

Surf Coast Shire Council

Performance Statement

For the year ended 30 June 2016

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Description of municipality

Surf Coast Shire is located in south-western Victoria, 120km from Melbourne, 21km south of Geelong and covers 1,560 square kilometres.

Its proximity to the Princes Highway and Geelong Ring Road provides convenient road access to enhance the shire's appeal as a lifestyle, holiday, tourist and business destination.

Residents enjoy a high-quality lifestyle combining coastal, bushland and rural elements across nine distinct townships: Aireys Inlet, Anglesea, Deans Marsh, Fairhaven, Jan Juc, Lorne, Moriac, Torquay and Winchelsea.

Surf Coast Shire has been recognised as one of Victoria's fastest growing municipalities for more than a decade. The combination of lifestyle and proximity to Melbourne has seen the permanent population grow from 20,872 in 2001 to an estimated 29,346 in 2016.

Surf Coast Shire's economy continues to experience strong growth with the top employment sectors including tourism, the surfing industry, accommodation and food services, construction and retail trade. With its rich agricultural and aesthetic attributes, the hinterland is increasingly contributing to the shire's economic development, particularly via local food and niche tourism opportunities.

The demands on Council to deliver essential infrastructure and community services will continue to increase in line with the needs of Surf Coast Shire's rapidly growing, changing community.

Sustainable Capacity Indicators

For the year ended 30 June 2016

<i>Indicator/measure</i>	Results		Material Variations
	2015	2016	
Population			
<i>Expenses per head of municipal population</i>	\$1,985.11	\$2,124.43	
[Total expenses / Municipal population]			
<i>Infrastructure per head of municipal population</i>	\$9,905.90	\$12,078.85	Council revalued its Roads, Bridges, Footpaths, Drainage and Carparks as at 30 June 2016 resulting in a net revaluation increment of \$58.271m
[Value of infrastructure / Municipal population]			
<i>Population density per length of road</i>	25.80	26.05	
[Municipal population / Kilometres of local roads]			
Own-source revenue			
<i>Own-source revenue per head of municipal population</i>	\$1,721.18	\$1,866.14	
[Own-source revenue / Municipal population]			
Recurrent grants			
<i>Recurrent grants per head of municipal population</i>	\$333.35	\$263.85	Council received advance payment of the 15/16 grants commissions on 30 June 2015 of \$1.826m, in addition grants received for provision of kinder services increased by \$403k due to the introduction of new services and roads to recovery grants increased by \$989k from the prior year.
[Recurrent grants / Municipal population]			
Disadvantage			
<i>Relative socio-economic disadvantage</i>	10.00	10.00	
[Index of Relative Socio-economic Disadvantage by decile]			
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 <i>Road Management Act 2004</i>			
"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

For the year ended 30 June 2016

<i>Service/indicator/measure</i>	Results		Material Variations
	2015	2016	
Aquatic facilities			Variation in utilisation rates is due to seasonal weather conditions as the pool is an outdoor pool.
Utilisation			
<i>Utilisation of aquatic facilities</i>	0.27	0.24	
[Number of visits to aquatic facilities / Municipal population]			
Animal management			No matters decided during 2015 - 2016.
Health and safety			
<i>Animal management prosecutions</i>	3.00	0.00	
[Number of successful animal management prosecutions]			
Food safety			2 inspections not followed up within due dates but completed in following reporting period i.e. 2016/17 year.
Health and safety			
<i>Critical and major non-compliance notifications</i>	100.00%	98.39%	
[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			
Governance			This measure is identical to the rating for Large Rural Shires and 4 points below the State-wide average.
Satisfaction			
<i>Satisfaction with council decisions</i>	58.00	50.00	
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]			
Home and community care			
Participation			
<i>Participation in HACC service</i>	27.00%	26.99%	
[Number of people that received a HACC service / Municipal target population for HACC services] x100			
Participation			
<i>Participation in HACC service by CALD people</i>	13.00%	20.75%	
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100			
Libraries			
Participation			
<i>Active library members</i>	19.00%	19.88%	
[Number of active library members / Municipal population] x100			

<i>Service/indicator/measure</i>	Results		Material Variations
	2015	2016	
Maternal and child health			
Participation			
<i>Participation in the MCH service</i>	72.00%	0.00%	In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015 - 2016 financial year. In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015 - 2016 financial year.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100			
Participation			
<i>Participation in the MCH service by Aboriginal children</i>	76.00%	0.00%	In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015 - 2016 financial year.
[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			
Roads			
Satisfaction			
<i>Satisfaction with sealed local roads</i>	65.00	61.00	Despite the decline Surf Coast Shire results exceed Large Rural Shire results by 17 points and State-wide results by 7 points.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]			
Statutory Planning			
Decision making			
<i>Council planning decisions upheld at VCAT</i>	75.00%	76.47%	
[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			
Waste Collection			
Waste diversion			
<i>Kerbside collection waste diverted from landfill</i>	55.00%	54.26%	It is pleasing to see that despite an increase in the number of new services added that Council has been able to maintain the rate of waste diverted from landfill
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100			
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 <i>Food Act 1984</i> , 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

For the year ended 30 June 2016

Dimension/ <i>indicator/measure</i>	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Efficiency							
Revenue level							
<i>Average residential rate per residential property assessment</i>	\$1,998.66 <u>\$2,012.78</u>	\$2,104.52	\$2,154.60	\$2,193.87	\$2,231.92	\$2,271.53	The average rate increase for 2016 was 5.5%. Moving forward the average rate increase will be 2.5%.
[Residential rate revenue / Number of residential property assessments]							
Expenditure level							
<i>Expenses per property assessment</i>	\$2,741.90	\$2,878.00	\$3,150.89	\$2,917.01	\$2,937.84	\$2,970.18	
[Total expenses / Number of property assessments]							
Workforce turnover							
<i>Resignations and terminations compared to average staff</i>	8.56%	6.26%	0.00%	0.00%	0.00%	0.00%	The number of resignations and terminations decreased by 7 in 2015 - 2016 compared to 2014- 2015. Council does not budget for resignations or terminations.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100							
Liquidity							
Working capital							
<i>Current assets compared to current liabilities</i>	262.40%	252.55%	142.06%	195.49%	238.85%	295.94%	Council is forecasting a drop in cash & cash equivalents in 2017, before rising again 2018 and beyond, offset by decrease in current liabilities.
[Current assets / Current liabilities] x100							

Dimension/indicator/measure	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	99.63%	110.22%	73.76%	113.50%	165.32%	215.19%	The balance of Council's Term Deposits increased in 2016 leading to an increased amount of unrestricted cash, which is offset by an increase in its Tip rehabilitation current provision for works due to commence in 16/17.
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	63.17%	52.38%	54.82%	56.97%	58.29%	60.24%	Renewal Expenditure was less than expected due to Gravel Resheeting (\$230k), Drainage Renewal (\$101k), Road Safety (\$90k) and Bus Shelters (\$20k) did not meet the Accounting Standards definition of Capital Expenditure. Anglesea Landfill Road lower than budget (\$373k); and Information Systems (\$225k), Light Fleet (\$45k) were carried forward as works in 2016-17. Anglesea Kindergarten Refurbishment (\$148k) was budgeted to be renewal expenditure, but was upgrade expenditure in nature when completed. Council continued to service existing borrowings and Councils rate base increased due to growth.
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	37.71%	34.10%	33.47%	34.63%	31.40%	28.27%	
Loans and borrowings <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.99%	3.74%	3.58%	3.71%	4.09%	3.92%	

Dimension/ <i>indicator/measure</i>	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	59.94%	51.22%	42.80%	43.58%	40.57%	37.14%	Council's non-current provisions and loan liabilities have decreased in the current year by \$1.834m and \$629k. In addition there was an increase in granted assets of \$4.895m, recurrent capital grants \$1.290 and a reduction in operating recurrent grants of \$3.148m.
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.17%	3.59%	-6.35%	1.71%	2.33%	2.62%	Councils underlying surplus decreased by \$1.482m from the prior year, offset by an increase to adjusted underlying revenue of \$2.015m.
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	71.06%	73.29%	75.14%	76.23%	76.42%	76.56%	Council continued to service existing borrowings and Councils rate base increased due to growth.
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.33%	0.34%	0.35%	0.36%	0.36%	0.37%	

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 2016

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 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 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.

John Brockway CPA

~~Principal Accounting Officer~~ **Manager Finance**

Dated: 13 September, 2016

In our opinion, the accompanying performance statement of the *Surf Coast 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 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.

Margot Smith

Councillor

Dated: 13 September, 2016

Brian McKiterick

Councillor

Dated: 13 September, 2016

Keith Baillie

Chief Executive Officer

Dated: 13 September 2016
