

The logo for Hepburn Shire Council is set against a dark green background. The word "Hepburn" is written in a white, elegant cursive script. Below it, the words "SHIRE COUNCIL" are written in a white, uppercase, sans-serif font. The background features faint, light green geometric shapes, including triangles and a larger trapezoid.

Hepburn

SHIRE COUNCIL

**PERFORMANCE STATEMENT**  
*For the Year Ended 30 June 2023*



## **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 serviced 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.

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 2023**

<b>Sustainable Capacity Indicators</b>					
<b>Indicator / measure</b> [formula]	<b>Results 2020</b>	<b>Results 2021</b>	<b>Results 2022</b>	<b>Results 2023</b>	<b>Comments</b>
<b>Population</b>					
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,084.26	\$2,225.60	\$3,237.76	\$3,420.72	Total expenses have increased this year to costs associated with recovery works for storm events and writing off of costs incurred that will not be recognised as assets.
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$16,003.13	\$19,903.57	\$21,088.82	\$18,196.86	The construction and renewal of assets combined with revaluation of assets has increased the value of assets controlled by Council. The increase in population has slightly decreased the indicator this year.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.16	11.28	11.37	11.56	Remained consistent
<b>Own-source revenue</b>					
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,517.62	\$1,323.20	\$1,647.32	\$1,757.17	This indicator has increased due to the reallocation of loss on disposal of assets being recognised as an expense, rather than negative revenue.
<b>Recurrent grants</b>					
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$471.92	\$439.19	\$594.99	\$536.51	This has decreased due to population growth and increasing pressure on available grants.
<b>Disadvantage</b>					
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 2023**

<b>Sustainable Capacity Indicators</b>					
<b>Indicator / measure [formula]</b>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Results 2022</b>	<b>Results 2023</b>	<b>Comments</b>
<b>Workforce turnover</b>					
C7 <i>Percentage of staff turnover</i>	22.3%	22.5%	35.3%	23.7%	The trend for staff turnover is positive. This is likely due to post Covid adjustment and the return to a more normalised work environment.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] 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

"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.





**Financial Performance Indicators**

Dimension/Indicator /measure	Results 2020	Results 2021	Results 2022	Results 2023	2024	2025	2026	2027	Material Variations and Comments
<b>Stability</b>									
<b>Rates concentration</b>									
S1 Rates compared to adjusted underlying revenue  [Rate revenue / Adjusted underlying revenue] x100	64.66%	71.53%	54.71%	54.62%	67.74%	69.39%	69.60%	69.54%	This result has remained consistent with prior years due to the early receipt of 100% of the Financial Assistance Grants funding.  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.
<b>Rates effort</b>									
S2 Rates compared to property values  [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.38%	0.36%	0.35%	0.27%	0.26%	0.25%	0.25%	0.24%	

**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.

Performance Statement  
For the Year Ended 30 June 2023

Service Performance Indicators					
Service/indicator /measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
<b>Aquatic Facilities Utilisation</b>					
AF6 <i>Utilisation of aquatic facilities</i>  [Number of visits to aquatic facilities / Municipal population]	1.59	1.20	1.64	1.47	Decrease of visits to aquatics facilities is due to shorter opening hours to manage aquatics sector wide qualified staff shortages and number of pool closures due to weather policy, staffing limitations and reactive maintenance requirements.
<b>Animal Management Health and safety</b>					
AM7 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0%	0%	0%	100.00%	One successful prosecution relating to a serious dog attack.
<b>Food Safety Health and safety</b>					
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	100.00%	50.00%	100.00%	100.00%	All critical and major non-compliant notifications have been followed up.
<b>Governance Satisfaction</b>					
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]	38.00	44.00	41.00	42.00	This year's Community Satisfaction Survey has seen an improvement by increasing one point from last year's results.



**Performance Statement**  
**For the Year Ended 30 June 2023**

<b>Service Performance Indicators</b>					
<b>Service/indicator/measure</b>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Results 2022</b>	<b>Results 2023</b>	<b>Comments</b>
<b>Libraries</b>					
<b>Participation</b>					
LB4 <i>Active library borrowers in municipality</i>	18.08%	15.66%	13.67%	12.82%	The reduction is likely due to an increase in other available activities returning and becoming available post COVID that are an alternative to borrowing books from the library. We also see many people sit in our library services reading books whereas through COVID this was not an option.
[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100					
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
MC4 <i>Participation in the MCH service</i>	78.99%	76.96%	86.01%	85.37%	Currently working with Central Highland Rural Health (service provider) to increase the 3.5 year old attendance rate. Have seen positive improvements compared to 2020 rates.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
<b>Participation</b>					
MC5 <i>Participation in the MCH service by Aboriginal children</i>	76.74%	75.76%	80.95%	88.89%	Increase attendance from Aboriginal children in local MCH programs demonstrating a positive trend.
[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					
<b>Roads</b>					
<b>Satisfaction</b>					
R5 <i>Satisfaction with sealed local roads</i>	44.00	47.00	39.00	33.00	The performance rating this year for sealed local roads is at its lowest rating in 10 years. This is consistent with increase in water and flood damaged roads across the Shire. Reduction in satisfaction has occurred statewide.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					

Performance Statement  
For the Year Ended 30 June 2023

Service Performance Indicators					
Service/indicator /measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
<b>Statutory Planning</b>					
<b>Decision making</b>					
SP4 Council planning decisions upheld at VCAT	0.00%	80.00%	50.00%	40.00%	The VCAT decisions overturned rested largely in policy within the planning scheme. Council is undertaking a large strategic planning program that will go directly to these matters.
[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					
<b>Waste Collection</b>					
<b>Waste diversion</b>					
WCS Kerbside collection waste diverted from landfill	37.81%	48.46%	40.22%	34.23%	A 6% decrease due to a reporting error for last years recycling and organics tonnages. Have seen a decrease in overall waste delivered to land fill.
[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 2023**

### **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 27 June 2023 and which forms part of the council plan. The financial 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 Annual Budget can be obtained by contacting Council.

**Performance Statement  
For the Year Ended 30 June 2023**

**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 Practising Accountant*  
**Principal Accounting Officer**  
**Date: 19 September 2023**

In our opinion, the accompanying performance statement of Hepburn Shire Council for the year ended 30 June 2023 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: 19 September 2023**



*Cr Lesley Hewitt*  
**Councillor**  
**Date: 19 September 2023**



*Bradley Thomas*  
**Chief Executive Officer**  
**Date: 19 September 2023**

# Independent Auditor's Report

## To the Councillors of Hepburn Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Hepburn Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2023</li> <li>• sustainable capacity indicators for the year ended 30 June 2023</li> <li>• service performance indicators for the year ended 30 June 2023</li> <li>• financial performance indicators for the year ended 30 June 2023</li> <li>• other information and</li> <li>• certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Hepburn Shire Council in respect of the year ended 30 June 2023 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>
<b>Basis for Opinion</b>	<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>
<b>Councillors' responsibilities for the performance statement</b>	<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>

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**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.

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MELBOURNE  
5 October 2023



Travis Derricott  
*as delegate for the Auditor-General of Victoria*