

Sustainable capacity indicators

	Indicator	2015	2016	2017	Material variation
Population	<i>Expenses per head of municipal population</i> [Total expenses/ Municipal population]	\$1,155.11	\$1,084.60	\$1,066.38	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$6,916.71	\$7,213.50	\$7,754.53	Increase in infrastructure assets is due to the recognition of developer contributed assets as a result of continuing development in the Shire and a growing population, and is expected to continue over the forecast period. Additionally, completed capital works projects and the revaluation of existing assets have also contributed to the increase in the value of infrastructure.
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	58.36	60.11	62.62	
Own-source revenue	<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$924.83	\$1,000.97	\$1,009.42	

	Indicator	2015	2016	2017	Material variation
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$276.40	\$120.82	\$211.98	Advance payment of \$5.2m, being part payment of the 2017-18 VGC grant, was received in 2016-17. The total amount received in 2016-17 was \$15.3m, being the 2016-17 grant of \$10.1m plus the 2017-18 prepayment of \$5.2m. In 2015-16, the total VGC grant received was \$5.0m due to being partly prepaid in the previous year.
Disadvantage	<i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by decile]	8.00	8.00	8.00	

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).
- “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*.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “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 website.

Service performance indicators

Service	Indicator	2015	2016	2017	Material variation
Aquatic facilities	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	9.78	9.73	6.26	The facility management at Cardinia Life changed to a new contractor on the 1 July 2016. As part of the new contract, people counter hardware was installed at the centre in September 2016. Whilst membership numbers have remained steady, the people counter hardware provides a more accurate reflection of attendances at aquatic facilities.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	15	22	26	This increase reflects a higher number of attacks reported to Council during the reporting period. The increase does not appear to be caused by any change of Council process or practice.

Service	Indicator	2015	2016	2017	Material variation
Food safety	<p>Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up/Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</p>	100%	100%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year-on-year.
Governance	<p>Satisfaction <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]</p>	54	54	53	
Libraries	<p>Participation <i>Active library members</i> [Number of active library members/Municipal population] x100</p>	14.51%	13.48%	12.44%	The 2014-15 results for Active library members have been updated from 19.32%. The results were erroneously calculated in the 2014-15 Annual Report.

Service	Indicator	2015	2016	2017	Material variation
Maternal and Child Health (MCH)	Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service] x100	76.76%	75.34%	74.52%	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 was not expected to provide reliable information until the end of September 2016. Therefore, Council was unable to report this data in the 2015-16 Annual report.
	Participation <i>Participation in the MCH service by Aboriginal children</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	72.78%	69.83%	71.86%	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 was not expected to provide reliable information until the end of September 2016. Therefore, Council was unable to report this data in the 2015-16 Annual report.
Roads	Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	55	57	54	

Service	Indicator	2015	2016	2017	Material variation
Statutory planning	<p>Decision making Council planning decisions upheld at VCAT</p> <p>[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>	77.78%	66.67%	50.00%	<p>Council planning decisions appealed at VCAT remain low with half being upheld by the tribunal. Two more applications were heard at VCAT this year than were heard in the previous year. While this is a small increase, with the low numbers of appeals, any variance represents a greater percentage.</p> <p>The 2014-15 results for Council planning decisions upheld at VCAT have been updated from 80% respectively. The results were erroneously calculated in the 2014-15 Annual Report.</p>
Waste collection	<p>Waste diversion Kerbside collection waste diverted from landfill</p> <p>[Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	46.24%	46.05%	47.00%	

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 *Local Government Act 1989*.
- “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.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “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	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
Efficiency	Revenue level Average residential rate per residential property assessment [Residential rate revenue/Number of residential property assessments]	\$1,684.24	\$1,789.39	\$1,800.99	\$1,805.50	\$1,810.87	\$1,813.19	\$1,816.84	Please note that for the forecast period the number of assessments have been updated from the budget.
	Expenditure level Expenses per property assessment [Total expenses/Number of property assessments]	\$2,644.84	\$2,503.48	\$2,456.66	\$2,410.64	\$2,386.63	\$2,356.49	\$2,330.19	The decrease over the forecast period is due to cost efficiencies continuing throughout the organisation due to the impact of the state government rate capping framework. Please note that for the forecast period the number of assessments have been updated from the budget.

Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
	<p>Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100</p>	17.65%	10.83%	10.50%	12.16%	12.70%	11.84%	12.31%	<p>The forecast future years have been estimated using an industry standard.</p> <p>The 2014-15 result for Workforce Turnover has been updated from 21.32%. The result was erroneously calculated in the 2014-15 Annual Report.</p>
Liquidity	<p>Working capital Current assets compared to current liabilities [Current assets/Current liabilities] x100</p>	198.29%	239.28%	291.58%	143.13%	123.86%	115.47%	102.76%	<p>Current assets increased due to increase in cash and cash equivalents due to Developer Contribution Plan (DCP) income, rates income, and grant income in advance. Victoria Grants Commission (VGC) income of \$5.2m received in advance in 2016-17 has had a positive impact in the current year. Current liabilities remain relatively stable.</p>

Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
	Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash/Current liabilities] x100	83.06%	94.59%	48.04%	84.05%	63.54%	52.11%	39.71%	Unrestricted cash has decreased due to change in the report to move 'other financial assets' into a separate line item. Additionally, the inclusion of estimated amount of capital carry-forwards to 2017-18 has also decreased the unrestricted cash amount. For the forecast period, the decrease in unrestricted cash is directly related to the projected lower cash balances due to the drawdown of developer related funds.
Obligations	Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense/Asset depreciation] x100	44.87%	45.06%	31.54%	52.45%	49.01%	44.90%	53.14%	Depreciation expense has increased as a result of the inclusion of new and contributed assets and revaluation of existing assets, whilst asset renewal expenditure has decreased due to the nature of capital works projects completed this financial year.

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Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
	Loans and borrowings compared to rates <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	90.69%	70.73%	59.72%	65.02%	60.21%	54.99%	50.39%	Loan balance reduced due to budgeted new loans not taken up and repayment of other loans as due. Please note the forecast figures do not exactly match the figures in the adopted budget due to the indicators including bank charges.
	Loans and borrowings repayments compared to rates <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	17.05%	18.25%	10.49%	10.39%	10.89%	10.60%	9.68%	Higher repayment of loans in previous year (2016) due to repayment of loans as due, and increase in rate income.
	Indebtedness <i>Non-current liabilities compared to own-source revenue</i> [Non-current liabilities/Own-source revenue] x100	71.25%	61.34%	58.21%	53.45%	50.07%	45.90%	41.99%	

Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
Operating position	Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	4.29%	3.88%	13.09%	2.17%	-0.09%	0.60%	0.96%	<p>2017 surplus due to total income up by \$14m mainly due to grant income, including grants in advance, and higher rates and charges income, but expenditure only up \$4m, mainly in materials and services.</p> <p>The decrease in the underlying result in forecasted years is due to the impact of the state government rate capping framework. This has meant that the rate of increase in expenditure is higher than that for revenue, which remains relatively stable over the forecast period.</p> <p>Please note the forecast figures do not exactly match the figures in the adopted budget due to differing methods of calculation in relation to capital grants.</p>

Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
Stability	Rates concentration Rates compared to adjusted underlying revenue [Rate revenue/Adjusted underlying revenue] x100	65.14%	72.34%	67.20%	76.63%	79.14%	79.44%	79.96%	<p>The increase across the forecast period is a result of Council's greater reliance on rates as the major source of income, with projected revenue from other sources, including operating grants, statutory fees and fines and user charges, remaining relatively stable over the period. The projected rate increase over the forecast period is 2% each year, coupled with continuing population growth.</p> <p>Please note the forecast figures do not exactly match the figures in the adopted budget due to differing methods of calculation in relation to capital grants and underlying result.</p>

Dimension	Indicator	Result			Forecasts				Material variation
		2015	2016	2017	2018	2019	2020	2021	
	Rates effort <i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.42%	0.44%	0.42%	0.41%	0.38%	0.38%	0.35%	

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 expense” 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 Australian Accounting Standard (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).
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “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 2017.

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, services 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*.

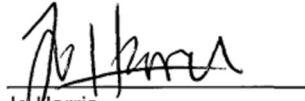
Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council's information systems or from third parties.

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 29 May 2017 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 Annual Financial Report. The strategic resource plan can be obtained by contacting Council on 1300 787 624 or mail@cardinia.vic.gov.au

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*.




Jo Harris
Chief Financial Officer
Dated: 18 September 2017

In our opinion, the accompanying performance statement of the Cardinia Shire Council for the year ended 30 June 2017 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.



Leticia Wilmot
Councillor
Dated: 18 September 2017



Brett Owen
Mayor
Dated: 18 September 2017



Garry McQuillan
Chief Executive Officer
Dated: 18 September 2017



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Cardinia Shire Council

Opinion	<p>I have audited the accompanying performance statement of Cardinia Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2017 • sustainable capacity indicators for the year ended 30 June 2017 • service performance indicators for the year ended 30 June 2017 • financial performance indicators for the year ended 30 June 2017 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement of Cardinia Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>