

GREATER SHEPPARTON CITY COUNCIL PERFORMANCE STATEMENT

For the year ended 30 June 2018

The performance statement certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made.

Council is required under Section 127 of the Local Government Act (1989) to separately identify in the budget the Key Strategic Activities to be undertaken during the financial year, and performance targets and measure to each of those Key Strategic Activities.

Under Section 132 of the Act, it is required that the Key Strategic Activities and performance target and measures specified under Section 127 of the Act must be included in the Performance Statement in the Annual Report, and be subject to Audit.

The following table details the Key Strategic Activities and performance target and measures contained in the Council's 2017-18 budget compared to the actual results for the year.

Description of municipality

Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne in the heart of the Goulburn Valley, the food bowl of Australia.

As a growing regional centre with a vibrant cultural mix of people, the community comprises approximately 65,000 residents living within 60 localities. However Shepparton services a much larger population of approximately 250,000 people as the main service centre for northern Victoria.

Greater Shepparton enjoys a young demographic with growing families, with 2016 census data showing the proportion of couples with children nearly three per cent above the regional Victorian average, at 27.8 per cent.

Our community is culturally rich with a large proportion of the population born overseas (13 per cent), with many residents immigrating from India, Afghanistan, Sudan, Italy, Iraq, Turkey, New Zealand and the Philippines. Italian, Arabic, Persian/Dari, Turkish, Albanian, Punjabi, Greek, Macedonian, Mandarin and Filipino/Tagalog are the most commonly spoken languages other than English.

Greater Shepparton is also the home to regional Victoria's largest Aboriginal community, making up approximately 3.5 per cent of the population.

Two hours north of Melbourne, Greater Shepparton's central location is a major advantage and has seen our urban centre emerge as the retail, industry and services hub for central Victoria. Located at the intersection of the Midland and Goulburn Valley Highways, Greater Shepparton provides easy access to Adelaide, Sydney, Brisbane and Melbourne.

The City of Greater Shepparton acts as a major industrial, employment and service centre for a wide catchment, including many rural settlements within and beyond its municipal boundaries, with its gross regional product totalling \$3.48 billion per annum.

Greater Shepparton forms part of the 'Food Bowl of Australia', which accounts for 25 per cent of the total value of Victoria's agricultural production. We are a national centre for dairy and horticulture, exporting reliable premium quality fresh and value-added produce via innovative practices and a world class irrigation system. Shepparton is also often referred to as the transport hub of regional Victoria due to its extensive road transport industry.

Major industries for the region include manufacturing, retail trade, health care and social assistance, agriculture and construction. Greater Shepparton is home to several multinational and iconic companies such as Campbell's Soups, SPC, Tatura Milk Industries (Bega), Unilever, Visy, Pental Soaps and Pactum Dairy (Freedom Foods). Several multinational companies also reside just outside of the Greater Shepparton municipal boundary, such as Nestle, Murray Goulburn and Bega.

These companies utilise Shepparton as their major hub and home to their transport and logistics operations.

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

For the year ended 30 June 2018

INDICATOR/MEASURE	RESULTS 2015	RESULTS 2016	RESULTS 2017	RESULTS 2018	MATERIAL VARIATIONS
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,385	\$1,431	\$1,450	\$1,492	No material variations.
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$429	\$314	\$488	\$388	2016/17 result impacted by early receipt of half of the 2017/18 Federal Financial Assistance Grant allocation in 2016/17. 2017/18 result impacted by early receipt of half of the 2018/19 Federal Financial Assistance Grant allocation in 2017/18.
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$2,007	\$1,964	\$1,715	\$1,815	2014/15 and 2015/16 results higher due to recognition of Cosgrove 2 landfill rehabilitation provision.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$9,172	\$12,268	\$12,800	\$14,616	As per the definitions Infrastructure means non-current property, plant and equipment excluding land. The variance between 2014/15 and 2015/16 is due to a reclassification of a number of previously recorded land assets being reclassified into those categories included in the definition. Increase from 2016 to 2018 reflects impact of infrastructure asset revaluations in 2017 and 2018.
Population density per length of road [Municipal population / Kilometres of local roads]	28	28	28	29	No material variations.
Disadvantage					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	2	2	2	2	No material variations.

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*

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

“population” means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics (ABS), Regional Population Growth, Australia (3218.0)

“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 ABS on its Internet website

Service Performance Indicators

For the year ended 30 June 2018

SERVICE/INDICATOR/MEASURE	RESULTS 2015	RESULTS 2016	RESULTS 2017	RESULTS 2018	MATERIAL VARIATIONS
Governance					
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	56	46	49	55	Satisfaction with council decisions continues to improve
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [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	80%	100%	25%	100%	In 2017-18 there were 5 (out of 5) Council planning decisions upheld at VCAT compared to 1 out of 4 in 2016-17
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	49	48	40	55	There has been a significant improvement in the community's perception of the condition of the sealed roads in Greater Shepparton. In 2016-17 when the survey was conducted there were 3 major roadwork projects at the same time. A recent condition survey highlights the improved condition of roads in the municipality.
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	14%	13%	10%	9%	In 2018 the population figure increased while the number of active library members decreased, however both the number of loans per active members increased and the standard of the collection improved during the same period.
Waste Collection					
Waste diversion					
Kerbside collection 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	28%	37%	52%	50%	No material variations between 2017 and 2018. The improvement from 2017 onwards is related to 2 years of compulsory green organics along with continuous waste education.

SERVICE/INDICATOR/MEASURE	RESULTS 2015	RESULTS 2016	RESULTS 2017	RESULTS 2018	MATERIAL VARIATIONS
Aquatic facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	10	10	10	10	No material variations.
Animal management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions]	1	1	3	4	Number of prosecutions increased from 3 in 2017 to 4 in 2018
Food safety					
Health and safety					
Critical and major non-compliance notifications [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%	100%	0%	100%	There were 6 critical and major non-compliance notifications which were all followed up.
Home and community care					
Participation					
Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	15%	17%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Participation					
Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	11%	10%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Maternal and child health					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	78%	77%	78%	79%	No material variations.

SERVICE/INDICATOR/MEASURE	RESULTS 2015	RESULTS 2016	RESULTS 2017	RESULTS 2018	MATERIAL VARIATIONS
Maternal & child health (cont)					
Participation (cont)					
Participation in the 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] x100	66%	64%	70%	77%	In 2017-18 there has been an increase in the MCH service with 33 additional Aboriginal children.

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 Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

“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

For the year ended 30 June 2018

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2015	2016	2017	2018	2019	2020	2021	2022	MATERIAL VARIATIONS
OPERATING POSITION									Historical variances largely influenced by early receipt of 50% Federal Financial Assistance Grants in various years. The 2018/19 forecast reflects the lower Federal Financial Assistance Grant allocation while 2019/20 and beyond forecasts reflect more normal operations.
Adjusted underlying result									
Adjusted underlying surplus (or deficit)	-6%	-9%	14%	5%	-4%	3%	3%	3%	
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									
LIQUIDITY									2017/18 result impacted by early receipt of half of the 2018/19 Federal Financial Assistance Grant allocation in 2017/18 (approximately \$6.3 million).
Working capital									
Current assets compared to current liabilities	241%	186%	249%	281%	172%	146%	114%	124%	
[Current assets / Current liabilities] x100									
Unrestricted cash									Unrestricted cash balances include cash investments (>90 days) classified as Other Financial Assets. 2018/19 and future year forecasts incorrectly excludes cash reported in the 2018/19 budget as Discretionary Reserves. These funds do not meet the definition of Restricted Cash.
Unrestricted cash compared to current liabilities									
[Unrestricted cash / Current liabilities] x100	144%	136%	133%	168%	93%	90%	90%	88%	
OBLIGATIONS									No material variations.
Loans and borrowings									
Loans and borrowings compared to rates	23%	27%	27%	25%	22%	27%	24%	21%	
[Interest bearing loans and borrowings / Rate revenue] x100									
Loans and borrowings repayments compared to rates									No material variations.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3%	2%	5%	3%	3%	3%	4%	3%	

	Results				Forecasts				
DIMENSION/INDICATOR/MEASURE	2015	2016	2017	2018	2019	2020	2021	2022	MATERIAL VARIATIONS
Indebtedness									
Non-current liabilities compared to own source revenue	22%	26%	27%	25%	22%	26%	23%	21%	Future year forecasts include proposed borrowings for Cosgrove Landfill projects as per the adopted Strategic Resource Plan.
[Non-current liabilities / Own source revenue] x100									
Asset renewal									
Asset renewal compared to depreciation									2017/18 result impacted by the rebudgeting of Cosgrove Landfill renewal works (\$3.67 million) into future financial years. Expectation that planned future years renewal expenditure will increase upon completion of review of 10 year capital works program.
[Asset renewal expenses / Asset depreciation] x100	74%	82%	108%	76%	99%	63%	68%	68%	
STABILITY									
Rates concentration									
Rates compared to adjusted underlying revenue	53%	60%	56%	59%	64%	62%	63%	63%	No material variations.
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
Rates compared to property values	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	No material variations.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									
EFFICIENCY									
Expenditure level									2014/15 and 2015/16 results higher due to recognition of Cosgrove 2 landfill rehabilitation provision. 2016/17 results and beyond reflect more normal operations.
Expenses per property assessment	\$4,449	\$4,141	\$3,655	\$3,885	\$4,048	\$4,030	\$4,067	\$4,105	
[Total expenses / Number of property assessments]									

	Results				Forecasts				
DIMENSION/INDICATOR/MEASURE	2015	2016	2017	2018	2019	2020	2021	2022	MATERIAL VARIATIONS
Revenue level									No material variations.
Average residential rate per residential property assessment	\$1,696	\$1,803	\$1,870	\$1,919	\$1,919	\$1,938	\$1,957	\$1,976	
[Residential rate revenue / Number of residential property assessments]									
Workforce turnover									Recent years and forecasts are consistent.
Resignations and terminations compared to average staff	7%	13%	10%	11%	10%	8%	8%	8%	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100									

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

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 for the prescribed financial performance indicators and measures as well as 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 the materiality thresholds as per Appendix B – Materiality Guidelines of the Local Government Better Practice Guide 2014-15 Performance Statement. Explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material of its nature.

The forecast figures included in the performance statement are those adopted by council in its adopted budget on 19 June 2018. 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 visiting www.greatershepparton.com.au

Other Information

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*.

Matthew Jarvis CPA

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Greater Shepparton City Council for the year ended 30 June 2018 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 the 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.

Cr Kim O'Keefe

Mayor

Dated:

Cr Seema Abdullah

Deputy Mayor

Dated:

Peter Harriott

Chief Executive Officer

Dated: