

Southern Grampians Shire Council

Performance Statement

For the Year Ended 30 June 2020

Description of the 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, Penshurst 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.

Sustainability Capacity Indicators

Indicator/Measure	Results					Material Variations & Comments
	2016	2017	2018	2019	2020	
Population						
C1 Expenses per head of municipal population <i>(Total expenses/Municipal population)</i>	\$2,616.15	\$3,531.14	\$2,913.21	\$3,554.94	\$2,984.78	Reduced expenses relate directly to costs associated with the restorative works undertaken due to the 2016 Flood Event
C2 Infrastructure per head of municipal population <i>(Value of Infrastructure/Municipal population)</i>	\$20,152.43	\$19,067.42	\$18,807.30	\$18,674.62	\$21,178.39	A revaluation of infrastructure assets together with capital additions for the year has seen significant increase in the value of infrastructure.
C3 Population density per length of road <i>(Municipal population/Kilometres of local roads)</i>	6.20	5.68	5.78	5.77	6.00	
Own Source Revenue						
C4 Own source revenue per head of municipal population <i>(Own source revenue/Municipal population)</i>	\$1,696.84	\$1,729.16	\$1,900.01	\$2,594.79	\$1,829.32	The 2019/20 result is in line with long term results - the 2018/19 result was an abnormal year due to reversal of impairment (\$13.4m)
Recurrent Grants						
C5 Recurrent grants per head of municipal population <i>(Recurrent Grants/Municipal population)</i>	\$593.87	\$997.33	\$806.99	\$745.03	\$767.95	
Disadvantage						
C6 Relative Socio-Economic Disadvantage <i>(Index of Relative Socio-Economic Disadvantage by decile)</i>	6.00	6.00	5.00	5.00	5.00	
Workforce Turnover						
C7 Resignations and terminations compared to average staff <i>(Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year) X 100</i>	22.05%	17.12%	17.60%	12.62%	16.10%	The variance in the staff turnover rates can be attributed to staff retirements and service reviews
Definitions						
<p>*Adjusted underlying revenue" means total income other than:</p> <ul style="list-style-type: none"> 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) <p>*Infrastructure" means non-current property, plant and equipment excluding land</p> <p>*local road" means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i></p> <p>*population" means the resident population estimated by Council</p> <p>*own-source revenue" means adjusted underlying revenue other than revenue that is not under the control or council (including government grants)</p> <p>*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</p> <p>*SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its internet website</p> <p>*unrestricted cash" means all cash and cash equivalents other than restricted cash.</p>						

Service Performance Indicators

Indicator/Measure	Results					Material Variations & Comments
	2016	2017	2018	2019	2020	
Aquatic Facilities - Utilisation						
AF6 Utilisation of aquatic facilities (Number of visits to aquatic facilities/Municipal population)	15.23	14.80	5.77	9.33	7.56	Reduction in usage due to COVID lockdown and closure of facilities
Animal Management - Health and Safety						
AM4 Animal management prosecutions (Number of successful animal prosecutions)			New in 2020		0%	Although Council received reports of dog attacks throughout the year, after full investigations, few were deemed serious and none were required to be prosecuted.
Food Safety - Health and Safety						
FS4 Critical and major non-compliance outcome notifications (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	96.43%	92.31%	85.71%	100.00%	93.33%	
Governance - Satisfaction						
G5 Satisfaction with council decisions (Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community)	50	49	50	49	52	
Libraries - Participation						
LB4 Active Library Members (Number of active library members/Municipal population) X 100	16.16%	15.28%	14.82%	14.96%	13.15%	Reduction from previous year is the result of significant reduction in patronage and membership during COVID closure period.
Maternal & Child Health (MCH) - Participation						
MC4 Participation in MCH Service (Number of children who attend the MCH service at least once (in the year)/ Number of children enrolled in the MCH service) X 100	71.53%	77.01%	76.61%	77.96%	76.99%	
MC5 Participation in MCH Service by Aboriginal children (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	75.00%	69.77%	65.71%	62.69%	63.89%	

Service Performance Indicators

Indicator/Measure	Results					Material Variations & Comments	
	2016	2017	2018	2019	2020		
Roads - Satisfaction							
R5	Satisfaction with sealed local roads <i>(Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)</i>	36	35	32	41	43	
Statutory Planning - Decision making							
SP4	Council planning decisions upheld at VCAT <i>(Number of VCAT decision 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</i>	0.00%	0.00%	0.00%	0.00%	0.00%	Two applications are currently before VCAT and a decision has not yet been made on either application.
Waste Collection - Waste Diversion							
WC5	Kerbside collection waste diverted from landfill <i>(Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins) X 100</i>	45.17%	41.39%	44.23%	44.16%	43.01%	

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"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*

"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

Indicator/Measure	Results					Forecast				Material Variations & Comments	
	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Efficiency											
<i>Expenditure Level</i>											
E2	Expenses per property assessment <i>(Total expenses / Number of property assessments)</i>	\$3,489.64	\$5,056.27	\$4,250.91	\$6,440.18	\$4,368.64	\$4,363.18	\$4,058.27	\$4,148.45	\$4,249.36	Council's expenses over the past 4 financial years has been unusually high due to the recognition of impaired assets due to Flooding in 2016 and the subsequent repair costs associated with the event. The 2020 figure is more in line with normal trend for the Council.
<i>Revenue Level</i>											
E4	Average rate per property assessment <i>(General rates and Municipal charges / Number of property assessments)</i>		New in 2020			\$1,707.00	\$1,765.55	\$1,763.27	\$1,798.55	\$1,834.55	
Liquidity											
<i>Working Capital</i>											
L1	Current assets compared to current liabilities <i>(Current Assets / Current Liabilities) X 100</i>	195.39%	306.73%	257.22%	305.73%	228.50%	201.75%	180.86%	170.51%	123.86%	Council has held substantial cash holdings related to large capital works which were incomplete and the timing of payments relating to flood even works. This ratio will continue to reduced as Council plans to consume higher levels of cash to achieve its longer term goals.
<i>Unrestricted Cash</i>											
L2	Unrestricted cash compared to current liabilities <i>(Unrestricted cash / Current Liabilities) X 100</i>	56.29%	31.81%	16.60%	8.91%	4.38%	14.36%	12.30%	19.22%	10.19%	Restricted cash is now returning more on trend after utilising cash holding associated with committed capital works and flood restoration activities.
Obligations											
<i>Loans and Borrowings</i>											
O2	Loans and borrowings compared to rates <i>(Interest bearing loans and borrowings / Rate revenue) X 100</i>	16.28%	13.91%	11.48%	9.20%	16.61%	22.69%	19.41%	33.76%	29.15%	Council undertook new borrowings late in the 2019/20 financial year after reducing its existing level of borrowings in accordance with its long term financial plan. Council will leverage further funds in coming years to support planning capital works programs.
O3	Loans and borrowings repayments compared to rates <i>(Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) X 100</i>	2.97%	2.87%	2.78%	2.68%	2.31%	3.22%	3.94%	3.85%	5.23%	During 2019/20 Council continued to repay outstanding borrowings, taking up a new loan late in the year. Further borrowings are planning in the 2020/21 year and future years, therefore seeing increase in this indicator.

Financial Performance Indicators

Indicator/Measure	Results					Forecast				Material Variations & Comments	
	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Indebtedness											
O4	Non-current liabilities compared to own source revenue (Non-current liabilities / Own source revenue) X 100	20.56%	13.60%	8.68%	15.39%	19.81%	31.76%	31.32%	41.42%	39.51%	Council has been repaying outstanding borrowings, with new borrowings commencing late in the 2019/20 year and further borrowing planned in future years.
Asset Renewal and Upgrade											
O1	Asset Renewal and Upgrade compared to depreciation (Asset renewal and asset upgrade expense / Asset Depreciation) X 100		New in 2020			92.24%	90.62%	132.11%	126.32%	131.81%	Council plans to increase its expenditure commitment to renewal works to assets in clearing the backlog of works required.
Operating Position											
Adjusted underlying result											
OP1	Adjusted underlying surplus (or deficit) (Adjusted underlying surplus (deficit) / Adjusted underlying revenue) X 100	-13.07%	-24.46%	-6.88%	-28.48%	-7.09%	-23.54%	-3.39%	-5.01%	-6.60%	The impact of extensive funding for flood repair works has impacted significantly Councils underlying result. Financial planning demonstrates much less reliance on external one-off funding arrangements, resulting in reduced operating deficits or minor surpluses.
Stability											
Rates concentration											
S1	Rates compared to adjusted underlying revenue (Rate Revenue / Adjusted underlying revenue) X 100	54.28%	42.54%	45.05%	36.64%	46.78%	55.80%	50.25%	50.93%	51.49%	The result for the 2018/19 underlying revenue was due to the impact of high capital grants
Rates effort											
S2	Rates compared to property values (Rate Revenue / Capital improved value of all rateable properties in the municipality) X 100	0.48%	0.57%	0.58%	0.56%	0.50%	0.50%	0.50%	0.50%	0.50%	Whilst rate revenue only increased marginally (2%), the property values increased by 17% thereby affecting this ratio.

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 8 July 2020. 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:

In our opinion, the accompanying performance statement of Southern Grampians Shire Council for the year ended 30 June 2020 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.

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Councillor
Dated:

XX
Councillor
Dated:

Michael G Tudball
Chief Executive Officer
Dated: