

**LODDON SHIRE COUNCIL**  
PERFORMANCE STATEMENT YEAR ENDING 30 JUNE 2016



**LODDON**  
SHIRE

## 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		Material variations
	2015	2016	
<b>Indicator: Population</b> <i>Measure:</i> Expenses per head of municipal population <i>Computation:</i> Total expenses / Municipal population	\$3,597	\$3,657	No material variations.
<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	No material variations.
<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	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	No material variations.
<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	Recurrent grants has decreased by \$5.6M from 2015 to 2016. This is mainly due to the upfront payment of funding from the Victoria Grants Commission which resulted in a variation of \$7.6M . This is partially offset with an additional \$3.1M in Roads to Recovery and \$1.0M less in Country Roads and Bridges funding received during 2016.
<b>Indicator: Disadvantage</b> <i>Measure:</i> Relative socio-economic disadvantage <i>Computation:</i> Index of relative socio-economic disadvantage by decile	1	1	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.

## SERVICE PERFORMANCE INDICATORS

Service / indicator / measure	Results		Comments
	2015	2016	
<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	Visitation numbers have increased by 3,300 in 2016.
<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	Council had a high animal prosecution rate in 2015 with some of these cases still underway through the court system.
<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%	There were no critical or major non-compliance notifications 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	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%	No material variations.
<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%	No material variations.
<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%	Active library members have dropped by 400 from 2015 to 2016.

## SERVICE PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results		Comments
	2015	2016	
<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%	No material variations.
<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%	Whilst the numbers of aboriginal children who are enrolled in a MCH service is steady there were 2 less attend a centre during 2016, these children are growing older and less visits are necessary.
<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	No material variations.
<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%	No material variations.
<b>Waste collection</b> <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%	Weight of recyclables has remained constant over the two year period, with the weight of garbage increasing by 310 tonnes. This is a result of more accurate reporting of waste.

## 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
<b>Efficiency</b> <b>Indicator: Revenue level</b> Measure: Average residential rate per residential property assessment Computation: Residential rate revenue / Number of residential property assessments	\$698.23	\$941.22	\$935.05	\$950.83	\$973.01	\$997.55
<b>Material variations:</b> Residential rate is forecast to increase by 2.5% each year with an assessment undertaken for the 2017 Budget to correct residential rates compared to rural rates, therefore a slight increase is forecasted. 2015 results did not include waste charges.						
<b>Efficiency</b> <b>Indicator: Expenditure level</b> Measure: Expenses per property assessment Computation: Total expenses / Number of property assessments	\$3,409.82	\$3,441.69	\$3,722.62	\$3,580.32	\$3,687.59	\$3,786.10
<b>Material variations:</b> Property numbers remain constant with expenditure levels the main variance depending on scope of works required for that financial year.						
<b>Efficiency</b> <b>Indicator: Workforce turnover</b> Measure: 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	8.18	12.75	7.54	7.54	7.54	7.54
<b>Material variations:</b> A restructure to realign directorates in early 2016 resulted in higher than expected resignations.						
<b>Liquidity</b> <b>Indicator: Working capital</b> Measure: Current assets compared to current liabilities Computation: [Current assets / Current liabilities] x100	587.88%	641.06%	301.28%	218.59%	115.61%	112.72%
<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.						
<b>Liquidity</b> <b>Indicator: Unrestricted cash</b> Measure: Unrestricted cash compared to current liabilities Computation: [Unrestricted cash / Current liabilities] x100	53.70%	281.60%	33.04%	53.06%	158.99%	189.89%
<b>Material variations:</b> Council has a large amount of cash available on hand due to delay in the commencement of some capital works projects including the Wedderburn streetscape of \$2.1M, Serpentine Pavilion works of \$0.9M and upfront home and community care funding of \$0.42M.						
<b>Obligations</b> <b>Indicator: Asset renewal</b> Measure: Asset renewal compared to depreciation Computation: [Asset renewal expenses / Asset depreciation] x100	42.47%	24.12%	103.72%	39.32%	37.16%	36.01%
<b>Material variations:</b> Although 2016 has higher expenditure on capital works in total by \$1.6M, renewal works have dropped by \$1.58M. More expansion works in 2016 were carried out with expenditure on the Inglewood Town Hall of \$1.08M and Boort Park Pavilion of \$0.24M.						

## FINANCIAL PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results		Forecasts			
	2015	2016	2017	2018	2019	2020
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> Measure: Loans and borrowings compared to rates Computation: [Interest bearing loans and borrowings / Rate revenue] x100	1.43%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment for outstanding loans during early 2016.						
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> Measure: Loans and borrowings repayments compared to rates Computation: [Interest and principal repayments on interest bearing loans and	1.57%	1.39%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment for outstanding loans during early 2016.						
<b>Obligations</b> <b>Indicator: Indebtedness</b> Measure: Non-current liabilities compared to own source revenue Computation: [Non-current liabilities / Own source revenue] x100	16.94%	17.58%	20.62%	21.85%	23.36%	24.93%
<b>Material variations:</b> No material variations.						
<b>Operating position</b> <b>Indicator: Adjusted underlying result</b> Measure: Adjusted underlying surplus (or deficit) Computation: [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	10.82%	-37.73%	1.98%	-8.50%	-9.47%	-9.49%
<b>Material variations:</b> In 2016, Council has an underlying deficit compared to a surplus in 2015. The trend is expected to continue with break even or low deficits forecast for the next four years, partially reflecting an adjustment to income as a result of rate capping.						
<b>Stability</b> <b>Indicator: Rates concentration</b> Measure: Rates compared to adjusted underlying revenue Computation: [Rate revenue / Adjusted underlying revenue] x100	30.88%	50.58%	34.44%	40.25%	40.42%	40.35%
<b>Material variations:</b> Council has continued to apply a 2.5% cap to rates and charges for the forecast years. The main variation between 2015 and 2016 was the operating grants which is taken into consideration within this calculation. In 2015 this income was \$13.6M compared to the 2016 income of \$6.1M, a variation of \$7.5M.						
<b>Stability</b> <b>Indicator: Rates effort</b> Measure: Rates compared to property values Computation: [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.57%	0.56%	0.58%	0.58%	0.59%	0.61%
<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 28 June 2016 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: 23, 8, 16.  
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 2016 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: 23, 8, 2016  
NEIL EDWARD BEATTIE, MAYOR

Signed:  Date: 23, 8, 16  
GAVAN LINDSAY HOLT, COUNCILLOR

Signed:  Date: 23, 8, 16  
PHILIP LEONARD PINYON, CHIEF EXECUTIVE OFFICER

VAGO

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## INDEPENDENT AUDITOR'S REPORT

To the Councillors, Loddon Shire Council

### *The Performance Statement*

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Loddon Shire Council which comprises the statement, the related notes and the certification of the performance statement.

### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the Loddon Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement 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 entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)

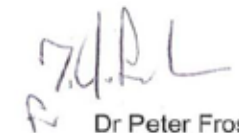
### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion, the performance statement of the Loddon Shire Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
2 September 2016



Dr Peter Frost  
Acting Auditor-General