



PERFORMANCE STATEMENT
For the Year Ended 30 June 2022

Description of Municipality

Hepburn Shire is a small rural Shire, with a population of 16,157. The population is projected to reach 17,700 by 2036. The Shire covers an area of 1,473 square kilometres which includes Clunes, Creswick, Daylesford, Hepburn Springs and Trentham, and the villages of Glenlyon, Allendale, Kingston, Leonard's Hill, Lyonville, Newlyn, Denver and Smeaton, and other smaller settlements, each with their own unique identity and character. Located in central Victoria, the Shire is ideally situated within easy access to Melbourne, Ballarat and Bendigo. It is a great place to live, work, invest and visit.

Hepburn Shire has a rich cultural history which began with the Dja Dja Wurrung People, the Traditional Owner and custodian of the area. Mass migration during Victoria's goldrush era saw many cultures settle in the region, which created a distinctive architecture and culture, still present throughout the Shire today. The Shire is renowned for its native forests, mineral springs reserves and waterways, botanical gardens, volcanic plains with rich soils, gold, and many spectacular heritage buildings. It is a popular tourist destination that has a reputation for indulgence and relaxation, festivals and outdoor recreational activities.

The Shire has a vibrant and diverse welcoming community that is well served by schools and childcare, recreation facilities, libraries, hospitals and shopping precincts. There is a large range of events throughout the year including markets, community run festivals, book fairs, LGBTIQ+ festivals and artisan masterclasses. With a strong arts community there are opportunities to visit artist studios, exhibitions and workshops.

The COVID-19 pandemic continued to have an impact on the operations of Council during 2021/2022. There were two significant storm events that impacted the Shire during 2021/2022 and the recovery works required following these storms have had a significant financial impact on the Council. Commentary throughout the performance statements will reflect the impact of COVID-19 and the storm events on Council's results.

Performance Statement

For the Year Ended 30 June 2022

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Population					
C1 Expenses per head of municipal population [Total expenses / Municipal population]	\$1,923.10	\$2,084.26	\$2,225.60	\$3,237.76	Total expenses have increased this year for costs associated with recovery works for storm events \$7.52m and writing off of costs incurred that will not be recognised as assets. It is expected that this ratio will return to normal in future years.
C2 Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$13,520.24	\$16,003.13	\$19,903.57	\$21,088.82	The construction and renewal of assets combined with revaluation of assets has increased the value of assets controlled by Council. The growing proportion of infrastructure relative to the population shows Council's commitment to improving and accurately recording infrastructure.
C3 Population density per length of road [Municipal population / Kilometres of local roads]	10.52	11.16	11.28	11.37	Result has remained consistent over the last four years, as length of the road network remains very similar.
Own-source revenue					
C4 Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,553.82	\$1,517.62	\$1,323.20	\$1,647.32	This indicator has increased due to the reallocation of loss on disposal of assets being recognised as an expense.
Recurrent grants					
C5 Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$444.47	\$471.92	\$439.19	\$594.99	The value of grants per person has increased due to the early receipt of 75% of the 2022/2023 Financial Assistance Grants allocation, within the 2021/2022 financial year.
Disadvantage					
C6 Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	6.00	The socio-economic index summarises a range of information about the economic and social conditions of people and households within the shire. The decile has remained constant throughout the past four years.

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For the Year Ended 30 June 2022

Sustainable Capacity Indicators					
<i>Indicator / measure</i> [formula]	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Workforce turnover					
C7 <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	21.8%	22.3%	22.5%	35.3%	Workforce turnover has increased over the last year and includes the redundancies resulting from Council deciding to cease service delivery in the aged care sector. The workforce turnover rate would have been 28.67% if these redundancies were excluded from the calculation.

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.

Performance Statement
For the Year Ended 30 June 2022

Service Performance Indicators					
Service/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Aquatic Facilities					
Utilisation					
AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.73	1.59	1.20	1.64	Utilisation was able to increase as 2021 results were heavily impacted by COVID closures.
Animal Management					
Health and safety					
AM7 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	0%	0%	0%	Council has not prosecuted any person under the Domestic Animals Act as other enforcement actions have been successful.
Food Safety					
Health and safety					
FS4 <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	75.00%	100.00%	50.00%	100.00%	There has been a strong focus this year to ensure all Critical and Major Non Conformances have been followed up and appropriate enforcement action taken.
Governance					
Satisfaction					
G5 <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	52.00	38.00	44.00	41.00	Slight decrease from the previous year with a number of key decisions undertaken during the year including sale of the Rex and the transitioning out of aged care service delivery.

Performance Statement
For the Year Ended 30 June 2022

Service Performance Indicators					
Service/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Libraries					
Participation					
LB4 <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	19.49%	18.08%	15.66%	13.67%	The effects of lockdowns linger with a reduced number of active borrowers. The library network is working on programming to encourage members to return to the library as well as signing up new members.
Maternal and Child Health (MCH)					
Participation					
MC4 <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	77.16%	78.99%	76.96%	86.01%	Increased rate of children attending appointments due to catch up appointments missed during Covid.
MC5 <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	88.24%	76.74%	75.76%	80.95%	Many families choose to access support services from Ballarat and District Aboriginal Cooperative.
Roads					
Satisfaction					
R5 <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	50.00	44.00	47.00	39.00	Overall decrease is reflective of general satisfaction trends across Council and poor condition of arterial roads across the Shire.

**Performance Statement
For the Year Ended 30 June 2022**

Service Performance Indicators					
Service/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Statutory Planning Decision making					
SP4 Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50.00%	0.00%	80.00%	50.00%	The percentage of set aside decisions after review of VCAT has increased over the last financial year due to an increase of applications being reviewed at VCAT. Current year saw five applications from ten set aside and previous year was four set aside from five applications.
Waste Collection Waste diversion					
WC5 Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	37.08%	37.81%	48.46%	40.22%	It is believed that the decrease from 48% to 40% can be attributed to changes in the communities habits with changing COVID restriction levels, including an increase in visitors to the shire and residents spending less time at home following the lifting of restrictions.

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

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the Food Act 1984

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an 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.

Performance Statement
For the Year Ended 30 June 2022

Financial Performance Indicators									
Dimension/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	2023	2024	2025	2026	Material Variations and Comments
Efficiency									
Expenditure level									
E2 Expenses per property assessment	\$2,718.89	\$2,931.50	\$3,129.05	\$4,497.40	\$3,780.17	\$3,083.95	\$3,142.28	\$3,147.24	The average expenditure per property increased by 43.73% compared to previous years. This is due to one off costs associated with recovery works for storm events that occurred in the shire during the year. This impact continues into 2023 but then returns to expected expenditure levels.
[Total expenses / Number of property assessments]									
Revenue level									
E4 Average rate per property assessment	New in 2020	1,566.03	\$1,598.16	\$1,612.58	\$1,679.31	\$1,715.40	\$1,750.72	\$1,784.90	This measure shows the continuing upward trend in average rates and reflects Council's commitment to maintain rate increases within the State Government imposed restrictions on rate revenue. Hepburn Council is lower rating Council than most other Small Rural Councils.
[General rates and Municipal charges / Number of property assessments]									
Liquidity									
Working capital									
L1 Current assets compared to current liabilities	380.90%	331.94%	223.75%	194.62%	304.60%	259.17%	227.00%	226.13%	This measure is one reflection of Council's current financial position. The higher assets relative to liabilities shows Council is in a strong position to settle its liabilities. The reduction from prior years is as a result of significant capital works and the costs of recovery for storm events which occurred in the current year.
[Current assets / Current liabilities] x100									
Unrestricted cash									
L2 Unrestricted cash compared to current liabilities	60.36%	33.59%	22.96%	16.16%	27.44%	86.16%	51.97%	46.23%	This measure is one reflection of Council's financial position. The reduction from the prior year is due to the stimulus funding that was received for capital works that are still to be delivered so cash needs to be identified as restricted.
[Unrestricted cash / Current liabilities] x100									

Financial Performance Indicators										
Dimension/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	2023	2024	2025	2026	Material Variations and Comments	
Stability										
Rates concentration										
S1	Rates compared to adjusted underlying revenue	62.06%	64.66%	71.53%	54.71%	49.82%	58.70%	63.25%	67.23%	The decrease in the result is due to the increased level of grant funding received in the current year for capital projects and also the early receipt of 75% of the Financial Assistance Grants funding.
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
S2	Rates compared to property values	0.43%	0.38%	0.36%	0.35%	0.27%	0.27%	0.26%	0.26%	The reduction in rates compared to property values suggests that there is a small reduction in the overall rate burden upon property owners. The reduction also reflects Council's commitment to maintain rate increases within the State Government imposed restrictions on rate revenue.
[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

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 2020 and Local Government (Planning and Reporting) Regulations 2020.

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 Local Government (Planning and Reporting) Regulations 2020 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 Annual Budget on 28 June 2022 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.

Performance Statement
For the Year Ended 30 June 2022

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.



Kathy Fulton - Certified Practicing Accountant

Principal Accounting Officer

Date :

In our opinion, the accompanying performance statement of Hepburn Shire Council for the year ended 30 June 2022 presents fairly the results of council's performance in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

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 Council and by the Local Government (Planning and Reporting) Regulations 2020 to certify this performance statement in its final form.



Mayor Cr Tim Drylie

Councillor


Date : *20 September 2022*



Cr Jen Bray

Councillor

Date : *20 September 2022*



Bradley Thomas

Chief Executive Officer

Date : *20 September 2022*

Independent Auditor's Report

To the Councillors of Hepburn Shire Council

Opinion	<p>I have audited the accompanying performance statement of Hepburn Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2022 • sustainable capacity indicators for the year ended 30 June 2022 • service performance indicators for the year ended 30 June 2022 • financial performance indicators for the year ended 30 June 2022 • other information and • certification of the performance statement. <p>In my opinion, the performance statement of Hepburn Shire Council in respect of the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020</i> and <i>Local Government (Planning and Reporting) Regulations 2020</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance statement

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

MELBOURNE
4 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria