CHERYL ANNETTE MCKINNON, MAYOR
Serpentine, Victoria, 3517

Signed:  te: 13/09/2019
GAVAN LINDSAY HOLT, COUNCILLOR
Serpentine, Victoria, 3517

Signed:  te: 13/09/2019
PHILIP LEONARD PINYON, CHIEF EXECUTIVE OFFICER
Serpentine, Victoria, 3517



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Loddon Shire Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Loddon Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards 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>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I 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>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors of the council are 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 determine 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>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, 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</p>

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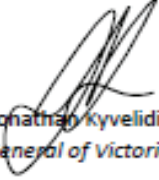
Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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 the 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 my 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 performance statement, including the disclosures, and whether the performance statement 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
20 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria



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