



PERFORMANCE STATEMENT

For the Year Ended 30 June 2021



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 on 1991 to about 13,800 in 2001. The resident population of Hepburn Shire at 30 June 2016 was 15,975 with an updated census expected near year.

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 2020/21 and appropriate commentary appears throughout the performance statement.

Performance Statement
For the Year Ended 30 June 2021

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2018	Results 2019	Results 2020	Results 2021	Comments
Population					
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,895.46	\$1,923.10	\$2,084.26	\$2,225.60	Total expenses have increased this year because of allocation of additional resources to deliver a large program of activities. However, it is anticipated the Hepburn will remain a low cost Council when compared to other similar sized councils (small rural).
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$12,716.21	\$13,520.24	\$16,003.13	\$19,903.57	The construction and renewal of infrastructure assets combined with the revaluation of footpaths and road related infrastructure has increased the value of all infrastructure controlled by Council. The growing proportion of infrastructure relative to the population shows Council's commitment to improving and accurately recording infrastructure.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	10.42	10.52	11.16	11.28	The population per kilometre of road has increased slightly over the past four years. However, Hepburn's population compared to road length still shows a low population density.
Own-source revenue					
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,479.10	\$1,553.82	\$1,517.62	\$1,323.20	The revenue generated by Council compared to the population has reduced this year on a per person basis because of decisions taken to reduce rents, reduce registrations fees and other fees as well as waiving interest on unpaid rates. These decisions were taken to mitigate the negative financial impact of COVID.
Recurrent grants					
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$466.14	\$444.47	\$471.92	\$439.19	The value of grants per person has increased by 24.16%, which reflects Council's advocacy and activities in attracting government grants. This source of revenue assists Council to deliver community services and projects.
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 2021

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2018	Results 2019	Results 2020	Results 2021	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	17.9%	21.8%	22.3%	22.5%	Staff turnover has remained fairly constant throughout the last four years.

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 2021

Service Performance Indicators					
Service/indicator/measure	Results 2018	Results 2019	Results 2020	Results 2021	Comments
Aquatic Facilities					
Utilisation					
AF6 <i>Utilisation of aquatic facilities</i>	1.01	0.73	1.59	1.20	Visits to the pools decreased by 0.39 visits per person compared to previous year due to cool weather conditions. The result has increased by 0.19 visits per person over the last four years, mainly because pool entry is now free of charge.
[Number of visits to aquatic facilities / Municipal population]					
Animal Management					
Health and safety					
AM7 <i>Animal management prosecutions</i>	New in 2020	New in 2020	0%	0%	Council has not prosecuted any person under the Domestic Animals Act.
[Number of successful animal management prosecutions]					
Food Safety					
Health and safety					
FS4 <i>Critical and major non-compliance outcome notifications</i>	100.00%	75.00%	100.00%	50.00%	1 of 2 major non-compliance outcome notifications was not able to followed up as the business was closed as a result of COVID.
[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					
Governance					
Satisfaction					
G5 <i>Satisfaction with council decisions</i>	49.00	52.00	38.00	44.00	The community satisfaction rating of Councils decision making in the public interest has increased by 6 compared to last year. This may be due in part to the Council's Community Engagement Policy, which has a strong focus on consulting with the community on major decisions.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

Performance Statement
For the Year Ended 30 June 2021

Service Performance Indicators					
Service/indicator/measure	Results 2018	Results 2019	Results 2020	Results 2021	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	20.59%	19.49%	18.08%	15.66%	The percentage of the population that are active library borrowers has decreased by 3.83 percentage points over the last two years. This is because COVID restrictions have required libraries to close for long periods.
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	80.69%	77.16%	78.99%	76.96%	The percentage of infants enrolled in the MCH service, who also attend MCH service has remained fairly constant over the previous four years.
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	83.33%	88.24%	76.74%	75.76%	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 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]	46.00	50.00	44.00	47.00	The community satisfaction rating with the condition of sealed local roads has increased slightly over the last four years. Annual fluctuations may be the consequence of uncontrollable factors such as heavy rainfall leading to flooding and road closures.

Performance Statement
For the Year Ended 30 June 2021

Service Performance Indicators					
Service/indicator/measure	Results 2018	Results 2019	Results 2020	Results 2021	Comments
Statutory Planning					
Decision making					
SP4 Council planning decisions upheld at VCAT	33.33%	50.00%	0.00%	80.00%	The percentage of planning application decisions, that were set aside after being reviewed by VCAT has decreased over the last four years.
[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					
WC5 Kerbside collection waste diverted from landfill	42.50%	37.08%	37.81%	48.46%	The amount of recyclables, as a percentage of all waste, that is diverted from landfill has increased by almost 6% over the last four years because of the improvement in household participation in recycling due to a number of State and Local factors.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

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 2021

Financial Performance Indicators									
Dimension/indicator/measure	Results 2018	Results 2019	Results 2020	Results 2021	2022	2023	2024	2025	Material Variations and Comments
Efficiency									
Expenditure level									
E2 Expenses per property assessment	\$2,677.44	\$2,718.89	\$2,931.50	\$2,996.58	\$2,982.58	\$3,010.33	\$3,069.42	\$3,129.83	The average expenditure per property increased by 2.22% compared to the previous year. This is a continuation of the slowing upward trend in expenditure and reflects cost containment measures taken by Council. Hepburn Council is a low cost Council when compared to other Small Rural Councils.
[Total expenses / Number of property assessments]									
Revenue level									
E4 Average rate per property assessment	New in 2020	New in 2020	\$1,566.03	\$1,530.50	\$1,576.17	\$1,620.67	\$1,662.00	\$1,713.50	The average rate revenue per property has increased by 2.2% compared to the previous year. This continues the slowing 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 a 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	337.99%	380.90%	331.94%	223.75%	197.96%	195.05%	202.21%	188.72%	This measure is one reflection of Council's current financial position. The higher assets relative to liabilities shows Council is a strong position to settle its liabilities. The reduction from prior years reflect the decreasing financial position as Council implements a significant capital works program, additional costs due to the COVID pandemic response and lower rates due to the State Government rate capping system.
[Current assets / Current liabilities] x100									
Unrestricted cash									
L2 Unrestricted cash compared to current liabilities	96.56%	60.36%	33.59%	22.96%	21.00%	39.00%	40.00%	39.00%	This measure is one reflection of Council's current financial position. The higher assets relative to liabilities shows Council is a strong position to settle its liabilities. The reduction from prior years reflect the decreasing financial position as Council implements a significant capital works program, additional costs due to the COVID pandemic response and lower rates due to the State Government rate capping system.
[Unrestricted cash / Current liabilities] x100									

Financial Performance Indicators									
Dimension/indicator/measure	Results 2018	Results 2019	Results 2020	Results 2021	2022	2023	2024	2025	Material Variations and Comments
Stability									
Rates concentration									
S1 Rates compared to adjusted underlying revenue	60.52%	62.06%	64.66%	71.53%	58.06%	62.55%	60.85%	63.20%	The results remain within the expected range and show that Council is in a good position to generate sufficient rate revenue to fund the services and activities it provides to the community.
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
S2 Rates compared to property values	0.46%	0.43%	0.38%	0.36%	0.35%	0.34%	0.34%	0.33%	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

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 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 29 June 2021 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 2021

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 : 11 October 2021

In our opinion, the accompanying performance statement of Hepburn Shire Council for the year ended 30 June 2021 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.

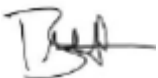
We have been authorised by Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Mayor Cr Lesley Hewitt
Councillor
Date : 11 October 2021



*Cr Brian Hood***Councillor**
Date : 11 October 2021



Bradley Thomas
Chief Executive Officer
Date : 11 October 2021

Independent Auditor's Report

To the Councillors of Hepburn Shire Council

<p>Opinion</p>	<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 the municipality for the year ended 30 June 2021 • sustainable capacity indicators for the year ended 30 June 2021 • service performance indicators for the year ended 30 June 2021 • financial performance indicators for the year ended 30 June 2021 • other information and • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2021 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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

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

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

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

MELBOURNE
24 October 2021



Sanchu Chummar

as delegate for the Auditor-General of Victoria