



Appendix 5a

16.3 Adoption of 2021–22 Annual Financial Report and 2021–22 Performance Statement

Performance Statement 2021–22

Ordinary Meeting of Council

Wednesday 28 September 2022 at 7:00pm

Queenscliff Town Hall

Performance Statement

Performance Statement

Local Government Performance Reporting Framework

The *Local Government Act 2020* (the Act) states the role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.

The Act states it is essential there is a legislative framework that provides for Councils to be accountable to their local communities in the performance of functions and the exercise of powers and the use of resources. It is a statutory requirement under the Act that Councils prepare and report on medium and short-term plans to discharge their duties of accountability and transparency to their communities.

A mandatory system of performance reporting exists for Councils that prescribe performance information to be included in Council's Annual Report. The framework aims to ensure that performance information reported in the Annual Report is relevant, balanced, appropriate and clearly aligned with Council Plan strategic objectives to ensure performance reporting is meaningful to the community.

The Act requires Council's Annual Report to contain an audited Performance Statement, including audited results achieved against the prescribed performance indicators and measures of service performance outcome, financial performance and sustainable capacity.

In addition to the performance information required to be disclosed in the Performance Statement, Councils are also required to disclose other performance-related information in the report of operations in the Annual Report, including:

- A governance and management checklist (page xx)
- Other prescribed indicators and measures of service performance, results achieved and an explanation of material variances (page xx)
- A statement that reviews the performance of Council against the Council Plan, including results achieved in relation to the strategic indicators included in the Council Plan (page xx).

This performance information in the report of operations along with the performance statement forms part of the Local Government Performance Reporting Framework. Taking an integrated approach to performance reporting can help councils understand how well they are performing in meeting the needs of their communities as well as achieving the strategic objectives in the Council Plan.

What is the Performance Statement?

The Performance Statement contains information about the performance of Council for the financial year whereby Council makes itself accountable to the community. Council's performance for the financial year is reported against the key strategic activities that were adopted as part of the annual Budget process.

Council must describe the prescribed indicators and measures in the Performance Statement so it is clear about what is being measured.

The Performance Statement must include the results achieved in relation to prescribed:

- Service performance outcomes
- Financial performance, and
- Sustainable capacity.

Councils must also provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation.

Each result is reviewed by the external auditors. Supporting evidence and data is scrutinised to ensure accuracy of performance reporting. Please refer to page xx for the Certification of the Performance Statement and page xxx for the VAGO Independent Auditor's Report.

What is the Governance and Management Checklist?

The Governance and Management Checklist measures whether a Council has strong governance and management frameworks in place covering community engagement, planning, monitoring, reporting and decision-making. It includes 24 qualitative measures against which Council is assessed each year. This checklist is included within the 'Our Performance' section of the Annual Report (page XX).

Snapshot of the Borough of Queenscliffe

The Borough of Queenscliffe is located south of Melbourne on the south-eastern tip of the Bellarine Peninsula. The Borough has a land area of 10.7 square kilometres, all of which is essentially coastal land.

The Borough was proclaimed a municipality in 1863 and is unique in Victoria in that it is the only local government untouched by any boundary change. It remained unchanged through the amalgamation process in the first half of the 1990s.

Population

On the night of the 2021 Census, the Borough's permanent resident population was 3,276 (2016: 2,853), with 1,760 people residing in Point Lonsdale (2016: 1,538) and 1,516 in Queenscliff (2016: 1,315) as well as a significant non-residential population. The Borough's population increases to around 17,000 people over the summer period. It is anticipated that the Borough's permanent population will remain around this level in the foreseeable future as the municipality is fully developed and has a long history of having a large non-permanent ownership of property.

Ageing population

On the night of the 2021 Census, the population aged 65 years and older was 45.1% (2016: 40.4%), compared with the Victorian average of 16.8% (2016: 15.6%). Our population is significantly older than the rest of the state, with just 9.4% of the Borough's population aged between 0 and 15 years (2016: 11.5%), compared to 18.0% for Victoria (2016: 18.3%).

The Borough's median age is 62 (2016: 60), which is the oldest median age by local government area in Victoria. For this reason, there is significant emphasis on the need to provide aged services,

although it is also acknowledged that age is not the sole determinant of the need for particular health services.

Council has a strong commitment to providing aged care and prides itself on maintaining a 'zero waiting list' for aged care services.

Births

New births in the Borough remain relatively low, with 17 babies being born in 2021–22 (2020–21: 27 births).

Housing

On the night of the 2021 Census, there were 2,898 dwellings (2016: 2,802) in the Borough of Queenscliffe, with an average household size of 2.0 persons (2016: 2.0).

Property values in the Borough are generally high, with the median house prices for both Queenscliff and Point Lonsdale now in excess of \$1.5 million.

Government grants

Council has continued to attract significant levels of government grant funding. Government funding is an important source of income for the Borough, in reducing the pressure on Council's rates budget and user fees and charges in order to achieve the same level of services as is currently provided for the community.

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 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 22 June 2022 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 financial plan can be obtained by contacting Council.

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*.

Gihan Kohobange CPA, CA, FCCA

Principal Accounting Officer

Date: XX September 2022

Queenscliff

In our opinion, the accompanying performance statement of the Borough of Queenscliffe for the year ended 30 June 2022 fairly presents 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.

As at the date of signing, we are not aware of any circumstances which 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 2020 to certify this performance statements in its final form.

Councillor Ross Ebbels

Mayor

Date: XX September 2022

Queenscliff

Councillor Isabelle Tolhurst

Councillor

Date: XX September 2022

Queenscliff

Martin Gill

Chief Executive Officer

Date: XX September 2022

Queenscliff

Sustainable Capacity Indicators

For the Year Ended 30 June 2022

| Service / indicator / measure / material variations | | 2018–19 | 2019–20 | 2020–21 | 2021–22 |
|---|--|----------|----------|----------|----------|
| C1 | Population <i>Expenses per head of municipal population</i> | \$3,705 | \$4,018 | \$4,282 | \$3,886 |
| | Total expenses for 2021–22 include accounting adjustments totalling \$355,000. Excluding the impact of these accounting adjustments, the result for 2021–22 is \$3,768 (the result for 2020–21 on the same basis was \$3,815). Further, the slight increase in municipal population for 2021–22 has a positive impact on the measure for 2021–22. Yet, Queenscliffe has a very small population base of 3,054 when compared to other municipalities. Over 55% of rateable properties in Queenscliffe are non-permanent residences that are not considered in this indicator. | | | | |
| C2 | Population <i>Infrastructure per head of municipal population</i> | \$12,038 | \$12,565 | \$12,601 | \$15,361 |
| | A significant amount of asset renewal and upgrade expenditure incurred during 2021–22, predominantly due to road safety upgrade projects, the Queenscliffe Hub project and the Queenscliff Boat Ramp upgrade project. This has increased the value of the property, infrastructure, plant and equipment of Council. | | | | |
| C3 | Population <i>Population density per length of road</i> | 69.35 | 68.37 | 69.95 | 71.02 |
| | 43 km of local roads for a population of 3,054. Queenscliffe has a comparatively low population (the smallest in the state) and a comparatively low length of road. | | | | |
| C4 | Own-source revenue <i>Own-source revenue per head of municipal population</i> | \$3,264 | \$3,258 | \$3,250 | \$3,416 |
| | The Borough's own source revenue includes municipal rates, and a comparatively high level of user fees and charges income, particularly with respect to fees from tourist parks. There is an increase in income from tourist parks for 2021–22. Further, the Borough has recorded a slight increase in population. | | | | |
| C5 | Recurrent grants <i>Recurrent grants per head of municipal population</i> | \$403 | \$563 | \$279 | \$506 |
| | Early receipt of the 2022–23 Financial Assistance Grant has had a significant positive impact on this indicator for 2021–22. | | | | |
| C6 | Disadvantage <i>Relative Socio-Economic Disadvantage</i> | 10 | 10 | 10 | 10 |
| | Queenscliffe's relative socioeconomic disadvantage has improved, from 9 at the 2011 Census to 10 in the 2016 Census. | | | | |
| C7 | Workforce turnover <i>Percentage of staff turnover</i> | 16.82% | 15.38% | 14.8% | 16.4% |
| | 9 staff resignations and terminations in 2021–22 compared to an average of 8–10 resignations and terminations per year in the previous years. | | | | |

Definitions

- **"Adjusted underlying revenue"** means total income other than:
 - non-recurrent grants used to fund capital expenditure; and
 - non-monetary asset contributions; and
 - 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 Council is the responsible road authority under the *Road Management Act 2004*

- **"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
- **"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 the Year Ended 30 June 2022

| Service / indicator / measure / material variations | | 2018–19 | 2019–20 | 2020–21 | 2021–22 |
|---|---|-------------------|---------|---------|----------------|
| Aquatic Facilities | | | | | |
| AF6 | Utilisation <i>Utilisation of aquatic facilities</i> | N/A | N/A | N/A | N/A |
| | Queenscliffe does not provide this service. | | | | |
| Animal Management | | | | | |
| AM7 | Health and safety <i>Animal management prosecutions</i> | New in 2019–20 | 0.00% | 0.00% | 0.00% |
| | Zero prosecutions. Council's policy of 'first ride home' for straying animals results in a greater emphasis on education. Animal owners are made aware of the potential penalties, resulting in a reduced likelihood of penalties being issued. | | | | |
| Food Safety | | | | | |
| FS4 | Health and safety <i>Critical and major non-compliance outcome notifications</i> | 100.00% | 100.00% | 100.00% | 100.00% |
| | Council has achieved a 100.00% compliance rate over the four years. | | | | |
| Governance | | | | | |
| G5 | Satisfaction <i>Satisfaction with Council decisions</i> | 49 | 54 | 59 | 63 |
| | Improvement is a result of significant improvement in community consultation and engagement activities. | | | | |
| Libraries | | | | | |
| LB4 | Participation <i>Active library borrowers in municipality</i> | 36.92% | 36.72% | 31.30% | 26.94% |
| | The number of active borrowers in the last two years has decreased, while the population has increased slightly. The limited space at the temporary location has impacted active borrowers. | | | | |

| Service / indicator / measure / material variations | | 2018–19 | 2019–20 | 2020–21 | 2021–22 |
|---|---|---------|--------------------|--------------------|---------------------------|
| Maternal and Child Health | | | | | |
| MC4 | Participation <i>Participation in the MCH service</i> | 71.50% | 63.98% | 68.71% | 73.24% |
| | 52 children attended the MCH service at least once, of the 71 infants enrolled in 2021–22. | | | | |
| MC5 | Participation <i>Participation in the MCH service by Aboriginal children</i> | 100.00% | 100.00% | 100.00% | 0.00% |
| | No Aboriginal children enrolled in the MCH service during the reporting period. | | | | |
| Roads | | | | | |
| R5 | Satisfaction <i>Satisfaction with local sealed roads</i> | 65 | 66 | 66 | 65 |
| | There has been a slight drop in the satisfaction rate based on the 2021–22 result. | | | | |
| Statutory Planning | | | | | |
| SP4 | Decision making <i>Council planning decisions upheld at VCAT</i> | 50.00% | 0.00% | 0.00% | 100.00% |
| | 3 planning decisions were referred to VCAT in 2021–22 and all decisions were upheld at VCAT. No decisions were referred to VCAT in the previous financial year. | | | | |
| Waste Collection | | | | | |
| WC5 | Waste diversion <i>Kerbside collection waste diverted from landfill</i> | 52.68% | 46.92% | 55.50% | 55.57% |
| | The diversion rate is consistent with the previous year's achievement. Council expects a significant improvement in waste diverted from landfill in 2022–23 with the rollout of food and garden waste bins. | | | | |
| Former Measures (Retired Measures) – Animal Management | | | | | |
| AM4 | Health and safety <i>Animal management prosecutions</i> | 0 | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 |
| | This measure was replaced by animal management prosecutions (%) for 2020. | | | | |

Definitions

- **"Aboriginal child"** means a child who is an Aboriginal person
- **"Active library borrower"** means a member of a library who has borrowed a book from the library
- **"Annual report"** means an annual report prepared by Council under section 98 of the 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 authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
- **"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 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 Council to support the health and development of children within the municipality from birth until school age

Financial Performance Indicators

For the Year Ended 30 June 2022

| Service / indicator / measure / material variations | | Results | | | | Forecasts | | | |
|---|--|----------------|----------|---------|----------------|-----------|---------|---------|---------|
| | | 2018–19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 | 2025–26 |
| Efficiency | | | | | | | | | |
| E2 | Expenditure level | | | | | | | | |
| | <i>Expenses per property assessment</i> | \$3,588 | \$3,816 | \$4,168 | \$3,824 | \$4,037 | \$3,989 | \$3,998 | \$4,099 |
| <p>Total expenses for 2021–22 include a \$142,000 accounting loss associated with building demolitions and a \$213,000 reclassification (capital to operating) of expenditure incurred on infrastructure assets owned by third parties in relation to a road upgrade project. Excluding the impact of these accounting adjustments, the result for 2021–22 is \$3,712 (result for 2020–21 on the same basis was \$3,714). Further, the majority of expenditure incurred by Queenscliffe is non-discretionary and part of managing the services expected of a local council. Given the very small ratepayer base, this translates into a level of expenditure per property assessment which is higher than the outcome for other local councils.</p> | | | | | | | | | |
| E4 | Revenue level | | | | | | | | |
| | <i>Average rate per property assessment</i> | New in 2019–20 | \$2,101 | \$2,154 | \$2,186 | \$2,231 | \$2,293 | \$2,361 | \$2,425 |
| <p>Rate revenue represents a high proportion of Queenscliffe's revenue and spread across a very small ratepayer base.</p> | | | | | | | | | |
| Liquidity | | | | | | | | | |
| L1 | Working capital | | | | | | | | |
| | <i>Current assets compared to current liabilities</i> | 503.81% | 513.55% | 294.05% | 310.17% | 377.04% | 289.67% | 304.77% | 292.98% |
| <p>Despite the slight increase in current liabilities as a result of the increase in accrued expenses for capital projects, the indicator is in line with the previous year's result. The four-year forecast indicates a significant fluctuation mainly due to assumptions used concerning the timing of capital grants and capital expenditure. However, the average four-year forecast (316.11%) is in line with the 2021–22 result.</p> | | | | | | | | | |
| L2 | Unrestricted cash | | | | | | | | |
| | <i>Unrestricted cash compared to current liabilities</i> | 58.56% | -151.20% | 38.73% | 43.90% | 107.00% | 41.00% | 46.37% | 46.01% |
| <p>Council has \$6.5 million term deposits with original maturities of more than 90 days, considered as restricted cash in 2021–22. Council predicts that most of these term deposits be converted into operational cash in 2022–23 and used in delivering key capital projects, still leaving an elevated operational cash balance at the end of the 2022–23 financial year.</p> | | | | | | | | | |
| Obligations | | | | | | | | | |
| O2 | Loans and borrowings | | | | | | | | |
| | <i>Loans and borrowings compared to rates</i> | 0.64% | 0.38% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <p>Council has a debt-free balance sheet.</p> | | | | | | | | | |
| O3 | Loans and borrowings | | | | | | | | |
| | <i>Loans and borrowings repayments compared to rates</i> | 0.26% | 0.25% | 0.38% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| Service / indicator / measure / material variations | Results | | | | Forecasts | | | | |
|--|---|---------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2018–19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 | 2025–26 | |
| This measure was replaced by Average rate per property assessment (%) for 2019–20. | | | | | | | | | |
| Former Measures (Retired Measures) – Obligations | | | | | | | | | |
| O1 | Asset renewal <i>Asset renewal compared to depreciation</i> | 119.16% | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 | Retired in 2019–20 |
| This measure was replaced by asset renewal and upgrade compared to depreciation for 2019–20. | | | | | | | | | |

Definitions

- **"Adjusted underlying revenue"** means total income other than:
 - non-recurrent grants used to fund capital expenditure; and
 - non-monetary asset contributions; and
 - 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
- **"Current assets"** has the same meaning as in the AAS
- **"Current liabilities"** has the same meaning as in the AAS
- **"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 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)
- **"Rate revenue"** means revenue from general rates, municipal charges, service rates and service charges
- **"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