

Performance Statement

Year ending 30 June 2023



PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION OF MUNICIPALITY

Loddon Shire Council is located in central Victoria, about 175 kilometres north-west of Melbourne. It is bounded by the Gannawarra Shire in the north, Shire of Campaspe and City of Greater Bendigo in the east, Mount Alexander Shire and Central Goldfields Shire in the south, and Northern Grampians Shire and Buloke Shire in the west.

Loddon Shire Council is a predominantly rural area, with many small towns and communities. The largest towns are Boort, Bridgewater on Loddon, Inglewood, Pyramid Hill, and Wedderburn.

The Shire encompasses a total land area of about 6,700 square kilometres. Land is used mainly for agriculture and horticulture, particularly grain, sheep, wool, beef cattle, dairy, pigs and poultry. In recent years, there has also been an increase in viticulture, olives, and fodder crops.

The primary source of employment in the Shire is agriculture, forestry and fishing with 37 per cent of employed residents working in those fields, while 10 per cent work in health care and social assistance, seven per cent in retail trade, and five per cent in public administration and safety.

SUSTAINABILITY CAPACITY INDICATORS FOR THE YEAR ENDED 30 JUNE 2023

Indicator / measure	2020	2021	2022	2023
Indicator: Population <i>Measure:</i> Expenses per head of municipal population <i>Computation:</i> Total expenses / Municipal population	\$4,122	\$4,443	\$4,193	\$4,859
Comments: Population remains steady with the main variation being expenses. With the commencement of the flood program restoration works expenses are significantly higher.				
Indicator: Population <i>Measure:</i> Infrastructure per head of municipal population <i>Computation:</i> Value of infrastructure / Municipal population	\$47,012	\$46,350	\$43,983	\$47,672
Comments: There has been an increase to infrastructure valuations this year due increasing replacement cost of materials.				
Indicator: Population <i>Measure:</i> Population density per length of road <i>Computation:</i> Municipal population / Kilometres of local roads	1.59	1.58	1.59	1.64
Comments: No material variations.				
Indicator: Own-source revenue <i>Measure:</i> Own source revenue per head of municipal population <i>Computation:</i> Own-source revenue / Municipal population	\$1,930	\$1,991	\$1,999	\$2,127
Comments: Gradual increase to own source revenue over time with population remaining steady.				
Indicator: Recurrent grants <i>Measure:</i> Recurrent grants per head of municipal population <i>Computation:</i> Recurrent grants / Municipal population	\$1,771	\$1,850	\$2,245	\$2,318
Comments: Recurrent grants have increased due to the 100% upfront payment from the Grants Commission.				
Indicator: Disadvantage <i>Measure:</i> Relative socio-economic disadvantage <i>Computation:</i> Index of relative socio-economic disadvantage by decile	2	2	2	2
Comments: No material variations.				
Efficiency Indicator: Workforce turnover <i>Measure:</i> Percentage of staff turnover <i>Computation:</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.59%	12.82%	21.33%	17.81%
Comments: With the cessation of the home and community care service there has been high resignations and the average permanent staff is expecting to drop going forward.				

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 in paragraphs (a) and (b)

"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.

SERVICE PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2023

Service / indicator / measure	2020	2021	2022	2023
Aquatic facilities Indicator: Utilisation <i>Measure:</i> Utilisation of aquatic facilities <i>Computation:</i> Number of visits to aquatic facilities / Municipal population	3	2	2	2
Comments: Visitations to the pools had been decreasing since 2020, however 2023 is the first year which has seen an increase in visitation with better trading hours and staff stability.				
Animal management Indicator: Health and safety <i>Measure:</i> Animal management prosecutions <i>Computation:</i> Number of successful animal management prosecutions / Number of animal prosecutions x 100	0%	0%	0%	0%
Comments: No cases that have required prosecution during the reporting period.				
Food Safety Indicator: Health and safety <i>Measure:</i> Critical and major non-compliance notifications <i>Computation:</i> Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises x100	100%	100%	67%	100%
Comments: All notifications were followed up during the year.				
Governance Indicator: Satisfaction <i>Measure:</i> Satisfaction with Council decisions <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community	57	61	58	54
Comments: This indicator has seen a slight decrease since the impact and recovery of both COVID-19 and the 2022 flood event.				
Libraries Indicator: Participation <i>Measure:</i> Active library members <i>Computation:</i> [Number of active library members in the last three years / Municipal population in the last three years] x100	7%	6%	5%	5%
Comments: Number of active library members continue to decrease.				
Maternal and Child Health (MCH) Indicator: Participation <i>Measure:</i> Participation in MCH service <i>Computation:</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	83%	85%	87%	90%
Comments: 199 attended out of the 221 enrolled.				
Maternal and Child Health (MCH) Indicator: Participation <i>Measure:</i> Participation in the MCH service by Aboriginal children <i>Computation:</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	86%	89%	78%	94%
Comments: Seven children attended out of the eight enrolled, this is compared to last year where seven out of nine children attended.				

SERVICE PERFORMANCE INDICATORS FOR YEAR ENDED 30 JUNE 2023 (Continued)

Service / indicator / measure	2020	2021	2022	2023
Roads Indicator: Satisfaction <i>Measure:</i> Satisfaction with sealed local roads <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	47	50	50	43
Comments: This indicator has seen a significant decrease for the reporting period as a result of the 2022 flood event and the time taken to restore assets.				
Indicator: Decision making <i>Measure:</i> Council planning decisions upheld at VCAT <i>Computation:</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	0%	0%	0%	0%
Comments: Nil for the financial year.				
Indicator: Waste diversion <i>Measure:</i> Kerbside collection waste diverted from landfill <i>Computation:</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	28%	30%	28%	28%
Comments: No material variations.				

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 section 98 of the Act

"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 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

FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2023

Dimension / indicator / measure	Actuals				Forecasts			
	2020	2021	2022	2023	2024	2025	2026	2027
Efficiency Indicator: Expenditure level <i>Measure:</i> Expenses per property assessment <i>Computation:</i> Total expenses / Number of property assessments	\$3,948.74	\$4,190.23	\$3,938.48	\$4,687.72	\$7,168.86	\$7,208.43	\$4,812.10	\$4,973.02
Comments: Property numbers have had a slight increase with expenditure levels being the main variance. During 2023, 2024 and 2025 there will be significant flood restoration works undertaken.								
Efficiency Indicator: Revenue level <i>Measure:</i> Average rate per property assessment <i>Computation:</i> General rates and municipal charges / Number of property assessments	\$1,226.81	\$1,244.14	\$1,256.83	\$1,276.55	\$1,328.37	\$1,374.86	\$1,422.98	\$1,472.78
Comments: Property numbers remain constant with rate income increasing over the years.								
Liquidity Indicator: Working capital <i>Measure:</i> Current assets compared to current liabilities <i>Computation:</i> [Current assets / Current liabilities] x100	744.86%	506.54%	604.47%	596.58%	447.89%	342.28%	277.80%	121.98%
Comments: Main variations occur in this indicator based on the cash available on hand. This decreases each year within the forecast amounts with capital works expected to be completed in those relevant years.								
Liquidity Indicator: Unrestricted cash <i>Measure:</i> Unrestricted cash compared to current liabilities <i>Computation:</i> [Unrestricted cash / Current liabilities] x100	3.10%	125.63%	-111.49%	-42.16%	235.44%	123.92%	22.30%	-142.64%
Comments: Council has a large amount of cash on hand in some years, however forecasted years this decreases. For 2023, a significant amount of cash on hand is tied to unexpended grants. Forecasted years expect there to be no carried forward grants, therefore less cash restriction.								
Obligations Indicator: Loans and borrowings <i>Measure:</i> Loans and borrowings compared to rates <i>Computation:</i> [Interest bearing loans and borrowings / Rate revenue] x100	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comments: Council has no borrowings.								
Obligations Indicator: Loans and borrowings <i>Measure:</i> Loans and borrowings repayments compared to rates <i>Computation:</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Comments: Council has no borrowings.								

FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

Dimension / indicator / measure	Actuals				Forecasts			
	2020	2021	2022	2023	2024	2025	2026	2027
Obligations Indicator: Indebtedness <i>Measure:</i> Non-current liabilities compared to own source revenue <i>Computation:</i> [Non-current liabilities / Own source revenue] x100	11.85%	10.17%	8.32%	10.79%	12.53%	14.46%	15.99%	17.44%
Comments: Council's non current liabilities increase slightly each year and own source revenue increases steadily also.								
Obligations Indicator: Asset renewal and upgrade <i>Measure:</i> Asset renewal and upgrade compared to depreciation <i>Computation:</i> [Asset renewal and upgrade expenses / Asset depreciation] x100	57.71%	79.27%	60.11%	47.58%	57.90%	53.26%	48.59%	50.35%
Comments: Variations can occur within this indicator depending on the capital works program delivered for the year.								
Operating position Indicator: Adjusted underlying result <i>Measure:</i> Adjusted underlying surplus (or deficit) <i>Computation:</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-8.06%	-5.44%	3.94%	-37.44%	-17.35%	-16.50%	-26.43%	-26.55%
Comments: Future year projections include the costs expected to address the renewal gap, however based upon current forecasting, Council will not have enough available funds to address the gap.								
Stability Indicator: Rates concentration <i>Measure:</i> Rates compared to adjusted underlying revenue <i>Computation:</i> [Rate revenue / Adjusted underlying revenue] x100	38.60%	36.59%	36.34%	30.41%	25.99%	26.54%	44.68%	44.90%
Comments: Council has continued to apply the legislated cap to rates and charges for all forecast years.								
Stability Indicator: Rates effort <i>Measure:</i> Rates compared to property values <i>Computation:</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.49%	0.43%	0.44%	0.35%	0.27%	0.27%	0.28%	0.28%
Comments: Forecasting years are expecting a valuation growth of 2% with a rate increase slightly higher.								

FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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 in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

OTHER INFORMATION FOR YEAR ENDED 30 JUNE 2023

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 sustainability 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 results forecast by Council's Strategic Resource Plan. 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 Financial Plan on 27 June 2023 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 Financial Plan can be obtained by contacting Council.

CERTIFICATION OF 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*.



Signed: Dated: **06 /September / 2023**
AMANDA KAYE WILSON, BBus (Acc), DipHR, CertWHS, PRINCIPAL ACCOUNTING OFFICER
Wedderburn, Victoria 3518

In our opinion, the accompanying Performance Statement of the Loddon 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 sustainability capacity.

As 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 the Council and the Local Government (Planning and Reporting) Regulations 2020 to certify this Performance Statement in its final form.



Signed: Dated: **06 /September / 2023**
DANIEL ALLAN STRAUB, MAYOR
Wedderburn, Victoria, 3518



Signed: Dated: **06 /September / 2023**
NEIL EDWARD BEATTIE, COUNCILLOR
Wedderburn, Victoria, 3518



Signed: Dated: **06 /September / 2023**
LINCOLN WILLIAM FITZGERALD, BA (Nature Tourism), GAICD, CertTAA, CHIEF EXECUTIVE OFFICER
Wedderburn, Victoria 3518

Independent Auditor's Report

To the Councillors of Loddon Shire Council

Opinion	<p>I have audited the accompanying performance statement of Loddon Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2023 • sustainability capacity indicators for the year ended 30 June 2023 • service performance indicators for the year ended 30 June 2023 • financial performance indicators for the year ended 30 June 2023 • other information and • certification of performance statement. <p>In my opinion, the performance statement of Loddon 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 and Local Government (Planning and Reporting) Regulations 2020</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p>

Auditor’s responsibilities for the audit of the performance statement

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

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

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

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

MELBOURNE
13 September 2023



Travis Derricott
as delegate for the Auditor-General of Victoria



Loddon Shire Council

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