

LODDON SHIRE COUNCIL

PERFORMANCE STATEMENT FOR
THE YEAR ENDING 30 JUNE 2015



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.

There were no significant events impacting the operations of Council during the year; however, at reporting date, a lack of rainfall over summer and autumn had begun to impact the farming community with challenges around a lack water and natural feed for stock, and farmers deferring crop sowing until much later, with many reducing their cropping program to much less than they had originally planned.

SUSTAINABILITY CAPACITY INDICATORS

Indicator/Measure	Results 2015	Material variations
Indicator: Own-source revenue Measure: Own source revenue per head of municipal population Computation: Own-source revenue / Municipal population	\$1,849	
Indicator: Recurrent grants Measure: Recurrent grants per head of municipal population Computation: Recurrent grants / Municipal population	\$2,209	
Indicator: Population Measure: Expenses per head of municipal population Computation: Total expenses / Municipal population	\$3,597	
Indicator: Population Measure: Infrastructure per head of municipal population Computation: Value of infrastructure / Municipal population	\$37,810	
Indicator: Population Measure: Population density per length of road Computation: Municipal population / Kilometres of local roads	1.56	
Indicator: Disadvantage Measure: Relative socio-economic disadvantage Computation: Index of relative socio-economic disadvantage by decile	1	

Definitions:

"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)

SUSTAINABILITY CAPACITY INDICATORS (Continued)

"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 2015	Comments
<p>Governance Indicator: Satisfaction Measure: Satisfaction with Council decisions Computation: Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community</p>	58	This is a newly introduced community satisfaction survey indicator; therefore, there is no comparative.
<p>Statutory planning Indicator: Decision making Measure: Council planning decisions upheld at VCAT Computation: [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</p>	0%	Council had one VCAT decision in relation to a planning application and it was set aside by VCAT.
<p>Roads Indicator: Satisfaction Measure: Satisfaction with sealed local roads Computation: Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads</p>	55	This is a newly introduced community satisfaction survey indicator; therefore, there is no comparative.
<p>Indicator: Participation Measure: Active library members Computation: [Number of active library members / Municipal population] x100</p>	14%	
<p>Waste collection Indicator: Waste diversion Measure: Kerbside collection waste diverted from landfill Computation: [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	23%	

SERVICE PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results 2015	Comments
<p>Aquatic facilities Indicator: Utilisation Measure: Utilisation of aquatic facilities</p> <p>Computation: Number of visits to aquatic facilities / Municipal population</p>	3	
<p>Animal management Indicator: Health and safety Measure: Animal management prosecutions</p> <p>Computation: Number of successful animal management prosecutions</p>	7	Council was successful in a number of "puppy farm" prosecutions during the year.
<p>Food Safety Indicator: Health and safety Measure: Critical and major non-compliance notifications</p> <p>Computation: 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</p>	0%	Council had no critical non-compliance notifications and major non-compliance notifications about food premises.
<p>Home & Community Care (HACC) Indicator: Participation Measure: Participation in HACC service</p> <p>Computation: [Number of people that received a HACC service / Municipal target population for HACC services] x100</p>	58%	
<p>Home & Community Care (HACC) Indicator: Participation Measure: Participation in HACC service by CALD people</p> <p>Computation: [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p>	28%	

SERVICE PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results 2015	Comments
Maternal & Child Health (MCH) Indicator: Participation Measure: Participation in MCH service Computation: [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	66%	
Maternal & Child Health (MCH) Indicator: Participation Measure: Participation in the MCH service by Aboriginal children Computation: [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%	

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

"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 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

FINANCIAL PERFORMANCE INDICATORS

Dimension/Indicator/Measure	Results	Forecasts			
	2015	2016	2017	2018	2019
Operating position Indicator: Adjusted underlying result Measure: Adjusted underlying surplus (or deficit) Computation: [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	1.77%	-21.16%	-11.17%	-9.49%	-9.46%
Material variations: The 2015 percentage is impacted by the additional recurrent grant income of \$3.8M from the Victoria Grants Commission prepayment.					
Liquidity Indicator: Working capital Measure: Current assets compared to current liabilities Computation: [Current assets / Current liabilities] x100	587.88%	288.37%	402.21%	455.88%	457.11%
Material variations: Council had significant cash on hand at year end, which included discretionary reserves of \$9.3M and unspent grants of \$7.1M. The forecast years do not allow for any unspent grants.					
Liquidity Indicator: Unrestricted cash Measure: Unrestricted cash compared to current liabilities Computation: [Unrestricted cash / Current liabilities] x100	53.70%	162.19%	268.03%	320.81%	321.04%
Material variations: The 2015 percentage includes \$7.1M in unspent grants. The forecast years do not allow for any unspent grants.					
Obligations Indicator: Loans and borrowings 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%
Material variations: Council will become debt free in 2015/2016.					
Obligations Indicator: Loans and borrowings Measure: Loans and borrowings repayments compared to rates Computation: [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	1.57%	1.43%	0.00%	0.00%	0.00%
Material variations: Council will become debt free in 2015/2016 with the final loan repayment being made in March 2016.					

FINANCIAL PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results 2015	Forecasts			
		2016	2017	2018	2019
Obligations Indicator: Indebtedness Measure: Non-current liabilities compared to own source revenue Computation: [Non-current liabilities / Own source revenue] x100	16.56%	20.15%	20.54%	20.74%	20.91%
Material variations:					
Obligations Indicator: Asset renewal Measure: Asset renewal compared to depreciation Computation: [Asset renewal expenses / Asset depreciation] x100	42.47%	70.39%	70.75%	74.58%	76.16%
Material variations: The 2015 budget allowed for 31% renewal on capital expenditure. There were also several carried forward jobs that were asset upgrade or expansion such as the Bridgewater Caravan Park and Wedderburn Community Centre. The asset renewal figure returns to a normal percentage in the forecast years.					
Stability Indicator: Rates concentration Measure: Rates compared to adjusted underlying revenue Computation: [Rate revenue / Adjusted underlying revenue] x100	34.01%	43.02%	41.75%	42.20%	42.99%
Material variations: The 2015 percentage is lower than forecast years due in part to the prepayment of the Victoria Grants Commission grant of \$3.7M on 30 June 2015.					
Stability Indicator: Rates effort Measure: Rates compared to property values Computation: [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.57%	0.60%	0.63%	0.67%	0.70%
Material variations:					
Efficiency Indicator: Expenditure level Measure: Expenses per property assessment Computation: Total expenses / Number of property assessments	\$3,409.82	\$3,560.76	\$3,536.58	\$3,633.29	\$3,759.64
Material variations:					

FINANCIAL PERFORMANCE INDICATORS (Continued)

Service/Indicator/Measure	Results 2015	Forecasts			
		2016	2017	2018	2019
Efficiency Indicator: Revenue level Measure: Average residential rate per residential property assessment Computation: Residential rate revenue / Number of residential property assessments	\$698.23	\$752.65	\$790.51	\$833.57	\$878.96
Material variations:					
Efficiency Indicator: Workforce turnover 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	7.56	7.56	7.56	7.56
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 to in

"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

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the

"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

"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.

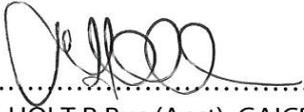
Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

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 23 June 2015 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: 25 / 8 / 15
JUDITH PATRICIA HOLT B Bus (Acct), GAICD, AGIA, PRINCIPAL ACCOUNTING OFFICER

In our opinion, the accompanying Performance Statement of the Loddon Shire Council for the year ended 30 June 2015 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.

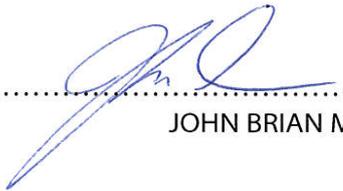
The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainability capacity.

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: 25 / 8 / 2015
GAVAN LINDSAY HOLT, MAYOR

Signed:  Date: 25 / 8 / 2015
COLLEEN MARY CONDLIFFE, COUNCILLOR

Signed:  Date: 25 / 8 / 2015
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Loddon Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2015 of the Loddon Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

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.

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, the Auditor-General, his 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 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
31 August 2015



R John Doyle
Auditor-General