

# Performance Statement

## 4.1

# Performance Statement

## DESCRIPTION OF MUNICIPALITY

**South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 29,914 (ABS estimated resident population 25 March 2020).**

**The Council covers an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.**

The Shire's major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, Meeniyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

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

## IMPACT OF COVID-19 PANDEMIC ON SOUTH GIPPSLAND SHIRE COUNCIL

On 30 January 2020, COVID-19 was declared a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and the measure taken to mitigate it has impacted Council operations in the following areas for the financial year ended 30 June 2020:

- In response to government directive amidst the COVID-19 outbreak, the leisure centre facilities, caravan parks and Coal Creek Community Park and Museum were closed at the end of March 2020. These closures resulted in an estimated decrease in Council user fee revenue by \$188K and also decreased associated expenses by \$83K based on 2018/19 results.
- Council suspended rent payments for rent agreements of impacted businesses from April 2020. This resulted in decreased rent revenue of \$26K.
- Financial impact from deferral of rates revenue/ interest free period is \$2K. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$86K compared to last year.
- Due to Pandemic the aquatic facilities were closed from 20 March to the end of May 2020. This largely impacted the Shire's indoor aquatic facility.
- The VCAT hearings were not held from March 2020 to 30 June 2020 due to the COVID-19 restrictions, which may have impacted the Planning Service indicator.

# Sustainable

## Capacity Indicators

for the year ended 30 June 2020

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,091	\$2,124	\$2,223	\$2,462	A one off non-cash impairment expense of \$11.4M for a change in the valuation method to land under roads was included in the accounts which has significantly impacted the Expenses for the 2019/20 financial year.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$15,611	\$15,228	\$15,855	\$16,160	No material variation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14	14	14	14	No material variation
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,630	\$1,672	\$1,671	\$1,687	No material variation
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$684	\$520	\$469	\$482	This indicator is volatile based on the level of grants received each year. Population does not change very much but the higher the level of grants received in a year, the higher the ratio and conversely, the lower the level of grants in a year, the lower the ratio.

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Disadvantage</b>	6	5	5	5	No material variation
<i>Relative Socio-Economic Disadvantage</i>					
[Index of Relative Socio-Economic Disadvantage by decile]					
<b>Workforce turnover</b>	11.2%	12.0%	24.6%	12.8%	No material variation
<i>Percentage of staff turnover</i>					
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100					

#### Definitions

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

"Population" means the resident population estimated by Council

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	5	5	4	Visitation to all aquatic facilities in the Shire was down by 33 per cent compared to 2018/19.  <i>Note: one outdoor aquatic facility was closed for the season due to major redevelopment which impacted the overall number of visits. Due to COVID-19 Pandemic the aquatic facilities, were also closed from 20 March to end of May 2020. This largely impacted the Shire's indoor aquatic facility.</i>
<b>Animal management</b>					No material variation
<b>Health and safety</b>					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	New in 2020	New in 2020	100%	<i>Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion.</i>
<b>Food safety</b>					No material variation
<b>Health and safety</b>					
<i>Critical and major non-compliance notifications</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] x 100	100%	100%	100%	100%	
<b>Governance</b>					
<b>Satisfaction</b>					
<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]	45	42	35	37	Community satisfaction with Council decision making has regained some of the ground lost in 2019. Community trust in Council will take some time to re-build. The improvement in the results is encouraging, although it is recognised that further work is required in this area.

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Libraries</b>					No material variation
<b>Participation</b>					
<i>Active library borrowers in municipality</i>	21%	17%	16%	16%	
[Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100					<i>Note: indicator is replacing previous 'Active library members' indicator.</i>
<b>Maternal and Child Health (MCH)</b>					No material variation
<b>Participation</b>					
<i>Participation in the MCH service</i>	76%	76%	75%	76%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100					
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	67%	58%	63%	83%	The service has seen an increase in the number of Aboriginal children being enrolled and attending the MCH service.
[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					
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>	36	46	48	47	
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]					The condition of roads has slightly decreased by one point as part of the Community Satisfaction Survey. The survey demonstrated that residents would value improvements to the conditions of local sealed and gravel roads. Council's additional \$1M spend in maintaining Councils roads, as one of the Council Plan 2017-2021 annual initiatives, has assisted in maintaining a close result to 2019.



Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Statutory Planning</b>					Five of the seven Planning Permits that were appealed to VCAT had decisions that were upheld (supported). No hearings at VCAT from late March 2020 to 30 June 2020 due to COVID-19 Pandemic.
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i>	50%	80%	80%	71%	
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					
<b>Waste Collection</b>					Council continues to improve year on year with waste diverted from landfill by providing services that suit the needs of the Shire.
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i>	51%	51%	52%	53%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

## 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

"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*

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

"Major non-compliance outcome notification" means a notification received by a Council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a Council to support the health and development of children within the municipality from birth until school age

"Population" means the resident population estimated by Council

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a Council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Dimension/Indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
<b>Efficiency</b>									
<b>Expenditure Level</b>									
Expenses per property assessment	\$3,105	\$3,094	\$3,288	\$3,682	\$3,247	\$3,162	\$3,137	\$3,215	A one off non-cash impairment expense of \$11.4M for a change in the valuation method to land under roads was included in the 2019/20 accounts. Without this expense the 2019/20 result would have been \$3,103.20.
Costs per property assessment									
Number of property assessments									
<b>Revenue level</b>									
Average rate per property assessment									No material variation
General rates and Municipal charges / Number of property assessments	New in 2020	New in 2020	New in 2020	\$2,014	\$2,084	\$2,137	\$2,194	\$2,258	<i>Note: indicator is new and was previously titled 'Average residential rate per residential property assessment'.</i>
<b>Liquidity</b>									
<b>Working capital</b>									
Current assets compared to current liabilities	281.98%	309.55%	298.31%	345.98%	162.62%	141.78%	129.20%	136.21%	Increase in indicator is due to Council repaying interest only loan of \$3.35M in November 2019.
Current assets / Current liabilities] x 100									
<b>Unrestricted cash</b>									
Unrestricted cash compared to current liabilities	-12.61%	-33.24%	-57.22%	-101.22%	43.25%	57.38%	45.19%	52.58%	Capital works carried forward was \$18M in 2019/20 compared to \$11.8M in 2018/19 which is why unrestricted cash has increased. Unrestricted cash does not take into account investments held at reporting date with a maturity of greater than 90 days. These amounts are listed as, 'Other financial assets'. Investments held at balance date were \$30M.
[Unrestricted cash . Current liabilities] x 100									



Dimension/Indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
<b>Obligations</b>									
<b>Loans and borrowings</b>									
Loans and borrowings compared to rates	8.37%	8.16%	7.89%	1.85%	7.26%	26.01%	22.58%	19.25%	Council paid out it's only loan of \$3.35M in November 2019. Council is budgeting to borrow \$13.6M over the next few years at dramatically subsidised interest rates through Treasury Corporate Victoria's Infrastructure Loan Scheme for projects in Mirboo North and Korumburra.
Interest bearing loans and borrowings / Rate revenue] x 100									
Loans and borrowings repayments compared to rates	0.36%	0.35%	0.33%	7.79%	0.27%	0.44%	0.24%	0.21%	The spike in 2019/20 is due to Council's only loan (interest only) of \$3.35M being repaid in November 2019.
Interest and principal repayments on interest bearing loans and borrowings / rate revenue]									Council will borrow an additional \$3.6M in 2020/21 with repayments including principal and interest instead of interest only.
<b>Indebtedness</b>									
Non-current liabilities compared to own source revenue	12.62%	12.73%	7.42%	10.26%	12.80%	27.69%	23.61%	21.51%	This increase reflects Council borrowing intentions over the next few years. The increase for 2019/20 is represented by a Construction Facility which is in place for the construction of the Mirboo North pool. Council draw down funds during the construction phase and this reverts to a Principal and Interest loan once the construction phase is over. Council had drawn down \$812,000 by balance date and reflected as a non-current liability.
Non-current liabilities / own source revenue]									



Retired Measures Service/Indicator/Measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Animal management</b>					No material variation
<b>Health and safety</b>					
Animal management prosecutions [Number of successful animal management prosecutions]	9	19	9	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.
<b>Efficiency</b>					No material variation
<b>Revenue level</b>					
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,789	\$1,811	\$1,834	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'E4 - Average rate per property assessment'.
<b>Obligations</b>					No material variation
<b>Asset renewal</b>					
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x 100	111.13%	98.04%	81.02%	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'O5 - Asset renewal and upgrade compared to depreciation'.

## Definitions

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"Asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"Current assets" has the same meaning as in the AAS

"Current liabilities" has the same meaning as in the AAS

"Non-current assets" means all assets other than current assets

"Non-current liabilities" means all liabilities other than current liabilities

"Non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

"Population" means the resident population estimated by Council

"Rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"Recurrent grant" means a grant other than a non-recurrent grant

"Residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"Restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

# Other Information

## for the year ended 30 June 2020

### 1. Basis of preparation

Council is required to prepare and include a performance statement within its Annual Report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's Strategic Resource Plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan annually and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan 2017-2021 can be obtained by contacting Council.

# Certification of the Performance Statement for the year ended 30 June 2020

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*.

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*Tracey Costello, CPA*  
**Principal Accounting Officer**  
**Dated:** 23 September 2020

*Leongatha*

In our opinion, the accompanying statement of the South Gippsland 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 the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.

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*Julie Eisenbise*  
**Administrator (Chair)**  
**Dated:** 23 September 2020

*Leongatha*

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*Rick Brown*  
**Administrator**  
**Dated:** 23 September 2020

*Leongatha*

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*Kerryn Ellis*  
**Chief Executive Officer**  
**Dated:** 23 September 2020

*Leongatha*