

2017–18 Performance statement



Description of municipality

Cardinia Shire is one of the fastest growing local government areas in Victoria with an average of five families moving into the area every day. As of 2018, Cardinia Shire's estimated population is 109,043 and is expected to increase by approximately 56,000 over the next 10 years.

Located 55 kilometres south-east of Melbourne's central business district, Cardinia Shire is one of 10 'interface councils' around the perimeter of metropolitan Melbourne, where urban and rural areas meet. The Victorian Government has nominated the Casey-Cardinia Region as one of five regions around the fringe of metropolitan Melbourne where new housing and population growth is to be concentrated. The main areas of growth in Cardinia Shire are Beaconsfield, Officer and Pakenham. Outside this growth area, Cardinia Shire's large rural population resides in 27 townships.

Cardinia Shire covers an area of 1,280km² and has a rich diversity of both natural and cultural sites, from the waters of Western Port Bay to the foothills of the Dandenong Ranges, comprising places of local and state significance. These heritage places reflect the different periods and people who have shaped the shire's landscape, from Aboriginal Australians, the first people to use the rugged landscape, to the logging and gold mining of the foothills, the draining of the former Koo Wee Rup Swamp, and pastoral settlement. The landscape is again under a period of change as new development and new people move into the area every week.

Sustainable capacity indicators

	Indicator	2015	2016	2017	2018	Material variation
Population	<i>Expenses per head of municipal population</i> [Total expenses/ Municipal population]	\$1,155.11	\$1,084.60	\$1,066.38	\$1,037.72	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$6,916.71	\$7,213.50	\$7,754.53	\$7,933.85	
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	58.36	60.11	62.62	66.05	
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	\$959.62	
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$276.40	\$120.82	\$211.98	\$163.54	Variance is due to a decrease in recurrent operating and capital grants due to timing of Victoria Grants Commission (VGC) payments, together with an increase in municipal population.

	Indicator	2015	2016	2017	2018	Material variation
Disadvantage	Relative socio-economic disadvantage [Index of relative socio-economic disadvantage by decile]	8.00	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	2018	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	7.06	Door counting software was implemented in 2017 which provided more accurate utilisation data. Membership growth has been a catalyst for the increase in 2018.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	15	22	26	26	Adoption of the Enforcement Policy provided clear process of enforcement and there has also been an increase in animals moving into the municipality.
Food safety	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	100%	100%	100%	100%	

Service	Indicator	2015	2016	2017	2018	Material variation
Governance	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]	54	54	53	53	
Libraries	Participation <i>Active library members</i> [Number of active library members/Municipal population] x100	14.51%	13.48%	12.44%	11.34%	Cardinia is in the fast growing South East corridor. While the number of members borrowing in the reporting period is holding steady, the population is growing quickly, so the overall percentage is in decline. CCL are exploring extensions to opening hours, and a range of outreach activities to continue to grow membership, and visitation. Note, this indicator does not include members who use the library to borrow digital items, or use other services which are increasingly popular with young people, CALD members and professionals.
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%	76.14%	

Service	Indicator	2015	2016	2017	2018	Material variation
	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%	69.38%	
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	55	
Statutory planning	Decision making <i>Council planning decisions upheld at VCAT</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	77.78%	66.67%	50.00%	33.33%	A number of applications heard at VCAT has seen the Responsible Authorities decisions overturned due to inconsistency with decisions made in line with the Planning Scheme.

Service	Indicator	2015	2016	2017	2018	Material variation
Waste collection	Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100	46.24%	46.05%	47.00%	47.62%	

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

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Efficiency									
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue/Number of residential property assessments]	\$1,684.24	\$1,789.39	\$1,800.99	\$1,835.05	\$1,810.87	\$1,813.19	\$1,816.84	\$1,857.72	
Expenditure level <i>Expenses per property assessment</i> [Total expenses/Number of property assessments]	\$2,644.84	\$2,503.48	\$2,456.66	\$2,457.96	\$2,473.33	\$2,457.48	\$2,433.30	\$2,423.84	
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	17.65%	10.83%	10.50%	13.25%	12.70%	11.84%	12.31%	12.50%	There were additional resignations of both permanent and fixed term staff compared to previous years based on staff leaving to seek higher salaries and closer to home workplaces. There were a small number of redundancies and performance based terminations.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Liquidity									
Working capital <i>Current assets compared to current liabilities</i> [Current assets/Current liabilities] x100	198.29%	239.28%	291.58%	350.97%	148.75%	153.08%	142.58%	135.45%	Current assets have increased due to higher Council and Developer Contribution Plan (DCP) cash and investment balances. Current liabilities have remained relatively stable. The decrease in forecast years is due to lower cash and investment balances as funds are drawn for DCP and other projects.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash/Current liabilities] x100	83.06%	94.59%	48.04%	-8.79%	36.36%	87.50%	78.91%	69.77%	Unrestricted cash has reduced primarily due to an increase in estimated capital carry-forwards to 2018-19 and an increase in the balance of Public Open Space reserves. Note that the balance of other financial assets, which are term deposits which mature in over 90 days, has increased from 2016-17. Current liabilities have remained relatively stable.
Obligations									
Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense/Asset depreciation] x100	44.87%	45.06%	31.54%	47.58%	46.66%	43.48%	52.20%	51.05%	Asset renewals have increased due to the nature of capital works projects completed this financial year. Also, depreciation expense has increased as a result of the inclusion of new and contributed assets and revaluation of existing assets.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	90.69%	70.73%	59.72%	49.51%	87.95%	80.80%	74.54%	68.79%	The balance of loans and borrowings has decreased due to the repayment of existing loans as due and the budgeted 2017-18 loan not being drawn down. The increase in the forecast period is due to an additional \$20m loan being budgeted in 2018-19 specifically for a roads sealing program.
<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%	10.13%	12.37%	11.99%	11.05%	10.78%	Decrease in measure in 2016-17 is due to lower loan balances resulting in lower loan repayments, and an 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%	49.21%	73.41%	67.73%	62.48%	58.16%	Variance is due to a decrease in non-current liabilities and an increase in own source revenue.
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%	7.94%	1.21%	0.65%	0.82%	0.76%	Adjusted underlying surplus has decreased in 2017-18 due to a lower total surplus together with a higher value of adjustments. Decrease over forecast period is due to trend of reducing surpluses over the period.

Indicator	Result				Forecasts				Material variation
	2015	2016	2017	2018	2019	2020	2021	2022	
Stability									
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue/Adjusted underlying revenue] x100	65.14%	72.34%	67.20%	72.85%	77.77%	78.78%	79.36%	79.56%	
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%	0.43%	0.39%	0.39%	0.36%	0.36%	

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 2018.

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 21 May 2018 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*.



Helen De La Plaza
Team Leader Finance
Dated: 17 September 2018

In our opinion, the accompanying performance statement of the Cardinia Shire 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 any particulars in the performance statement to be misleading or inaccurate.

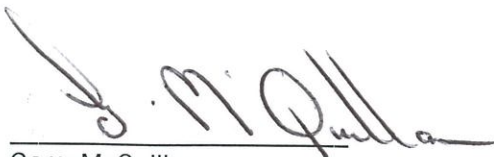
We have been authorised by the Council and the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Leticia Wilmot
Councillor
Dated: 17 September 2018



Brett Owen
Councillor
Dated: 17 September 2018



Garry McQuillan
Chief Executive Officer
Dated: 17 September 2018

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 2018• sustainable capacity indicators for the year ended 30 June 2018• service performance indicators for the year ended 30 June 2018• financial performance indicators for the year ended 30 June 2018• 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 2018 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. I further describe my responsibilities under that Act and those standards 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 Victoria 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 are 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>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
18 September 2018


Tim Loughnan
as delegate for the Auditor-General of Victoria