

Local Government Better Practice Guide

Performance Statement 2017-18



Local Government Victoria, June 2018



Environment,
Land, Water
and Planning

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Acronyms and Abbreviations

AAS	Australian Accounting Standards
CEO	Chief Executive Officer
EMT	Executive Management Team
LGV	Local Government Victoria
VAGO	Victorian Auditor-General's Office
VCAT	Victorian Civil and Administrative Tribunal

1. Introduction

Local government in Victoria manages approximately \$91.2 billion¹ of community assets and infrastructure and spends around \$8.1 billion² on the provision of services annually. Local government, in partnership with other levels of government, is responsible for aspects of everyday life that people care about deeply – from vibrant and safe public spaces, to accessible libraries, to strong local business and employment opportunities. Effective planning and reporting by councils is essential for ensuring transparency and accountability to the community and other levels of government as to how public money is being spent and the quality of services delivered.

The Local Government Act 1989

The *Local Government Act 1989* (the Act) states the primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long-term and cumulative effects of decisions.³ The Act sets out local government in Victoria:

- is a distinct and essential tier of government⁴, and
- must provide governance and leadership for the local community through advocacy, decision making and action.⁵

The Act also states it is essential there is a legislative framework that provides for councils to be accountable to their local communities in the performance of functions and the exercise of powers and the use of resources.⁶

It is a statutory requirement under the Act that councils prepare and report on medium and short-term plans to discharge their duties of accountability and transparency to their communities.

About this guide

Councils are required to prepare an annual report for each financial year consisting of three parts:

- **Report of operations:** information about the operations of the council
- **Performance statement:** audited results achieved against the prescribed performance indicators and measures

1. Victorian Auditor-General's Office (2017), Results of 2016-17 Audits: Local Government

2. Victorian Auditor-General's Office (2017), Results of 2016-17 Audits: Local Government

3. Section 3C(1) of the *Local Government Act 1989*

4. Section 1(1) of the *Local Government Act 1989*

5. Section 1(4) of the *Local Government Act 1989*

6. Section 1(5) of the *Local Government Act 1989*

- **Financial statements:** audited financial statements prepared in accordance with the Australian Accounting Standards.

This guide has been developed to help local government in meeting the statutory requirements for the preparation of an audited performance statement. Guidance on the preparation of the report of operations and audited financial statements can be found at the Know Your Council website <https://knowyourcouncil.vic.gov.au/local-government-victoria-publications-and-guidance>. The guide is presented in five sections.

1. **Planning and accountability framework** provides an overview of the relationship between the key planning and reporting documents
2. **Performance statement (overview)** provides an overview of the statutory requirements and best practice guidance for preparing a performance statement
3. **Performance statement (guidance)** provides detailed guidance on the preparation and audit of the performance statement, including guidance for ensuring the quality and integrity of information
4. **Performance statement (2017-18 model)** provides a model performance statement for inclusion in the annual report for the 2017-18 year that complies with the Act and Local Government (Planning and Reporting) Regulations 2014 (the regulations)
5. **Performance statement (full model)** provides a model performance statement for inclusion in the annual report that complies with the Act and the regulations following the conclusion of the transitional provisions in the Act and regulations (i.e. the financial year commencing on 1 July 2018)

This guide is intended for use by specialists in the field of local government planning and reporting. It will also be instructive for senior officers including chief executive officers (CEOs) and councillors. Each council retains the responsibility for preparing their strategic resource plan, including the format and the disclosures made. This guide represents the required presentation of LGV.

Within this guide there are references to related information and further guidance. A full list of resources can be found in the reference section. Endnotes are used to reference legislative provisions and other information. Illustrative information and examples are provided in tables and boxed text.

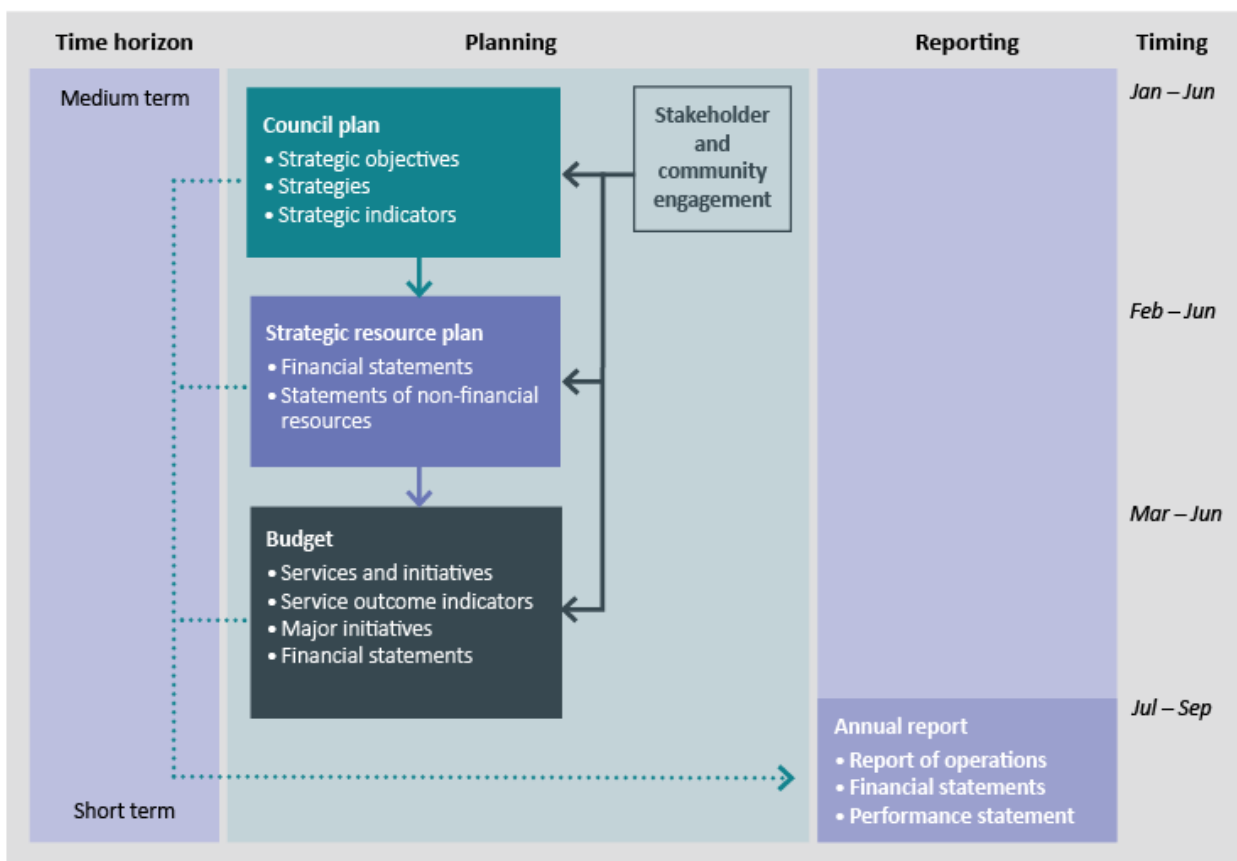
2. Planning and accountability framework

The Planning and Accountability Framework is found in part 6 of the Act and in the Local Government (Planning and Reporting) Regulations 2014 (the regulations). The legislation requires councils to prepare the following documents:

- a council plan within the period of six months after each general election or by 30 June, whichever is later⁷
- a strategic resource plan for a period of at least four years and include this in the council plan⁸
- a budget for each financial year⁹
- an annual report for each financial year¹⁰.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input at each stage of the planning and reporting cycle.

Figure 1 - Planning and Accountability Framework



7. Section 125 of the Local Government Act 1989

8. Section 126 of the Local Government Act 1989

9. Section 127 of the Local Government Act 1989

10. Section 131 of the Local Government Act 1989

3. Framework performance statement (overview)

Statutory requirements

“The Act requires a council’s annual report to contain an audited performance statement”

Sections 131, 132 and 133 of the Act state that:

- the performance statement must contain the prescribed indicators and measures of service performance outcome, financial performance and sustainable capacity and the results for each indicator¹¹
- the performance statement must be submitted to the auditor as soon as possible after the end of the financial year and certified in its final form by two councillors, the CEO and principal accounting officer¹²
- the auditor must prepare a report on the performance statement to be included in the annual report¹³
- the annual report must be submitted to the Minister for Local Government within three months of the end of each financial year (30 September)¹⁴.

In addition to sections 131, 132 and 133 of the Act, councils should review part four of the regulations for further information required in the performance statement.

Checklist

The performance statement must include:

- the indicators, measures and results of the prescribed service performance outcome indicators
- the indicators, measures and results of the prescribed financial performance indicators
- the indicators, measures and results of the prescribed sustainable capacity indicators
- any other information required by the regulations.

Better practice guidance

The performance statement is a key section of the annual report whereby council makes itself accountable to the community and contains information about the performance of the council for the financial year.

In 2012, the Victorian Auditor-General’s Office (VAGO) recommended that all councils should critically review the performance information in their annual reports to ensure it is relevant, balanced, appropriate and clearly aligned with their council plan strategic objectives to ensure performance reporting is meaningful to the community.¹⁵ In response, the Victorian Government introduced a mandatory system of performance reporting in 2014-15 which prescribes performance information to be included in council annual reports. Further guidance to support councils report against the prescribed performance indicators and measures can be found in the *Local Government Performance Reporting Framework Indicator Workbook*.

11. Section 131(4) of the *Local Government Act 1989*

12. Section 132(1)(2) and (5) of the *Local Government Act 1989*

13. Section 132(3) and (4) of the *Local Government Act 1989*

14. Section 133(1) of the *Local Government Act 1989*

15. Victorian Auditor-General’s Office (2012), *Performance Reporting by Local Government*

Councils must describe the prescribed indicators and measures in the performance statement so it is clear to the audience what is being measured. In addition, the performance statement must include the results achieved in relation to the prescribed service performance outcome, financial performance and sustainable capacity for the financial year and three preceding years.¹⁶ For the financial performance indicators and measures, the performance statement must also include the forecast results for four years based on the financial statements included in the strategic resource plan.¹⁷ Reporting trend information helps the reader understand changes in council performance over time and acts as a point of reference for results.

The regulations require that councils must provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation.¹⁸ To provide context to the performance results, the regulations also require the performance statement to contain a description of the municipal district, including its size, location and population.

Additional performance indicators can be included by councils in the performance statement but they will be subject to audit by the VAGO and must pass the test of relevance and appropriateness as defined by VAGO.

Councils are also required to disclose other performance-related information in the report of operations in the annual report including:

- a governance and management checklist¹⁹
- the prescribed indicators and measures of service performance, results achieved and an explanation of material variations²⁰
- a statement that reviews the performance of the council against the council plan including results achieved in relation to the strategic indicators included in the council plan.²¹

This performance information in the report of operations along with that in the performance statement should form part of a performance reporting framework with quarterly reporting of performance results to senior management, the audit committee and councillors. Taking an integrated approach to performance reporting can help councils understand how well they are performing in meeting the needs of their communities as well as achieving the strategic objectives in their council plan.

For further information refer to:

- Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Performance Reporting Framework Indicator Workbook*, State of Victoria
- Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Report of Operations*, State of Victoria
- Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Model Financial Report*, State of Victoria.

16. The provisions relating to results achieved in relation to the performance indicators and measures and explanation of variances for the three preceding years come into effect in a staged approach: 2014/15 - results for that year only; 2015/16 - results for that year and the preceding year; 2016/17 - results for that year and the two preceding years; 2017/18 - results for that year and the three preceding years.

17. Regulation 16 of the Local Government (Planning and Reporting) Regulations 2014

18. Regulation 17 of the Local Government (Planning and Reporting) Regulations 2014. Note that the requirement to explain material variations between the current year and three preceding year's results will be phased in over a three year period.

19. Section 131(3)(ii) of the Local Government Act 1989

20. Section 131(3)(iii) and (iv) of the Local Government Act 1989

21. Regulation 14(2)(a) of the Local Government (Planning and Reporting) Regulations 2014

4. Performance statement (guidance)

Quality and integrity of information

Internal control environment

All performance information reported by a council to the community, ratepayers and other stakeholders should be subjected to a robust review to ensure the factual accuracy and integrity of the information signed off by the CEO and councillors.

Internal control environment in this context refers to:

- a council's tone and attitude towards performance reporting
- the level of commitment to high quality internal and external reporting
- the policies, procedures and quality assurance protocols implemented to provide reasonable assurance regarding the accuracy of performance measures reported
- the level of oversight by a council's Executive Management Team (EMT), audit committee and the councillors themselves.

In plain language, what the organisation does to provide councillors with assurance about the performance information the council reports to the community.

Councillors take ultimate responsibility for the performance of a council and are accountable to the ratepayers and community of the municipality. As councillors are not involved in the day-to-day operations of the council, they rely on the organisation's policies, procedures and quality assurance protocols to provide assurance about the information reported to them and in turn reported to the community and other stakeholders.

Performance reporting by a council in the annual report, whether it is in the report of operations or the performance statement, can often be more readily understood by members of the community than the financial reports. While councils have an extensive and mature environment in place to provide assurance around financial performance information, the environment for reporting non-financial performance information about services and outcomes has not historically been as developed.

Policy

To support the need to have a strong internal control environment around performance reporting, a council should adopt a performance reporting policy providing an overview of a council's attitude and commitment to performance reporting. Suggested content for a performance reporting policy is outlined Box 1 below.

Box 1

A performance reporting policy should include:

- the council's objectives in reporting performance (i.e. is it a compliance exercise, or does council seek internal focus and motivation from performance reporting?)
- identification of the council's stakeholders (i.e. does compliance with the regulations through the annual report disclosures meet stakeholders' information requirements?)
- the protocols for the dissemination of performance information by the council in circumstances other than formal published performance reports (i.e. are performance measures reported to the audit committee and councillors throughout the year and how rigorous is the process of verifying the performance measures reported?)

- ☑ whether the council considers the prescribed indicators of service performance, financial performance and sustainable capacity to be a relevant, appropriate and comprehensive set of indicators of the council's performance against its stated strategic objectives (i.e. has council identified a need to provide additional information, indicators and measures to communicate performance?)
- ☑ the level of assurance that the CEO and principal accounting officer require to enable them to certify the performance statement (i.e. is the assurance provided by a direct review of the supporting evidence by the CEO and principal accounting officer or is assurance provided by the responsible directors for each relevant service area?)
- ☑ the role of the audit committee in advising the council of the adequacy of the council's performance reporting to external stakeholders
- ☑ the level of assurance the councillors require to enable adoption of the performance statement.

Procedures

The council should also document the procedures involved in preparing performance reporting information to build and retain the organisation's knowledge. Formalised procedures can provide efficiency and enhance planning to ensure timeframes are met where performance reporting is prepared infrequently throughout the year or in circumstances of staff transition. Standardised procedures for performance reporting can also enhance consistency of the information reporting, particularly where the measures are reported across a time span of several years. Suggested content for performance reporting procedures is outlined in Box 2 below.

Box 2

Performance reporting procedures should include:

- ☑ specific sources of data for each indicator (i.e. software, report name, report fields selected, any filters applied and supported with screen captures or hard copy examples)
- ☑ contact details for relevant personnel both internally and where data is provided to the council by third parties (e.g. Department of Health or operators of outsourced services)
- ☑ nomination of officers responsible for the collation and verification of data collected
- ☑ the frequency at which data needs to be collected (i.e. daily, weekly, monthly, quarterly or annually) and the lead time on collecting the data
- ☑ identification of other controls that may exist in the collection and verification of indicator data to ensure it is complete and accurate (e.g. is the data monitored on a regular basis to identify unusual or unexplained variances?)
- ☑ nomination of the council officer responsible for ensuring performance reporting data is centrally collated in time for:
- ☑ internal reporting

- ☑ preparation of the performance statement
- ☑ audit of the performance statement
- ☑ the timing and frequency with which performance indicators and measures are reviewed by the EMT
- ☑ the actions to be taken by the audit committee when reviewing the draft performance statement
- ☑ the format of any formal statements provided by responsible officers to the CEO, principal accounting officer and councillors.

Third party information

Some of the prescribed indicators require the collection of supporting data from sources external to the council. These include:

- annual community satisfaction survey results from LGV
- municipal population and socio-economic disadvantage data from the Australian Bureau of Statistics
- statutory planning results from the Planning Permit Activity Reporting System (PPARS)
- notice of decisions from VCAT hearings.

The planning process for the preparation of performance reporting should separately identify data required from external sources and the reporting timetable and data format requirements should be communicated to the third party data providers to ensure the council receives the correct data at the required time.

The format and content of the data received from third parties should be sufficiently robust to support the level of assurance required by councillors, the CEO and the principal accounting officer in certifying the performance statement. As a number of the indicators will be subject to audit, council officers should request supporting evidence at a level that enables a critical review and assessment of the reliability of the data provided. For example, an email advising a numeric input for a measure's numerator or denominator does not provide the same level of assurance as a copy of the source report from that third party's operational software.

It is not uncommon for a council to outsource the operation of some service areas such as the operation of swimming pools or the kerbside garbage and recycling collections. While a council can outsource some day-to-day operational activities, it still retains responsibility for the oversight of the provision of the service to the community and ultimate risk in the management of facilities and operations.

Councils may need to review and revise service level agreements with contracted service providers to ensure the data required for performance reporting is provided within the council's required timeframe.

Operational control

In some instances a council that has outsourced the provision of services or transferred the functional operation of facilities through formalised contracts, leases or funding agreements may believe that it no longer has operational control of the service. If a council does not believe it has operational control of one of the prescribed services and does not collect data to facilitate performance reporting, it will need to obtain and document an understanding of the background of the original outsourcing decision and why it does not believe it can influence the outcome of the service delivered. Suggested tests for determining operational control of a service are outlined in Box 3 below.

Tests for operational control of a service:

1. If the service is asset dependent such as in the case of a pool then the first test will be whether all the risks and rewards associated with owning the asset have been transferred away from the council (e.g. this could be done through a lease agreement)
2. The second test relates to whether the council has significant influence over the service outcomes (i.e. does the council have the capacity [ability or power] to substantially affect the outcomes of the service. For example, this might be the case if, despite the council making a financial contribution, decisions over the service outcomes rest with the funding agency).

In many instances a council retains a sufficient level of responsibility and obligation under the formal agreement that would suggest the service is still ultimately under the control of council.

Audit committee

The audit committee is an advisory committee to the council and its membership is usually a combination of councillors and independent advisors. This provides a balance between in-depth understanding of the council's strategic objectives and operations and the independence required to challenge the information presented to the council for consideration. The draft performance statement should be reviewed by the audit committee as part of the internal control environment to provide an informed basis for a recommendation to the council for adoption. The audit committee's review should include an assessment of the materiality thresholds applied for each indicator and the resulting explanations of material variations to ensure the explanations are adequate and consistent with their understanding of the council's performance.

The audit committee's assessment of the quality of the assurance provided to support the draft performance statement will be enhanced if the audit committee receives reports on the performance indicators at least on a quarterly basis throughout the year enabling the members to establish a level of normalised and expected results. The audit committee's charter should include its roles and responsibilities in regard to the council's reporting of performance as part of an overall performance reporting framework.

Events after year end

Occasionally an event will occur after the end of the reporting year that could impact on the manner in which the performance indicators and measures are reported or interpreted. For example a particular service provided by the council could cease after 30 June.

The format of the certification of the performance statement specified in the regulations includes a representation that:

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.

The council's framework for performance reporting should include procedures to ensure any events that occur after year end that could impact on the results are identified and brought to the attention of the council, CEO and principal accounting officer prior to certification of the performance statement.

A mechanism for this procedure could be to seek a formal certification from each of the responsible directors dated as close as possible to the date of certification.

Roles and responsibilities

In order to meet the reporting timelines for preparation and audit of the performance statement a council should formally allocate roles and responsibilities across the council. The following table provides a summary of the responsibilities for each of the key parties in the performance statement reporting process.

Role	Responsibilities
Service area officer	<ul style="list-style-type: none"> extract /collate data to calculate results request and obtain data from third parties (if applicable) critically review data to ensure the data is accurate and complete provide supporting evidence in preparation for management review
Service area manager/director	<ul style="list-style-type: none"> review results review the supporting source data to verify the calculation of the results investigate unusual or unexpected results monitor negative or unanticipated trends and recommend options for an appropriate response provide explanations for material variations provide assurance representations to EMT as to the accuracy and completeness of the results and the adequacy of the supporting source data
Performance reporting officer²²	<ul style="list-style-type: none"> prepare the performance reporting workplan and timetable²³ communicate requirements to responsible service areas collate quarterly and final results to be reported provide quarterly performance reports to the EMT, audit committee and Council prepare the draft performance statement and supporting data evidence for audit
Executive Management Team (EMT)	<ul style="list-style-type: none"> receive and consider quarterly performance reports consider recommendations for intervention where unfavourable or unanticipated trends are identified review the draft performance statement and consider the results in the context of the quarterly reports received throughout the year identify material variations at the council level for explanation (i.e. in the context of the council's priorities) review the assurance representations provided by service area managers/directors provide a recommendation to the CEO and principal accounting officer
Principal accounting officer	<ul style="list-style-type: none"> review the materiality levels adopted in identifying the variations requiring explanations in the performance statement review and approve the draft explanations for material variances in the performance statement review the recommendation provided by EMT for certification of the performance statement once satisfied with the quality of reporting, certify the performance statement in the required format
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> review the materiality levels adopted in identifying the variations requiring explanations in the performance statement review and approve the draft explanations for material variations in the performance statement review the recommendation provided by EMT for certification of the performance statement provide a recommendation to the audit committee provide a recommendation to the council certify the performance statement in the required format following completion of the audit

22. The officer responsible for centrally collating the performance reporting data

23. Section 7 of this guide contains a sample workplan and timetable for performance reporting

Audit committee	<ul style="list-style-type: none"> ▪ receive and consider quarterly performance reports ▪ review the draft performance statement and consider the results in the context of the quarterly reports received throughout the year challenging any unusual or unexpected results ▪ enquire as to the internal control framework and level of assurance received around the accuracy and completeness of the information reported ▪ discuss the results of the audit of the performance statement with the external auditor ▪ provide a recommendation to the council
Council	<ul style="list-style-type: none"> ▪ receive and consider quarterly performance reports ▪ review the draft performance statement and consider the results in the context of the reports received throughout the year challenging any unusual or unexpected results ▪ review the recommendations received from the CEO, principal accounting officer and audit committee ▪ adopt the performance statement in principle ▪ have two councillors certify the performance statement in the required format following completion of the audit ▪ adopt the annual report ▪ submit the annual report to the Minister

In addition to the above key parties, it is recommended that councils establish a performance reporting team to improve the coordination and integration of the performance reporting process. The team should be made up of the performance reporting officer, service area officers and principal accounting officer.

Each of the parties in the above table also has similar responsibilities in regard to performance information disclosed in the report of operations in the annual report including:

- the governance and management checklist²⁴
- the prescribed indicators and measures of service performance and the results achieved²⁵
- a statement that reviews the performance of the council against the council plan including results achieved in relation to the strategic indicators included in the council plan.²⁶

For further information refer to:

- Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Report of Operations*, State of Victoria

Preparation of the performance statement

Form and content

While the format of the performance statement is not prescribed, the Act and regulations require the performance statement to contain:

- a description of the municipal district, including its size, location and population
- the results of the prescribed indicators and measures for:
 - service performance²⁷
 - financial performance²⁸

24. Section 131(3)(ii) of the Local Government Act 1989

25. Section 131(3)(iii) and (iv) of the Local Government Act 1989

26. Regulation 14(2)(a) of the Local Government (Planning and Reporting) Regulations 2014

27. Schedule 3, part 2 of the Local Government (Planning and Reporting) Regulations 2014

28. Schedule 3, part 3 of the Local Government (Planning and Reporting) Regulations 2014

- sustainable capacity performance²⁹
- for the prescribed indicators and measures, the results for:
 - the current financial year
 - the three preceding years (following a transition period)³⁰
 - results forecast by the strategic resource plan (financial performance only)
- explanations of any material variations in the results
- certification in the prescribed format by two councillors, the CEO, and the principal accounting officer
- a copy of the auditor’s report on the performance statement.

Basis of preparation

The primary purpose of the performance statement is to communicate the council’s performance to the community in the context of prior performance and for the financial performance indicators, forecast performance. To help the reader understand the objective and purpose of the performance statement and provide a context, the council should explain the performance reporting framework and key estimates and judgements used in preparing the performance statement.

Materiality

The regulations require the performance statement to contain an explanation of any material variations in the results contained in the performance statement. Materiality, in the context of performance reporting, is the threshold at which omission or misstatement of information could influence the decisions made and expectations formed by reference to the data reported. For example:

- a significant change in a service performance result that does not have an explanation could give the reader the impression that the service is not important to the council
- a significant misstatement in a sustainable capacity result could result in incorrect strategic planning decisions being made by the council in the future.

The decision about what is material has both qualitative and quantitative factors. The qualitative factors include:

- the council’s overall strategic objectives and priorities as identified in the council plan
- the relative importance of the service to the council in the context of its whole operations
- what is important to the stakeholders and readers of the performance statement
- the relevance and appropriateness of the indicator in accurately reporting performance
- the drivers underlying the calculation of the measure.

An indicator that is more important to a council or its stakeholders will be more sensitive and therefore will have a lower materiality threshold and require more expansive explanations. Conversely a less sensitive indicator can bear a higher materiality threshold and will require less or no explanation of variances.

Quantitative factors are easier to define as indications of materiality, however councils should be aware that even though a variance may not be significantly different when quantified the variance may be important and

29. Schedule 3, part 4 of the Local Government (Planning and Reporting) Regulations

30. The provisions relating to results achieved in relation to the performance indicators and measures and explanation of variances for the three preceding years come into effect in a staged approach: 2014/15 - results for that year only; 2015/16 - results for that year and the preceding year; 2016/17 - results for that year and the two preceding years; 2017/18 - results for that year and the three preceding years.

warrant explanation when assessed against the qualitative materiality factors. The results of the prescribed indicators and measures consist of absolute numbers, percentages, ratios and dollars and accordingly the materiality threshold decision will be different for each indicator.

Section 8 of this guide contains quantitative materiality guidance for explaining material variations in the results of the prescribed performance indicators and measures in the performance statement for the following comparisons:

- current year versus the prior year results
- current year versus the three preceding year results
- current year versus the results forecast by the strategic resource plan (for financial performance indicators only).

Each council will need to make its own assessment of the appropriate materiality threshold using their actual 2015-16 results, and taking account of both qualitative and quantitative factors and circumstances specific to that council. Councils should also be cognisant when preparing explanations of material variations that they will be subject to audit and must be capable of substantiation and supported by adequate source documentation.

Material Variations

There is only a minor difference between material variation statements (or 'material variations') and comments. Comments, while not mandatory, allow councils to provide context around their results, especially in cases of particularly high or low results. Material variations on the other hand, are mandatory, and explain a year on year variation exceeding the materiality threshold (which is either set by council or taken from Local Government Victoria's Report of Operations and Performance Statement Better Practice Guidance).

Material variation explanations should be provided in the following circumstances:

- material variations between the current year and prior years' results (as explained under 'Materiality'). For the Financial Performance indicators, this will also include material variations between the current year and forecast results.
- zero results. This includes where the Council has operational control over the service but did not provide the service during the reporting period, or is unable to report any data for the service.
- major changes. This includes changes to services or unplanned financial or other events which have impacted the result(s).
- differing figures to annual report. This includes figures published in the annual report and later amended on the Know Your Council website, and figures amended from prior years.

Where results sit inside the materiality threshold, councils are encouraged to provide a qualitative statement. In the case of Council not wishing to make a comment, the material variations section should simply be left blank in the Performance Reporting template. Councils may wish to publish the term 'no material variations' in the Annual Report, however comments with regard to the expected or permissible range should be avoided in both the template and Annual Report. It is recommended that Council consider providing commentary around all indicators where possible, to provide context to readers, even in cases where year on year variances may be immaterial.

The nature of the Know Your Council website is to ensure council performance is accessible to the public, and as such, councils should consider their audience when drafting comments or material variations. LGV allows comments and material variations to differ on the Know Your Council website from the Annual Report, to address different audiences. These comments and material variations should convey the same message, and must be careful not to contradict each other. In the case of website comments, for example, councils may wish to include a URL link to corresponding documents or council pages where relevant. The link will then appear as a hyperlink on the *Know Your Council* website, however may not be useful in the context of the Annual Report.

In 2016, it was agreed with VAGO that previous year results, if incorrect, can be changed by councils to ensure comparable year on year data. The treatment for incorrect data from previous years requires councils to note in the Annual Report the data having been incorrectly reported in the prior financial year(s). This would either occur:

- as a change to the previous figure in the Performance Statement or Report of Operations, with an asterisk and comment which details the previous result and an explanation that it has been changed; or
- by reporting the incorrect figure from the previous year in the Performance Statement or Report of Operations, with a note to explain that the figure should instead read as the updated figure.

Corrections to results need to be approved by a CEO or their delegate, and will be implemented when the current year's data goes live on the *Know Your Council* website and is released in the Annual Report.

From the 2015-16 year, councils are also required to identify whether data is to be reported for each measure using the DATA APPLICABLE column in the Performance Reporting Template. For each measure, councils must select from the drop-down box either APPLICABLE, NOT APPLICABLE or NO DATA.

Material variations should be provided in some of these examples, as explained in the following table:

APPLICABLE	Council provides and has operational control of the service, and data will be reported in the template.
NOT APPLICABLE	Council provides and has operational control of the service but no data will be reported in the template, as it did not provide the service for the reporting period. For example, council provides the statutory planning service but there were no planning application decisions reviewed by VCAT for the reporting period. A material variation/comment must be provided in Input 5 in this instance.
NO DATA	Council either provides the service but is unable to report data in the template for the reporting period, or does not have operational control of the service. If council provides the service, but is unable to report data, a material variation/comment must be provided in Input 5 of the template.

In the cases of 'Not Applicable' and 'No Data', this should be reflected accordingly in the Annual Report.

Certification

The regulations prescribe the format and content of the performance statement certification and require that it be certified by two councillors, the CEO and principal accounting officer. The content of the certification should include:

- an opinion as to the fair presentation of the council's performance presented in accordance with the Act and regulations
- confirmation that the performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity
- confirmation that at the date of signing, the persons signing are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate
- confirmation that the persons signing have been authorised by the council to certify the performance statement in its final form.

The council, the CEO and principal accounting officer need to obtain sufficient assurance about the quality of performance reporting and the explanation of variations to enable them to certify the performance statement. A suggested checklist for certification is outlined in Box 4 below.

Box 4

Checklist for certification

The checklist for certification must include:

- ☑ the results of the prescribed indicators and measures are supported by sufficient and appropriate documentation
- ☑ the explanations for material variations are consistent with the adopted materiality thresholds and include explanation for unusual or unexpected results
- ☑ appropriate enquiries have been made up to, including and post the date of certification about the existence of any circumstances that may have arisen that would render the performance statement misleading or inaccurate
- ☑ the performance statement includes all the indicators, measures, results and other information prescribed by the Act and regulations
- ☑ the certification is in the format prescribed by the regulations
- ☑ the EMT has reviewed the results of the prescribed indicators and measures, materiality thresholds and explanations provided for material variations and provided a recommendation that the performance statement be certified by the CEO and principal accounting officer
- ☑ the audit committee has reviewed the performance statement and explanations for material variations and recommended the performance statement be adopted in principle by the council and certified
- ☑ the council has adopted the performance statement in principle and authorised the relevant officers and councillors to certify the performance statement once audit clearance has been obtained
- ☑ all issues raised by the auditor have been resolved and VAGO has provided clearance to certify the performance statement.

Audit of the performance statement

The purpose of an audit is to enhance the credibility of the information reported through the provision of an independent opinion on the report. The opinion provided is in addition to the certification of the performance statement by the relevant officers and councillors. The audit opinion does not take the place of this certification.

The audit will be conducted by VAGO or appointed contractors in accordance with the *Audit Act 1994*, Australian auditing standards and professional and ethical requirements. This audit framework provides a methodology for auditors to plan an audit, gather sufficient appropriate audit evidence and conclude on results of testing to form an audit opinion on the performance statement. The opinion provided is not a guarantee that the information is 100 per cent correct, rather it is an opinion providing reasonable, but not absolute assurance.

The major objectives of the audit process from a council's point of view are:

- to provide sufficient supporting documentation for the results of the prescribed indicators and measures and explanations of material variations in the results to obtain a 'clear' audit opinion to coordinate the preparation for and conduct of the audit to meet the performance statement reporting milestones
- to have the audit conducted in an efficient and effective manner with as little disruption to the organisation's operations as possible.

A council will have the best chance of achieving these objectives through the creation of a strong internal control environment, planning and coordinating the year-end performance statement preparation and anticipating the amount and persuasiveness of the supporting data required to be presented for audit.

During the audit, the council's officers will be required to make a number of representations to the auditors about the completeness and accuracy of the performance reporting data and about the occurrence of any events after year end that could impact on the performance statement. The Australian auditing standards require the auditor to obtain confirmation of such representations in writing in the form of a management representation letter signed by the CEO and principal accounting officer. This is usually requested at the end of the audit prior to certification of the performance statement. A suggested checklist for audit is outlined in Box 5 below.

Box 5

Checklist for audit

Before the audit, the council must ensure:

- the audit committee, principal accounting officer and performance reporting officer have met with VAGO regarding the audit plan and there is a clear understanding of the audit requirements and expectations as they relate to the performance statement audit
- the performance statement has been drafted and includes all the indicators, measures, results and other information prescribed by the Act and regulations
- the results of each indicator and measure is supported by copies of documentation identifying the data source of the numerator and denominator and has been collated centrally
- information provided as source data by third parties is robust, the source of the data is evident and the calculation of the measures is supported by copies of documents
- the explanation of material variations in the results is capable of substantiation, is supported by adequate source documentation and the basis for identifying the materiality threshold for each indicator and measure has been documented
- the draft performance statement including the results, explanation of material variations and supporting documentation has been reviewed by the relevant service area director
- the draft performance statement including the results and explanation of material variations has been reviewed by the principal accounting officer, CEO and EMT
- staff in each service area are aware that the audit is being conducted and additional information may be requested (the auditor has authorisation to request access to confidential file data)
- third party data providers are aware that the audit is being conducted, that their information is subject to audit and they will respond to any additional information requests from the auditor
- the basis for a decision to not report the results of the indicators and measures for a funded service in the performance statement, is documented and is available for review by the auditor.

5. Performance statement (2017-18 model)

Victorian City Council

Performance Statement

For the year ended 30 June 2018



Performance Statement

For the year ended 30 June 2018

REFERENCES

Reg	R
Better Practice	BP

R17(1)

Description of municipality

The Victorian City Council (the council) is situated on the south-eastern fringe of the Melbourne metropolitan area and has a significant rural and horticultural hinterland. It includes more than 30 communities stretching from the foothills of the Dandenong ranges in the north to the shores of Western Port Bay in the south. The council is at the 'front' of Melbourne's south east growth corridor which stretches in a narrow band along the Princes Highway. The main industries include food manufacturing, agriculture, meat and meat product manufacturing, motor vehicle and part manufacturing. The council covers an area of 1281 square kilometres and has a population of 77,000 which is expected to grow to 142,000 over the next 20 years.

BP

During the financial year council experienced significant rainfall resulting in wide areas of flooding across the municipality. Extensive works were required to rectify flood damaged infrastructure.

Sustainable Capacity Indicators

For the year ended 30 June 2018

		Results				
<i>Indicator/measure</i>		2015	2016	2017	2018	Material Variations
R15(3)	Population					
Sch3 R16(1)	<i>Expenses per head of municipal population</i>	\$1,120.56	\$1,190.54	\$1,220.20	\$1,220.20	Increased costs per head of population has been impacted by emergency responses and recovery events which are funded by non-recurrent grants.
R17(2)	[Total expenses / Municipal population]					
	<i>Infrastructure per head of municipal population</i>	\$6,102.25	\$6,390.14	\$6,416.55	\$6,416.55	Infrastructure will continue to increase due to our Capital Works Program which is available at www.victoriacouncil.vic.gov.au/capital-works . This year Council spent \$18.9M on infrastructure assets for the community.
	[Value of infrastructure / Municipal population]					
	<i>Population density per length of road</i>	178.89	180.12	179.46	179.46	Council's relatively small population and large geographic area with extensive road network means that Council's ratio of roads per head of population is lower than more populated, smaller council areas.
	[Municipal population / Kilometres of local roads]					
	Own-source revenue					
	<i>Own-source revenue per head of municipal population</i>	\$975.45	\$990.14	\$999.68	\$999.68	An increase in Council's rates, growth from supplementary rates, additional parking infringement income, developer contributions and increased planning fees due to increased level of development in the municipality all contributed to an increase in revenue for this reporting year.
	[Own-source revenue / Municipal population]					

Recurrent grants

<i>Recurrent grants per head of municipal population</i>	\$175.78	\$198.32	\$207.67	\$207.67	The financial assistance grants increased in the current year following a period of strong population growth.
[Recurrent grants / Municipal population]					

Disadvantage

<i>Relative socio-economic disadvantage</i>	8.00	8.00	8.00	8.00	Council is ranked in the top 20% in the SEIFA index suggesting low levels of disadvantage, but at a more localised level, there are several pockets of high levels of disadvantage.
[Index of Relative Socio-economic Disadvantage by decile]					

BP

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 *Road Management Act 2004*

"population" means the resident population estimated by council

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

"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 2018

		Results				Material Variations
Service/indicator/measure		2015	2016	2017	2018	
R15(1)	Aquatic facilities					
Sch3	Utilisation					A new indoor aquatic centre was constructed in 2015 to service the population growth in the west. Both leisure centres are committed to increasing utilisation by the community through facility and service improvements, and marketing programs to encourage community participation.
R16(1)	<i>Utilisation of aquatic facilities</i>	7.56	12.81	12.96	12.96	
R17(2)	[Number of visits to aquatic facilities / Municipal population]					
Animal management						
Health and safety						Council conducts community education programs on responsible pet ownership to minimise breaches of the Domestic Animals Act. Council has successfully prosecuted twelve animal matters this year due to an increase in the number of animal cruelty cases prosecuted by council. More information about Council's animal management can be found in our Domestic Animal Management Plan: www.victoriacouncil.vic.gov.au/DAMP
	<i>Animal management prosecutions</i>	17.00	10.00	12.00	12.00	
	[Number of successful animal management prosecutions]					
Food safety						
Health and safety						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. Council issued 132 critical and major non-compliance outcomes related to a range of Food Act inspections and assessments, a total of 131 (99%) were followed up. Council assigned more resources to increase food safety inspections during this reporting period.
	<i>Critical and major non-compliance notifications</i>	98.65%	100.00%	99.89%	99.89%	
	[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					
Satisfaction					
<i>Satisfaction with council decisions</i>	57.00	60.00	61.00	61.00	Council introduced an engagement policy and guidelines in 2014 which has a strong focus on consulting with the community over major decisions resulting in increased engagement, and increased satisfaction.
[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>	28.25%	30.81%	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
[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>	22.37%	24.51%	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
[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>	14.36%	15.52%	15.97%	15.97%	Active library membership continues to increase, and as a result, visits to the library service and the online library have also increased. Community members are also using the library for a range of reasons in addition to borrowing library resources. This includes to attend library programs, use computers and wifi, or to read and study.
[Number of active library members / Municipal population] x100					

Maternal and child health

Participation

<i>Participation in the MCH service</i>	78.98%	81.42%	98.05%	98.05%
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[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100

Council achieved an average of 98.05% compliance with the Key Age and Stage framework visits between birth and 8 weeks of age. Overall Participation rates have increased significantly since the implementation of an SMS reminder system to encourage participation.

Participation

<i>Participation in the MCH service by Aboriginal children</i>	57.73%	64.19%	62.98%	62.98%
--	--------	--------	--------	--------

[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

Council's MCH Service is co-located and works closely with the local Aboriginal Health Service to meet the health and development needs of Aboriginal Children and to support families. Many factors influence participation in the MCH Service by Aboriginal families, and there is a known issue around children in Out of Home Care arrangements accessing the service. In addition to the SMS reminder system implementation, we continue to work closely with the Department of Education and Child Protection to streamline the response to new placements of children in Kinship or Out of Home Care.

Roads

Satisfaction

<i>Satisfaction with sealed local roads</i>	57.00	51.00	53.00	53.00
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[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]

The council experienced significant rainfall and subsequent flooding of major local roads during the 2015-16 year which resulted in a long period of detours during reconstruction. However, the reconstruction works have resulted in improved satisfaction with the community. Read more about our road network upgrades at www.victoriacouncil.vic.gov.au/roadnetworks

Statutory Planning

Decision making

<i>Council planning decisions upheld at VCAT</i>	75.89%	85.14%	77.97%	77.97%
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[Number of VCAT decisions that did not set aside council's decision in relation to a planning

Council has significantly improved its results by allocating additional planning advocacy resources to specifically target appeals. This has increased the number of VCAT decisions upheld. Similarly, Council has also been working with aggrieved parties to resolve disputes, resulting in fewer cases being heard at VCAT.

application / Number of VCAT decisions in relation to planning applications] x100

Waste Collection

Waste diversion

Kerbside collection waste diverted from landfill 79.54% 82.27% 87.68% 87.68%

[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

Waste diversion has remained relatively stable over the past 12 years. Ongoing public education on recycling has contributed to this stability. On average, household waste to landfill increased by 80 grams per household per week.

BP

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 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 2018

	Dimension/ indicator/ measure	Results				Forecasts				Material Variations
		2015	2016	2017	2018	2018	2019	2020	2021	
R15(2)	Efficiency									
Sch3	Revenue level									
R16(1)	<i>Average residential rate</i>	\$1,478.23	\$1,630.54	\$1,673.30	\$1,673.30	\$1,712.19	\$1,755.87	\$1,799.65	\$1,844.87	The result for this measure is expected to increase by \$214 per assessment by 2020. The increasing trend in prior years reflects measures taken by council since 2014-15 to address the asset renewal gap through rate increases above CPI.
R16(2)	<i>per residential property assessment</i>									
R17(2)	[Residential rate revenue /									
R17(3)	Number of residential property assessments]									
	Expenditure level									
	<i>Expenses per property assessment</i>	\$2,780.54	\$2,830.71	\$2,850.12	\$2,850.12	\$2,870.65	\$2,950.12	\$3,005.89	\$3,012.14	The result for this measure is expected to increase by \$162 per assessment by 2020. The slowing upward trend reflects cost containment measures taken by council since 2014 resulting in forecast increases in expenses below CPI
	[Total expenses / Number of property assessments]									
	Workforce turnover									
	<i>Resignations and terminations compared to average staff</i>	11.65%	15.18%	11.56%	11.56%	10.32%	10.78%	10.98%	10.21%	The result for this measure is expected to decreased by 1 percentage point between 2016-17 to 2017-18. The increase in the 2015-16 year was due to an organisational restructure being
	[Number of permanent staff resignations and									

terminations / Average number of permanent staff for the financial year] x100									implemented in 2015-16 as part of council's cost containment measures
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i>	184.87%	225.16%	201.31%	201.31%	185.78%	187.64%	184.87%	190.98%	The result for this measure is expected to decrease by 24 percentage points in 2016-17. The significant increase in 2015-16 is due to unspent flood emergency grants being on hand at the end of the 2015-16 financial year
[Current assets / Current liabilities] x100									
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	54.45%	55.87%	49.88%	49.88%	45.98%	47.45%	44.78%	60.31%	Council has a significant proportion of its cash in unrestricted funds and this supports Council's long term financial sustainability. The significant increase in 2015-16 is due to unspent funds for capital projects due for completion in 2016-17.
[Unrestricted cash / Current liabilities] x100									
Obligations									
Asset renewal									
<i>Asset renewal compared to depreciation</i>	79.54%	82.69%	87.58%	87.58%	94.87%	100.14%	100.87%	100.32%	The result for this measure is expected to increase by 7 percentage points by 2017-18. The increasing trend reflects measures taken since 2014-15 to address the asset renewal gap through rate increases above CPI
[Asset renewal expenses / Asset depreciation] x100									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	62.78%	61.21%	59.04%	59.04%	55.32%	49.34%	43.74%	37.19%	The result for this measure is expected to decrease by 22 percentage points over the 4 year period to 2020-21. The

[Interest bearing loans and borrowings / Rate revenue] x100									decreasing forecast trend reflects the scheduled repayment of debt over the four period
Loans and borrowings									The result for this measure is expected to decrease by 4 percentage points over the 4 year period to 2020-21. The decreasing forecast trend reflects the scheduled repayment of debt over the four period
<i>Loans and borrowings repayments compared to rates</i>	8.37%	8.87%	8.33%	8.33%	7.81%	6.28%	5.31%	4.09%	
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	56.07%	56.81%	56.08%	56.08%	57.89%	57.45%	58.19%	58.01%	
[Non-current liabilities / Own source revenue] x100									
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i>	-6.23%	2.19%	3.68%	3.68%	5.78%	8.59%	12.71%	15.92%	The result for this measure is expected to increase by 12 percentage points over the 4 year period to 2020-21. The improving trend over the 4 year forecast period and increase in 2015-16 is due to the introduction of cost containment measures in 2015-16 to address council's renewal gap
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									

BP	Stability								
	Rates concentration								
	<i>Rates compared to adjusted underlying revenue</i>	59.45%	60.98%	61.42%	61.42%	61.56%	61.45%	62.91%	62.05%
	[Rate revenue / Adjusted underlying revenue] x100								
Rates effort									
<i>Rates compared to property values</i>	0.46%	0.49%	0.44%	0.44%	0.40%	0.43%	0.42%	0.46%	
[Rate revenue / Capital improved value of rateable properties in the municipality] 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 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 2018

BP

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 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 General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the Performance Statement

R18(1)

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.

R18(2)

(Principal Accounting Officer Name and Qualifications (if any))

Principal Accounting Officer

Dated: *(Date)*

In our opinion, the accompanying performance statement of the *(council name)* 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 by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

(Councillor 1 Name)

Councillor

Dated: *(Date)*

(Councillor 2 Name)

Councillor

Dated: *(Date)*

(Chief Executive Officer Name)

Chief Executive Officer

Dated: *(Date)*

6. Performance statement (full model)

NOTE: This version of the performance statement provides a model performance statement for inclusion in the annual report that complies with the Act and the regulations following the conclusion of the transitional provisions in the Act and regulations (i.e. the financial year commencing on 1 July 2018).

Victorian City Council

Performance Statement

For the year ended 30 June 20X4



Performance Statement

For the year ended 30 June 20X4

REFERENCES

Reg	R
Better Practice	BP

R17(1)

Description of municipality

The Victorian City Council (the council) is situated on the south-eastern fringe of the Melbourne metropolitan area and has a significant rural and horticultural hinterland. It includes more than 30 communities stretching from the foothills of the Dandenong ranges in the north to the shores of Western Port Bay in the south. The council is at the 'front' of Melbourne's south east growth corridor which stretches in a narrow band along the Princes Highway. The main industries include food manufacturing, agriculture, meat and meat product manufacturing, motor vehicle and part manufacturing. The council covers an area of 1281 square kilometres and has a population of 77,000 which is expected to grow to 142,000 over the next 20 years.

BP

During the financial year council experienced significant rainfall resulting in wide areas of flooding across the municipality. Extensive works were required to rectify flood damaged infrastructure.

Sustainable Capacity Indicators

For the year ended 30 June 20X4

	<i>Indicator/measure</i>	Results				Material Variations
		20X1	20X2	20X3	20X4	
R15(3)	Population					
Sch3 R16(1)	<i>Expenses per head of municipal population</i>	\$950.54	\$1,090.37	\$1,120.56	\$1,190.54	The result for this measure has increased by \$240 per capita over the 4 year period from 20X1 to \$1,190 per capita in 20X4. The slowing upward trend from 20X2 reflects cost containment measures taken by council since 20X3
R17(2)	[Total expenses / Municipal population]					
	<i>Infrastructure per head of municipal population</i>	\$5,390.14	\$5,410.02	\$6,102.25	\$6,390.14	
	[Value of infrastructure / Municipal population]					The result for this measure increased by \$1,000 per capita over the 4 year period from 20X1 to \$1,190 per capita in 20X4. The significant increase in the 20X3 year was mainly due to the construction of a new indoor aquatic facility in 20X2 to service the population growth being experienced in the west of the municipality
	<i>Population density per length of road</i>	160.78	168.32	178.89	180.12	The result for this measure increased by 20 people per kilometre of road over the 4 year period from 20X1 to 180 people per kilometre in 20X4. This increasing trend reflects the significant population growth being experienced in the west of the municipality
	[Municipal population / Kilometres of local roads]					
	Own-source revenue					
	<i>Own-source revenue per head of municipal population</i>	\$850.71	\$845.23	\$975.45	\$990.14	The result for this measure has increased by \$140 per capita over the 4 year period from 20X1 to \$990 in 20X4. The increasing trend reflects measures taken by council since 20X3 to address the asset renewal gap through
	[Own-source revenue / Municipal					

population]

rate increases above CPI

Recurrent grants

Recurrent grants per head of municipal population

\$168.45 \$170.08 \$175.78 \$198.32

The result for this measure increased by \$30 per capita over the 4 year period to \$198 per capita in 20X4. The significant increase in the current year was mainly due to an increase in Commonwealth Financial Assistance Grants following a period of strong population growth. The increasing trend is consistent with the increase in the current year

[Recurrent grants / Municipal population]

Disadvantage

Relative socio-economic disadvantage

8.00 8.00 8.00 8.00

Council is ranked in the top 20% in the SEIFA index suggesting low levels of disadvantage, but at a more localised level, there are several pockets of high levels of disadvantage.

[Index of Relative Socio-economic Disadvantage by decile]

BP

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 Road Management Act 2004

"population" means the resident population estimated by council

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

"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 20X4

	Service/indicator/measure	Results				Material Variations
		20X1	20X2	20X3	20X4	
R15(1)	Aquatic facilities					
Sch3	Utilisation					
R16(1)	<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.23	7.45	7.56	12.81	The result for this measure increased by 5 visits per capita to 12 visits in the 20X4 year and has increased by 6 visits over the 4 year period from 20X1. This was mainly due to the construction of a new indoor aquatic facility in 20X2 to service the population growth being experienced in the west of the municipality. The trend over the 4 years is consistent with the increase in the current year
	Animal management					
	Health and safety					
	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	24.56	18.02	17.00	10.00	The result for this measure has decreased by 8 prosecutions to 16 over the 4 year period. This was mainly due to a change in council policy in 20X2 in relation to dog attacks from legal action to mediation
	Food safety					
	Health and safety					
	<i>Critical and major non-compliance notifications</i> [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 a food premises] x100	98.98%	100.12%	98.65%	100.00%	

Governance**Satisfaction***Satisfaction with council decisions*

55.00

55.00

57.00

60.00

[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]

The result for this measure has increased by 5 points to 60 over the 4 year period from 20X1. This was mainly due to the introduction of a new Community Engagement Policy and Guidelines in 20X2 which has a strong focus on consulting with the community over major decisions

Home and community care**Participation***Participation in HACC service*

27.45%

27.56%

N/A

N/A

[Number of people that received a HACC service / Municipal target population for HACC services] x100

Participation*Participation in HACC service by CALD people*

22.12%

23.08%

N/A

N/A

[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100

Libraries**Participation***Active library members*

12.32%

12.18%

14.36%

15.52%

[Number of active library members / Municipal population] x100

The result for this measure has increased by 3 percentage points over the 4 year period from 20X1. This was mainly due to the redevelopment and expansion of the library building in 20X2

Maternal and child health**Participation***Participation in the MCH service*

80.23%

79.56%

78.98%

81.42%

[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100

Participation

Participation in the MCH service by Aboriginal children

48.89% 50.23% 57.73% 64.19%

The result for this measure has increased by 16 percentage points to 64% over the 4 year period from 20X1. This was mainly due to a 4 year campaign funded by the Commonwealth Government focusing on engagement with Aboriginal mothers

[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

Satisfaction with sealed local roads

55.00 55.00 57.00 51.00

The result for this measure decreased by 5 points to 51 in the 20X4 year. This was mainly due to the significant rainfall and subsequent flooding of major local roads which resulted in a long period of detours during the reconstruction

[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]

Statutory Planning

Decision making

Council planning decisions upheld at VCAT

65.65% 67.90% 75.89% 85.14%

The result for this measure has increased by 20 percentage points to 85% over the 4 year period from 20X1. This was mainly due to the introduction of a number of new land use planning policies during 20X3 and 20X4 including height restrictions and heritage overlays

[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

Kerbside collection waste diverted from landfill 76.64% 78.12% 79.54% 82.27%

[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

BP

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 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 20X4

Dimension/ indicator/ measure	Results				Forecasts				Material Variations	
	20X1	20X2	20X3	20X4	20X5	20X6	20X7	20X8		
R15(2)	Efficiency									
Sch3	Revenue level									
R16(1) R16(2) R17(2)	<i>Average residential rate per residential property assessment</i>	\$1,408.21	\$1,434.14	\$1,478.23	\$1,630.54	\$1,712.19	\$1,755.87	\$1,799.65	\$1,844.87	The result for this measure has increased by \$222 per residential assessment over the 4 year period from 20X1 to \$1,630 and expected to increase by a further \$214 per assessment by 20X8. The increasing trend reflects measures taken by council since 20X3 to address the asset renewal gap through rate increases above CPI. Rate increases will be reduced from 20X5 following the introduction of rate capping in that year
R17(3)	[Residential rate revenue / Number of residential property assessments]									
	Expenditure level									
	<i>Expenses per property assessment</i>	\$2,650.65	\$2,710.52	\$2,780.54	\$2,830.71	\$2,870.65	\$2,950.12	\$3,005.89	\$3,012.14	The result for this measure has increased by \$180 per assessment over the 4 year period from 20X1 to \$2,830 and expected to increase by a further \$182 per assessment by 20X8. The slowing upward
	[Total expenses / Number of property assessments]									

trend from 20X2 reflects cost containment measures taken by council since 20X3 resulting in forecast increases in expenses below CPI

Workforce turnover

<i>Resignations and terminations compared to average staff</i>	10.19%	11.98%	11.65%	15.18%	10.32%	10.78%	10.98%	10.21%
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100								

The result for this measure increased by 4 percentage points to 15% in the 20X4 year. It has also increased by 5 percentage points over the 4 year period from 20X1 but is expected to decrease by 4 percentage points back to pre 20X4 levels in 20X5. The significant increase in the 20X4 year was due to an organisational restructure being implemented as part of council's cost containment measures

Liquidity

Working capital

<i>Current assets compared to current liabilities</i>	185.54%	187.85%	184.87%	225.16%	185.78%	187.64%	184.87%	190.98%
[Current assets / Current liabilities] x100								

The result for this measure increased by 41 percentage points to 225% in the 20X4 year. It has also increased by 40 percentage points over the 4 year period from 20X1 and expected to decrease by 40 percentage points in 2015-16. The significant increase in the current year was due to unspent flood emergency grants being on hand at the

end of the financial year

Unrestricted cash

Unrestricted cash compared to current liabilities

55.35% 57.01% 54.45% 55.87%

45.98% 47.45% 44.78% 60.31%

[Unrestricted cash / Current liabilities] x100

Obligations

Asset renewal

Asset renewal compared to depreciation

75.41% 77.53% 79.54% 82.69%

94.87% 100.14% 100.87% 100.32%

[Asset renewal expenses / Asset depreciation] x100

The result for this measure has increased by 7 percentage points over the 4 year period from 20X1 to 82% and expected to increase by a further 18 percentage points by 20X6. The increasing trend reflects measures taken since 20X3 to address the asset renewal gap through rate increases above CPI. Rate increases will be reduced from 20X5 following the introduction of rate capping in that year

Loans and borrowings

Loans and borrowings compared to rates

35.52% 34.18% 62.78% 61.21%

55.32% 49.34% 43.74% 37.19%

[Interest bearing loans and borrowings / Rate revenue] x100

The result for this measure has increased by 26 percentage points over the 4 year period to 61% from 20X1 but is expected to decrease by 24 percentage points over the four year period to 20X8. The

significant increase in the 20X3 year was mainly due to borrowings totalling \$25 million being drawn down to fund the construction of a new indoor aquatic facility in 20X2. The decreasing forecast trend reflects the scheduled repayment of debt over the 4 year period

Loans and borrowings

Loans and borrowings repayments compared to rates

4.32% 4.51% 8.37% 8.87% 7.81% 6.28% 5.31% 4.09%

[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100

The result for this measure has increased by 4 percentage points to 8% over the 4 year period to 20X4 but is expected to decrease by 4 percentage points over the 4 year period to 20X8. The significant increase in the 20X3 year was mainly due to borrowings of \$25 million being drawn down to fund the construction of a new indoor aquatic facility. The decreasing forecast trend reflects the scheduled repayment of debt over the 4 year period

Indebtedness

Non-current liabilities compared to own source revenue

55.35% 55.78% 56.07% 56.81% 57.89% 57.45% 58.19% 58.01%

[Non-current liabilities / Own source revenue] x100

Operating position										
Adjusted underlying result										
<i>Adjusted underlying surplus (or deficit)</i>	-10.38%	-8.29%	-6.23%	2.19%	5.78%	8.59%	12.71%	15.92%		The result for this measure increased by 8 percentage points to 2% in the 20X4 year moving from a deficit to surplus. It has also increased by 12 percentage points over the 4 year period from 20X4 and expected to increase by a further 13 percentage points by 20X8. The significant increase in the current and future years is mainly due to an increase in the Commonwealth Financial Assistance Grants following a period of strong population growth and addressing council's renewal gap
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100										
Stability										
Rates concentration										
<i>Rates compared to adjusted underlying revenue</i>	59.16%	59.28%	59.45%	60.98%	61.56%	61.45%	62.91%	62.05%		
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
<i>Rates compared to property values</i>	0.43%	0.45%	0.46%	0.49%	0.40%	0.43%	0.42%	0.46%		

[Rate revenue / Capital improved value of rateable properties in the municipality] x100

BP

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 20X4

BP

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 20X4 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

R18(1) In my opinion, the accompanying performance statement has been prepared in accordance with
R18(2) the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

(Principal Accounting Officer Name and Qualifications (if any))

Principal Accounting Officer

Dated: *(Date)*

In our opinion, the accompanying performance statement of the *(council name)* for the year ended 30 June 20X4 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.

(Councillor 1 Name)

Councillor

Dated: *(Date)*

(Councillor 2 Name)

Councillor

Dated: *(Date)*

(Chief Executive Officer Name)

Chief Executive Officer

Dated: *(Date)*

7. Sample workplan and timetable

Task	Milestone Date	Responsible Officer	Completed Yes/No
Before year end			
Meet with VAGO to discuss the audit plan as it relates to the performance statement audit	(Prior to 30 June)		
Communicate performance reporting plan and timetable to all personnel involved in providing data	(Prior to 30 June)		
Notify third party providers of source data of the data required and the timetable for reporting (<i>examples</i>)	(Prior to 30 June)		
-Aquatic facility managers			
-Australian Taxation Office (ABR)			
-Local Government Victoria (CSS)			
-Department of Health			
-Regional library corporation			
-Animal prosecutor			
After year end			
Collated data for measures and copies of supporting documentation to be provided to performance reporting officer for drafting of the performance statement (<i>examples</i>)			
-Aquatic facilities			
-Animal management			
-Food safety			
-Governance			
-Libraries			
-Maternal and Child Health			
-Roads			
-Statutory planning			
-Waste collection			
-Finance			

Draft performance statement is provided to Directors for review. Material variances are identified at service area level and explanations are provided

Draft performance statement, including explanations of material variances, is reviewed by the EMT. Materiality thresholds are reviewed and confirmed in the context of the whole council

Draft performance statement is reviewed by the principal accounting officer

Draft performance statement is reviewed by the CEO

Supporting documentation is made available for audit of the draft performance statement

Preliminary clearance from auditors

Review of the draft performance statement by the audit committee

Adoption in principle of the performance statement by council

VAGO provides clearance for certification of the performance statement

Pre-certification confirmation of any events occurring after balance date that should be disclosed

Performance Statement is certified by:

- two councillors
 - CEO
 - principal accounting officer
-

The original, certified report is sent to the auditors, together with the signed management representation letter

VAGO provides the audit opinion on the performance statement to council

Preparation of the annual report

The printers proof and web-file versions of the annual report are provided to auditors for review prior to publication

Council adopts the annual report

Annual report is provided to the Minister

Annual report is published on council's website

8. Materiality guidelines

This section is provided as a guide to establish quantitative materiality thresholds for explaining material variations in results for the following comparisons:

1. Current year result versus the prior year results
2. Current year result versus the three preceding year results
3. Current year result versus the results forecast by the strategic resource plan (for financial performance indicators only).

The example materiality thresholds in the table below are based on +/- 10% of the state average results of the audited performance indicators and measures for the 2015-16 year. Councils will need to make their own assessment of the appropriate materiality threshold, using their actual 2015-16 results and taking account both quantitative and qualitative factors and circumstances specific to their council.

SERVICE PERFORMANCE (EXAMPLES)		
Service/ <i>indicator</i> /measure	Measure expressed as:	Materiality threshold:
Aquatic Facilities <i>Utilisation</i> Utilisation of aquatic facilities	Number of visits to aquatic facilities per head of municipal population	Movement of +/- 0.5 visits (Based on the state average of 5.02 visits multiplied by +/-10%)
Food Safety <i>Health and safety</i> Critical and major non-compliance notifications	% of critical and major non-compliance outcome notifications that are followed up by council	Movement of +/- 9% (Based on the state average of 89.90% multiplied by +/-10%)
Governance <i>Satisfaction</i> Satisfaction with council decisions	Community satisfaction rating out of 100	Movement of +/- 5 (Based on the state average of 55 multiplied by +/-10%)

FINANCIAL PERFORMANCE INDICATORS (EXAMPLES)		
Dimension/ <i>indicator</i> /measure	Measure expressed as:	Materiality guideline:
Efficiency <i>Revenue level</i> Average residential rate per residential property assessment	Residential rate revenue per residential property assessment	Movement of +/- \$140 (Based on the state average of \$1,409.36 multiplied by +/-10%)
Liquidity <i>Working capital</i> Current assets compared to current liabilities	Current assets as a % of current liabilities	Movement of +/- 23% (Based on the state average of 231.21% multiplied by +/-10%)

SUSTAINABLE CAPACITY INDICATORS (EXAMPLES)

<i>Indicator</i> /measure	Measure expressed as:	Materiality guideline:
<p><i>Population</i> Expenses per head of municipal population</p>	<p>Total expenses per head of municipal population</p>	<p>Movement of +/- \$180 (Based on the state average of \$1,805.28 multiplied by +/-10%)</p>
<p><i>Disadvantage</i> Relative socio-economic disadvantage</p>	<p>Relative socio-economic disadvantage of the municipality by decile</p>	<p>Movement of +/- 1 decile (Based on the state average of 6 multiplied by +/-10%)</p>

9. Glossary

Act	means the <i>Local Government Act 1989</i>
Annual report	means a report of the council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement
Appropriateness	means indicators or measures that provide users with sufficient information to assess the extent to which an entity has achieved a pre-determined target, goal or outcome
Australian Accounting Standards (AAS)	means the accounting standards published by the Australian Accounting Standards Board
Budget	means a plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the council plan
Council plan	means a plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four year
Financial performance indicators	means a prescribed set of indicators and measures that assess the effectiveness of financial management in a council covering operating position, liquidity, obligations, stability and efficiency
Financial statements	means the financial statements and notes prepared in accordance with the <i>Local Government Model Financial Report</i> , Australian Accounting Standards and other applicable standards as they apply to the general purpose financial reports and statement of capital works, included in the annual report
Financial year	means the period of 12 months ending on 30 June each year
Indicator	means what will be measured to assess performance
Measure	means how an indicator will be measured and takes the form of a computation, typically including a numerator and denominator
Minister	means the Minister for Local Government
Performance statement	means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report
Planning and accountability framework	means the key statutory planning and reporting documents that are required to be prepared by councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act
Principal accounting officer	means the person designated by a council to be responsible for the financial management of the council

Regulations	means the Local Government (Planning and Reporting) Regulations 2014
Relevance	means indicators or measures that have a logical and consistent relationship to an entity's objectives and are linked to the outcomes to be achieved
Report of operations	means a report containing a description of the operations of the council during the financial year and included in the annual report
Services	means assistance, support, advice and other actions undertaken by a council for the benefit of the local community
Service outcome indicators	means the prescribed service performance indicators to be included in the performance statement which measure whether the stated service objective has been achieved
Service performance indicators	means a prescribed set of indicators measuring the effectiveness and efficiency of council services covering appropriateness, quality, cost and service outcomes
Strategic resource plan	means a plan of the financial and non-financial resources for at least the next four years required to achieve the strategic objectives in the council plan
Sustainable capacity indicators	means a prescribed set of indicators measuring whether councils have the capacity to meet the agreed service and infrastructure needs of the local community and absorb foreseeable changes and unexpected shocks into the future covering financial performance, capacity and governance and management

10. References

Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Model Financial Report*, State of Victoria, <https://knowyourcouncil.vic.gov.au/local-government-victoria-publications-and-guidance>

Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Performance Reporting Framework Indicator Workbook*, State of Victoria, <https://knowyourcouncil.vic.gov.au/local-government-victoria-publications-and-guidance>

Department of Environment, Land, Water and Planning (2018), *Local Government Better Practice Guide Report of Operations*, State of Victoria, <https://knowyourcouncil.vic.gov.au/local-government-victoria-publications-and-guidance>