



PERFORMANCE STATEMENT
For the Year Ended 30 June 2020



Description of Municipality

Hepburn Shire was created in January 1995 by the amalgamation of the former Shires of Creswick, Daylesford and Glenlyon, the Clunes portion of the Shire of Talbot and Clunes and the Trentham portion of the Shire of Kyneton.

Hepburn Shire is located in the Central Highlands region of Victoria, about 110 kilometres north-west of Melbourne. It is bounded by Central Goldfields and Mount Alexander Shires in the north, Macedon Ranges Shire in the east, Moorabool Shire in the south, and the City of Ballarat and Pyrenees Shire in the west

Hepburn Shire is a predominantly rural area, with many townships, villages and rural-residential areas. The main townships are Daylesford, Hepburn Springs, Creswick, Clunes and Trentham. The shire encompasses a total land area of about 1,470 square kilometres. rural land is used largely for agriculture (particularly sheep and cattle grazing and potato and crop growing) and forestry, with some viticulture. Tourism is important to the region, with the Shire containing 80% of Australia's mineral spring reserves.

Hepburn is named after Captain John Hepburn, an overlander and pastoralist who founded the rural town of Smeaton and also established the Smeaton Hill Run on 15 April 1838.

The original inhabitants of the Hepburn area were the Jaara (Dja Dja Wurrung) Aboriginal people. European settlement dates from the late 1830's, with land used mainly for grazing and crop growing. Gold was first discovered in the area in 1851, prompting the establishment of many townships and rapid growth. When gold supplies waned and many mines were closed, some population loss was experienced in the region. land was then used mainly for timber milling and grazing. The townships of Daylesford and Hepburn Springs benefited from tourism during the late 1800s and early 1900's', due to the mineral springs and spa resorts.

Gradual growth took place during the 1970's and 1980's, due largely to resurgence in tourism and people seeking alternative lifestyles. The Shire's population increased marginally during the 1990's, rising from about 13,300 in 1991 to about 13,800 in 2001. The resident population of Hepburn Shire at 30 June 2016 was 15,975.

The COVID-19 pandemic has had a significant impact on the operations of Council. In line with government restrictions, Council closed a number of facilities and adjusted service delivery. The financial impacts of these have been reflected in the results for 2019/2020 and appropriate commentary appears throughout the performance statement.

Other Information

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year 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 21 July 2020 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.

Performance Statement
For the Year Ended 30 June 2020

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Population					
C1 Expenses per head of municipal population [Total expenses / Municipal population]	\$2,517.85	\$1,895.46	\$1,923.10	\$2,084.26	Expenses have increased in 2019/20 as a result of increasing resources to deliver a large program of projects. However it is anticipated the Hepburn will remain a low cost Council when compared to other similar sized councils (small rural).
C2 Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$12,304.96	\$12,716.21	\$13,520.24	\$16,003.13	The increase is due to the increase in valuation due to a revaluation of major asset classes. This is a non-cash transaction that has increased the value of infrastructure controlled by Council.
C3 Population density per length of road [Municipal population / Kilometres of local roads]	11.04	10.42	10.52	11.16	No significant change.
Own-source revenue					
C4 Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,424.94	\$1,479.10	\$1,553.82	\$1,517.62	No significant change.
Recurrent grants					
C5 Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$621.24	\$466.14	\$444.47	\$471.92	The grants per head of population has had a 6.10% increase, which reflects Council receiving a number of additional grants within the financial year. Council now employs a Grants and Project Officer who has assisted in the number of, and quality of grant submissions made.
Disadvantage					
C6 Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	4.00	6.00	6.00	6.00	No change.

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Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Workforce turnover					
C7 Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	14.7%	17.9%	21.8%	22.3%	An organisational realignment during the year resulted in an increase in the number of resignations in comparison to the previous financial year.

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.

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Service Performance Indicators					
Service /indicator /measure	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Aquatic Facilities Utilisation					
AF6 Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	0.91	1.01	0.73	1.59	There was a significant increase in the number of visits to the aquatic centres during the 2019/20 year and this was due to the fact that Council made the decision to have free entry for the entire season
Animal Management Health and safety					
AM7 Animal management prosecutions [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	There were no prosecutions in 2019/20
Food Safety Health and safety					
FS4 Critical and major non-compliance outcome notifications [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	60.00%	100.00%	75.00%	100.00%	100 % of major non-compliances were followed up during 2019/20.
Governance Satisfaction					
G5 Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	45.00	49.00	52.00	38.00	During the reporting period Council was reviewing Local Law No 2, there was some community objection to changes of Local Law No 2 and this has impacted the indicator.

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Service Performance Indicators					
Service /indicator /measure	Results 2017	Results 2018	Results 2019	Results 2020	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	21.11%	20.59%	19.49%	18.08%	COVID-19 has impacted the number of active borrowers due to the library services being severely impacted since March 2020.
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	82.27%	80.69%	77.16%	78.99%	There has been a slight increase in the number of children attending the MCH services in comparison to the number of children enrolled in 2019-20. No specific reason for the slight increase.
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	83.87%	83.33%	88.24%	76.74%	There have been an increase in 2019-20 of the number of children identified as aboriginal and not all of those children have attended the MCH service. The small number of aboriginal children can impact the % result.
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]	37.00	46.00	50.00	44.00	A general decline in all satisfaction ratings, not consistent with overall road condition. Satisfaction ratings are also often influenced by the condition of arterial roads in the Shire, which are the responsibility of Regional Roads Victoria.

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Service Performance Indicators					
Service /indicator /measure	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Statutory Planning Decision making SP4 <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	33.33%	50.00%	0.00%	All of Council planning decisions were upheld by VCAT
Waste Collection Waste diversion WC5 <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	42.95%	42.50%	37.08%	37.81%	Materially the same levels as previous financial year. The confusion around the recycling industry state-wide, may have had some impact.

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
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Financial Performance Indicators									
Dimension / Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	2021	Forecasts			Material Variations and Comments
					2022	2023	2024		
Efficiency									
Expenditure level									
E2 Expenses per property assessment	\$3,532.07	\$2,677.44	\$2,718.89	\$2,931.50	\$3,103.36	\$3,005.06	\$3,004.14	\$3,032.23	Expenses also increased in 2019/20 as a result of increasing resources to deliver a large program of projects. However it is anticipated the Hepburn will remain a low cost Council when compared to other similar sized councils (small rural). Minor increases expected in the forecast.
[Total expenses / Number of property assessments]									
Revenue level									
E4 Average rate per property assessment	New in 2020	New in 2020	New in 2020	\$1,566.03	\$1,609.00	\$1,631.71	\$1,654.41	\$1,668.06	Average rates per property assessment is well within the expected ranges of State Government. As a new measure this will be reviewed in future years.
[General rates and Municipal charges / Number of property assessments]									
Liquidity									
Working capital									
L1 Current assets compared to current liabilities	295.83%	337.99%	380.90%	331.94%	173.92%	152.58%	126.34%	108.14%	Council has maintained a strong liquidity ratio, especially as a result of the Commonwealth Governments decision to pre-pay 50% of grant funding from the 2020/21 financial year into June 2020. The lower result in 2019/20 and forecast figures reflects full delivery of the capital works projects.
[Current assets / Current liabilities] x100									
Unrestricted cash									
L2 Unrestricted cash compared to current liabilities	27.10%	96.56%	60.36%	33.59%	92.91%	51.80%	27.76%	11.25%	Reduction relates to the timing of capital works, and grants received. The reducing trend is a result of decreasing cash balances due to the impact of the Fair Go Rates System (rate cap), and completion of a number of large capital works projects.
[Unrestricted cash / Current liabilities] x100									

Financial Performance Indicators									
Dimension / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	2021	Forecasts		2024	Material Variations and Comments
						2022	2023		
Obligations									
Loans and borrowings									
O2 Loans and borrowings compared to rates	30.16%	25.17%	21.43%	18.88%	29.18%	19.31%	16.11%	13.03%	Loans and borrowings decreased in 2019/20 due to principle payments. During 2020/21 \$3.01 million of borrowings are budgeted to part fund construction of the Hepburn Hub at the Rex. Payment of interest only loan is due for repayment in 2021/22. Loan and borrowings costs are within State Government guidelines.
[Interest bearing loans and borrowings / Rate revenue] x100									
O3 Loans and borrowings repayments compared to rates	3.53%	5.09%	3.17%	2.90%	3.33%	9.90%	3.24%	3.17%	Loans and borrowings decreased in 2019/20 due to principle payments. During 2020/21 \$3.01 million of borrowings are budgeted to part fund construction of the Hepburn Hub at the Rex. Payment of interest only loan is due for repayment in 2021/22. Loan and borrowings costs are within State Government guidelines.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									
Indebtedness									
O4 Non-current liabilities compared to own source revenue	24.92%	20.78%	18.36%	16.60%	19.13%	15.99%	13.09%	10.32%	Loans and borrowings decreased in 2019/20 due to principle payments. During 2020/21 \$3.01 million of borrowings are budgeted to part fund construction of the Hepburn Hub at the Rex. Payment of interest only loan is due for repayment in 2021/22. Loan and borrowings costs are within State Government guidelines.
[Non-current liabilities / Own source revenue] x100									
Asset renewal and upgrade									
O5 Asset renewal and upgrade compared to depreciation	93.12%	88.53%	99.34%	125.16%	133.78%	184.47%	173.33%	123.72%	Hepburn Shire continues to deliver a large capital works budget, which is geared to the renewal of assets before the upgrade or construction of new assets. Percentage increased in 2019/20 as a greater amount of capital works was undertaken, some 19% higher than the average of the two past financial years.
[Asset renewal and asset upgrade expense / Asset depreciation] x100									
Operating position									
Adjusted underlying result									
OP1 Adjusted underlying surplus (or deficit)	7.64%	7.43%	8.37%	-1.88%	0.26%	1.14%	2.69%	3.03%	Results remain within targets, and are impacted on the timing of grants and major projects.
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									

Financial Performance Indicators									
Dimension /indicator /measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments
					2021	2022	2023	2024	
Stability									
Rates concentration									
S1 Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	44.01%	60.52%	62.06%	64.66%	62.65%	65.29%	65.46%	65.50%	Results remain within targets.
Rates effort									
S2 Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.44%	0.46%	0.43%	0.38%	0.36%	0.35%	0.34%	0.33%	The reduction reflects increasing property values, however as rates are capped per the State Government Rate cap the percentage of rates per valuation is decreasing.

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

"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.

Certification of the performance statement

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



Bradley Thomas - Chartered Accountant

Principal Accounting Officer

Date : 24/9/20

In our opinion, the accompanying performance statement of Hepburn Shire Council for the year ended 30 June 2020 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 Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Licia Kokocinski

Councillor

Date : 24/9/20



Cr John Cottrell

Councillor

Date : 22/9/20



Evan King

Chief Executive Officer

Date : 22/9/20