

WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020

Description of the municipality

One of Victoria's most geographically diverse and scenic regions, the municipality offers a blend of city life and welcoming villages, native bushland, pastoral landscapes, and snow-capped peaks. Located in the heart of north east Victoria, Wangaratta is a leading regional city in an area of breathtaking beauty.

There are over 29,000 residents living in the municipality which covers an area of 3,639 square kilometres. The largest urban centre in the municipality is Wangaratta. Prominent townships and villages include Boorhaman, Cheshunt, Eldorado, Everton, Glenrowan, Oxley, Milawa, Moyhu, Peechelba, Springhurst, Tarrawingee, Whitfield and Whorouly.

The regional economy is exceptionally diverse including major agricultural, manufacturing, transport and distribution activities as well as being the regional headquarters for several state government agencies.

Basis of preparation

Council is required to prepare and include a performance statement within the 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* (the Act) 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 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 of + / - 10% for each indicator and explanations have not been provided for variations below the materiality thresholds unless the variance is material because of its nature.

The forecast figures included in the performance statement are those adopted in the strategic resource plan on 30 June 2020. 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 financial statements.

The performance statement includes the effects of COVID-19 experienced in 2020. COVID-19 impacts to indicators are discussed for those that have experienced material variations due to virus control actions.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Sustainable capacity

<i>Indicator / measure</i> [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,134.63	\$1,893.21	\$2,117.17	\$2,449.93	Other expenses includes \$7m of non-recurring expenses. Council's landfill rehabilitation provision has increased during 2019-20 due to increasing costs of rehabilitation. Council will commence rehabilitation of two cells in 2020-21 and the increase in provision reflects these higher costs. The underlying increase in the provision for closed landfill cells and sites is \$5.4m. Further, Council has identified \$1.6m of Work In Progress which does not meet the asset recognition criteria and these costs have been expensed to the Income Statement. There has been no substantial change to the size of the municipal population.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure ⁱ / Municipal population]	\$15,466.31	\$16,480.26	\$17,253.03	\$17,748.00	The steady increase reflects an ongoing annual \$20m to \$30m capital works program.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads ⁱⁱ]	13.89	14.54	14.67	14.69	The population density per length of local roads is consistent with prior years as a result of only a 100 person increase in population and only a 3-kilometre increase in the length of local roads.
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue ⁱⁱⁱ / Municipal population ^{iv}]	\$1,416.45	\$1,449.45	\$1,499.16	\$1,711.21	Council's user fee income is higher in 2019-20 due to the bushfire waste received at the Bowser landfill site. This increase in own-source revenue will not be recurring and a decrease is expected for future years.
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$736.72	\$582.47	\$521.40	\$593.21	Council's Aged and Community Care operations have received approximately \$1.4m of additional operating grant money compared to 2018-19. This grant money fluctuates based on Government funded care packages and the assessed need for Council's clients.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage ^v by decile]	4.00	4.00	4.00	4.00	There has been no change in our relative socio-economic disadvantage index over the last 4 years.
Workforce turnover ^{vi} <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.6%	12.8%	10.0%	10.0%	The workforce turnover rate result is consistent with last financial year.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Service Performance

Service/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Comments
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.95	4.73	4.63	9.81	COVID-19 restrictions caused the closure of the indoor facility for significant periods in the last quarter of 2019-20 resulting in lower facility utilisation. Prior year results have not counted non-swim visits to our indoor facility.
Animal Management Health and safety <i>Animal management prosecutions</i> [The percentage of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	There were no animal management prosecutions in 2019-20.
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	0	-	Discontinued in 2020
Food Safety Health and safety <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 ^{viii} followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	54.55%	68.18%	78.57%	The result shows a year on year improvement due to increased inspections. Not all issues can be dealt with quickly, but they are monitored throughout the process until a conclusion is reached.
Governance Satisfaction <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]	50.00	51.00	51.00	52.00	The result reflects improvements in the way decisions are made and in particular how the community is consulted and engaged in the decision-making process.
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers ^{viii} in the last three years / The sum of the population for the last three years] x100	16.42%	14.84%	13.87%	13.64%	Wangaratta Library was closed for 10 weeks from 26 March to 9 June 2020. A Click and Collect and Library@Home service was provided, accounting for some active users.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Service/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Comments
<p>Maternal and Child Health (MCH)^{ix}</p> <p>Participation</p> <p><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</p> <p>77.56% 79.51% 73.97% 80.62%</p> <p>Participation</p> <p><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</p> <p>79.07% 68.29% 75.00% 85.05%</p>					<p>The increase in participation may be due to the overall number of enrolments being reduced this year when compared to last year. There was an increase of participation over the first COVID-19 lockdown through online service provision, but we also had more births in this time than the same time last year. People have quickly moved back to face-to-face as the preferred method.</p> <p>The increase in participation may be due to the overall number of enrolments being reduced this year when compared to last year. There was an increase of participation over the first COVID-19 lockdown through online service provision, but we also had more births in this time than the same time last year. People have quickly moved back to face-to-face as the preferred method.</p>
<p>Roads</p> <p>Satisfaction</p> <p><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^x]</p> <p>56.00 56.00 57.00 57.00</p>					<p>Results from the annual JWS Community Satisfaction Survey report the same community satisfaction of sealed roads as previous year. This result aligns with the same level of customer service requests experienced year on year.</p>
<p>Statutory Planning</p> <p>Decision making</p> <p><i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p> <p>0.00% 0.00% 66.67% 83.33%</p>					<p>5 of the 6 planning permit decisions challenged in VCAT were not set aside by the tribunal. On average less than 2% of our planning decisions are appealed at VCAT.</p>
<p>Waste Collection</p> <p>Waste diversion</p> <p><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</p> <p>60.51% 60.66% 60.10% 61.83%</p>					<p>Our diversion of waste from landfill to productive uses is consistent with the last 3 financial years reflecting a successful organics program.</p>

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Financial Performance

<i>Dimension/indicator/measure</i>	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variations and Comments
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,818.89	\$3,546.73	\$3,991.06	\$4,564.99	\$4,444.32	\$4,287.09	\$4,335.58	\$4,328.75	Other expenses includes \$7m of non-recurring expenses. Council's landfill rehabilitation provision has increased during 2019-20 due to increasing costs of rehabilitation. Council will commence rehabilitation of two cells in 2020/21 and the increase in provision reflects these higher costs. The underlying increase in the provision for closed landfill cells and sites is \$5.4m. Further, Council has identified \$1.6m of Work In Progress which does not meet the asset recognition criteria and these costs have been expensed to the Income Statement.
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,725.10	\$1,795.58	\$1,831.88	\$1,922.89	\$1,961.34	Waste service costs are forecast to continue to rise.
<i>Average residential rate per residential property assessment</i> [General rates and Municipal charges / Number of residential property assessments]	\$1,713	\$1,750	\$1,949	-	-	-	-	-	Discontinued in 2020
Liquidity									
Working capital ^{xi}									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	250.03%	357.77%	201.13%	140.89%	227.58%	159.16%	139.11%	100.42%	Council will commence rehabilitation of two Bowser landfill cells during 2020-21. As such, a portion of the landfill provision is now recognised as a current liability, whereas in prior years the entire balance of the landfill was disclosed as a non-current liability.
Unrestricted cash ⁱⁱⁱ									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	26.59%	74.56%	18.91%	52.36%	143.76%	81.95%	59.00%	21.80%	Council's unrestricted cash is fluctuating based on the timing of borrowings drawn down and grant money received to support Council's largest capital works program. The medium-term forecasts reflect an unfavourable movement in this indicator.

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variations and Comments
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	32.49%	28.42%	25.43%	49.40%	97.48%	94.22%	82.37%	74.38%	The increase in borrowings is due to a significant capital works program, with the construction of new aquatic facilities, road and bridge assets and the revitalisation of the Wangaratta central business district. Council's loans and borrowings will increase further in 2020/21.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.20%	4.20%	2.87%	2.41%	2.42%	5.33%	8.85%	8.53%	Council's cost of borrowings continues to decrease in line with market rates. Additionally, Council has a material interest only loan which is not due to be repaid and therefore principal repayments are lower as existing principal and interest loans are repaid.
Indebtedness ^{xiii}									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	58.74%	56.24%	55.60%	68.73%	96.80%	95.80%	86.08%	76.88%	The increase in the landfill rehabilitation provision of almost \$4m has resulted in an increase in this indicator in 2019-20.
Asset renewal and upgrade ^{xiv}									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	100.28%	117.56%	98.41%	106.11%	106.11%	Assets are consistently renewed or upgraded at the end of their useful life.
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	44%	54%	63%	-	-	-	-	-	Discontinued in 2020
Operating position									
Adjusted underlying result ^{xv}									
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.85%	7.67%	-3.04%	-4.15%	0.16%	1.21%	3.66%	5.81%	In 2019-20 Council has benefited from significant capital grants to support capital works renewal and new asset expenditure. Costs associated with the restoration of Council assets following the December 2018 floods continues to be spent and this expenditure is contributing to the adjusted underlying deficit. Council did not impair the assets at the time of the December 2018 floods and therefore the expenditure has been reported in the Income Statement.
Stability									
Rates concentration ^{xvi}									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	49.43%	52.00%	53.86%	49.32%	50.17%	52.99%	53.84%	54.14%	
Rates effort ^{xvii}									
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.59%	0.62%	0.58%	0.57%	0.56%	0.58%	0.61%	0.62%	

**WANGARATTA RURAL CITY COUNCIL
PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020**

Certification

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*.

Anthea Sloan, Bachelor of Business (Accounting) Chartered Accountant

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Wangaratta Rural City Council for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures, and results in relation to service performance, financial performance, and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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

Cr Dean Rees

Mayor

Dated:

Cr Dave Fuller

Deputy Mayor

Dated:

Brendan McGrath

Chief Executive Officer

Dated:

WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT – FOR THE YEAR ENDED 30 JUNE 2020

Definitions

- i **"infrastructure"** means non-current property, plant and equipment excluding land
- ii **"local road"** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004 and includes right-of- ways and laneways
- iii **"own-source revenue"** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants). **"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)
- iv **"municipal population"** means the resident population estimated by council
- v **"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
- vi **"resignations and terminations"** means all permanent employees (including senior officers on contract) that leave the council and includes resignations, terminations, retirements and redundancies
- vii **"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 authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health.
- "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 authorised officer under that Act, if it relates to a deficiency that does not pose an immediate serious threat to public health but which may do so if no remedial action is taken Typically auditor notifications that fall into this category will be received under section 19N(4) at the conclusion of the audit process.
- "food premises"** has the same meaning as in the Food Act 1984
- viii **"active library member"** means a borrower of a library who has borrowed a book or other resource from the library
- ix **"MCH service"** 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
- "Aboriginal child"** means a child who is an Aboriginal person. "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006
- x **"sealed local roads"** means sealed roads under the control of the municipality and includes the road pavement and road seal (and kerb and channel where applicable)
- xi **"current assets"** has the same meaning as in the Australian Accounting Standards (AAS)
- "current liabilities"** has the same meaning as in the AAS
- xii **"unrestricted cash"** means all cash and cash equivalents other than restricted cash. "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
- xiii **"non-current liabilities"** means all liabilities other than current liabilities
- xiv **"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
- "asset upgrade expenditure"** means expenditure that enhances an existing asset to provide a higher level of service or increases the life of the asset beyond its original life
- xv **"adjusted underlying surplus (or deficit)"** means adjusted underlying revenue less total expenditure
- "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)
- xvi **"rate revenue"** means revenue from general rates, municipal charges, service rates and service charges
- xvii **"capital improved value"** means the market value of a property and is measured at the end of the year and includes all valuation adjustments (e.g. supplementary valuations)