



ANNUAL PERFORMANCE STATEMENT

For the Year Ended 30 June 2024

Description of Municipality

Hepburn Shire is a small rural Shire, with a population of 16,555. The population is projected to reach 17,700 by 2036. The Shire covers an area of 1,473square 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's 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 services by schools ad 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 a community there are opportunities to visit artist studios, exhibitions and workshops.

There has been three significant storm events that have impacted the Shire during 2021/2022 and 2022/2023 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 the storm events on Council's results.

Performance Statement
For the Year Ended 30 June 2024

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2021	Results 2022	Results 2023	Results 2024	Comments
Population					
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,225.60	\$3,237.76	\$3,420.72	\$2,943.07	Total expenses have reduced this year due to the recovery works for prior year storm events being less. Previous year included writing off of costs incurred that were not recognised as assets.
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$19,903.57	\$21,088.82	\$18,196.86	\$23,954.47	The construction and renewal of assets combined with revaluation of assets has increased the value of assets controlled by Council.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.28	11.37	11.56	11.46	Remained consistent
Own-source revenue					
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,323.20	\$1,647.32	\$1,757.17	\$1,764.49	Remained consistent
Recurrent grants					
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$439.19	\$594.99	\$536.51	\$129.45	The financial assistance grants for 2024/2025 have been realigned for receipt in the year applicable, so no advanced payment was received in 2023/2024.
Disadvantage					
C6 <i>Relative Socio-Economic Disadvantage</i> [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.

Performance Statement

For the Year Ended 30 June 2024

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2021	Results 2022	Results 2023	Results 2024	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	22.5%	35.3%	23.7%	23.4%	The trend for staff turnover is positive and stabilised with a return to a more normalised work environment.

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 2024

Service Performance Indicators						
Service/indicator/measure	Results 2021	Results 2022	Results 2023	Target 2024	Results 2024	Comments
Aquatic Facilities Utilisation AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.20	1.64	1.47	N/A	1.10	Minimal participation data collected throughout the season, has resulted in lower than anticipated visitation figures for the 2023/2024 Aquatics Season.
Animal Management Health and safety AM7 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0%	0%	100%	N/A	0.00%	Council prosecutes as needed and on the legal advice from Council's lawyers.
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	50.00%	100.00%	100.00%	N/A	100.00%	All critical and non-major compliant functions have been followed up.
Governance Consultation and engagement G5 <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44.00	44.00	46.00	47.00	52.00	Community Satisfaction ratings showing an upward trend over the past three years.

Performance Statement
For the Year Ended 30 June 2024

Service Performance Indicators						
Service/indicator/measure	Results 2021	Results 2022	Results 2023	Target 2024	Results 2024	Comments
Libraries Participation						
LB7 <i>Library Membership</i> [Number of registered library members / Population] x100	N/A	N/A	N/A	N/A	28.42%	The percentage of library membership is within target, with room to improve. We anticipate an increase in patrons with the opening of The Mechanics Trentham along with the introduction of Open Libraries next financial year.
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	76.96%	86.01%	85.37%	N/A	81.60%	The percentage of infants enrolled in the MCH service who attend MCH service has remained fairly constant. Families who have moved during the year are now required to be reflected in the data therefore a slight drop in percentage can be seen from previous years due to families having sessions at other MCH services.
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	75.76%	80.95%	88.89%	N/A	73.33%	The percentage of Aboriginal infants enrolled in the MCH service who also attend MCH service has remained fairly constant over the previous four years.
Roads Condition						
R5 <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	96.91	97.73	98.19	98.00	98.36	Updated data from a new road condition audit shows Council has continued to maintain road assets to a targeted condition.

Performance Statement
For the Year Ended 30 June 2024

Service Performance Indicators						
Service/indicator /measure	Results 2021	Results 2022	Results 2023	Target 2024	Results 2024	Comments
Statutory Planning Service standard SP4 <i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	64.47%	19.70%	33.79%	70.00%	17.86%	Process improvements in Quarter 4 to improve the timing of approval of applications and the accurate reporting of these, however the first 3 quarters of the year are unreliable, therefore the figure is skewed. The data shows more permits are being issued in Q4 compared to Q4 last year, therefore an upward trend.
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	48.46%	40.22%	34.23%	50.00%	37.72%	FOGO was introduced in April 2024, along with a change of garbage frequency from weekly to fortnightly. This has assisted with the diversion of waste from landfill. Inaccurate data was provided for 20/21 & 21/22 due to reporting in cubic metres not tonnages, showing an inflated result.

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.

Target - as per budget

Financial Performance Indicators

Dimension/indicator/measure	Results 2021	Results 2022	Results 2023	Target 2024	Results 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Material Variations and Comments
Obligations										
Loans and borrowings										
O2 <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	30.00%	19.17%	15.75%	N/A	36.12%	52.06%	40.69%	32.90%	25.26%	Interest bearing loans as a percentage of rate revenue increased this year as a new loan of \$5.887m was drawn down.
O3 <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.63%	9.54%	9.16%	N/A	2.11%	4.79%	8.63%	8.37%	8.12%	Reduction due to a previous loan being paid out in April 2023. New loan commitments drawn down in late 2023/2024 with commencement of repayments in 2024/2025. This indicator is low compared to industry targets.
Indebtedness										
O4 <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	23.42%	16.67%	13.75%	N/A	30.71%	41.89%	31.89%	24.79%	17.81%	Non current liabilities as a percentage of Councils revenue from rates and finance has increased due to a previous commitment to draw down a new loan in the current year. Council is well within its capacity to meet its loan repayment obligations.
Asset renewal and upgrade										
O5 <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	123.21%	103.42%	96.55%	119.95%	75.34%	116.20%	132.62%	99.22%	85.62%	This result shows that Council's spending on asset renewal is within the expected range. The reduction is due to the large capital program and the investment in renewal and upgrade projects and an increase in depreciation charge.
Operating position										
Adjusted underlying result										
OP1 <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-17.07%	-22.18%	-24.81%	N/A	-41.39%	-9.69%	1.67%	1.88%	2.14%	The financial assistance grants for 2024/2025 have been realigned for receipt in the year applicable, so no advanced payment was received in 2023/2024.

Financial Performance Indicators

Dimension/indicator /measure	Results 2021	Results 2022	Results 2023	Target 2024	Results 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Material Variations and Comments
Stability										
Rates concentration										
S1 Rates compared to adjusted underlying revenue	71.53%	54.71%	54.62%	68.75%	74.85%	69.09%	71.06%	71.03%	70.97%	The financial assistance grants for 2024/2025 have been realigned for receipt in the year applicable, so no advanced payment was received in 2023/2024.
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
S2 Rates compared to property values	0.36%	0.35%	0.27%	N/A	0.26%	0.28%	0.29%	0.29%	0.29%	Remains constant and reflects future commitment to maintain the financial sustainability of Council within the scope of 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.

Target - as per budget

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 or the Council's satisfaction survey provider).

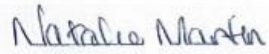
The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by the Local Government (Planning and Reporting) Regulations 2020. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2024-25 to 2027-28 by the council's financial plan.

The forecast figures included in the performance statement are those adopted by council in its Annual Budget on 25 June 2024 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 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.

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.



Natalie Martin

Principal Accounting Officer

Date : 9 October 2024

In our opinion, the accompanying performance statement of Hepburn Shire Council for the year ended 30 June 2024 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 Brian Hood

Councillor

Date : 9 October 2024



Cr Lesley Hewitt

Councillor

Date : 9 October 2024



Bradley Thomas

Chief Executive Officer

Date : 9 October 2024

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 2024 • sustainable capacity indicators for the year ended 30 June 2024 • service performance indicators for the year ended 30 June 2024 • financial performance indicators for the year ended 30 June 2024 • notes to the accounts • certification of the performance statement. <p>In my opinion, the performance statement of Hepburn Shire Council in respect of the year ended 30 June 2024 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 Local Government (Planning and Reporting) Regulations 2020.</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 Local Government (Planning and Reporting) Regulations 2020 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
9 October 2024



Travis Derricott
as delegate for the Auditor-General of Victoria