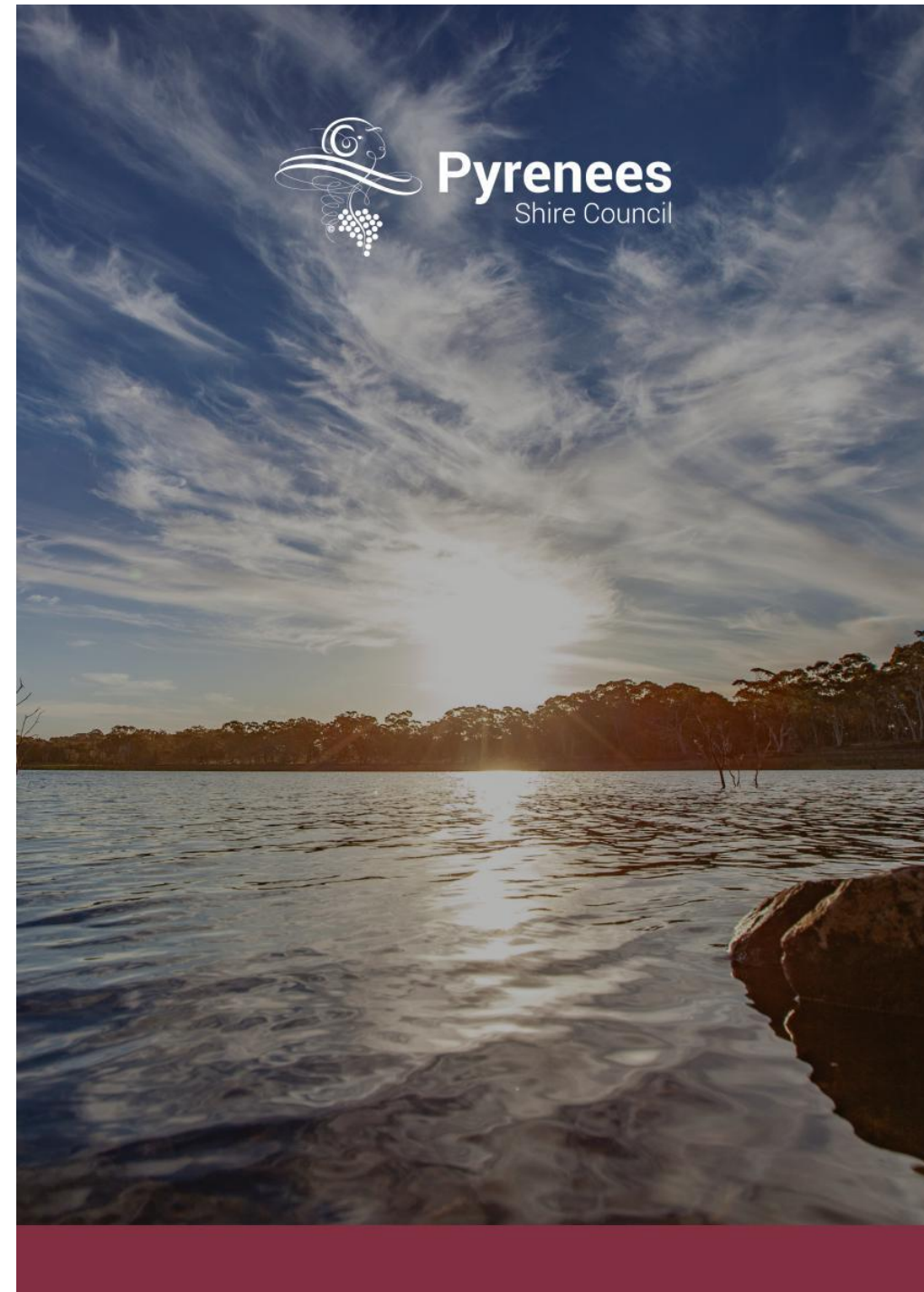


PYRENEES SHIRE COUNCIL
PERFORMANCE STATEMENT
For the Year ended 30 June 2024



Contents

Certification of the Performance Statement	2
Victorian Auditor-General’s Office Audit Report.....	3
Section 1. Description of municipality	5
Section 2. Service performance indicators	6
Section 3. Financial performance indicators	8
Section 4. Sustainable capacity indicators.....	14
Section 5. Notes to the accounts	15
5.1 Basis of Preparation	15
5.2 Definitions	16
5.3 Other Matters – Overview of 2024-2025	17

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.



Glenn Kallio
Principal Accounting Officer
Dated: 26 September 2024

In our opinion, the accompanying performance statement of the Pyrenees Shire Council for the year ended 30 June 2024 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 the Council and by the Local Government (Planning and Reporting) Regulations 2020 to certify this performance statement in its final form.



Cr Robert Vance
Mayor / Councillor
Dated: 26 September 2024



Cr
Councillor
Dated: 26 September 2024



Jim Nolan
Chief Executive Officer

Dated: 26 September 2024

Independent Auditor's Report

To the Councillors of Pyrenees Shire Council

Opinion	<p>I have audited the accompanying performance statement of Pyrenees Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• description of municipality for the year ended 30 June 2024• service performance indicators for the year ended 30 June 2024• financial performance indicators for the year ended 30 June 2024• sustainable capacity indicators for the year ended 30 June 2024• notes to the accounts• certification of the performance statement. <p>In my opinion, the performance statement of Pyrenees Shire Council in respect of the year ended 30 June 2024 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 Local Government (Planning and Reporting) Regulations 2020.</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 Local Government (Planning and Reporting) Regulations 2020 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
10 October 2024



Travis Derricott
as delegate for the Auditor-General of Victoria

Section 1. Description of municipality

The Pyrenees Shire is in the central west of Victoria, about 130 kilometres northwest of Melbourne. It is heavily dependent on primary industry and is renowned for its wool, viticulture, and forestry activity. Thirty percent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production have expanded significantly in recent years. Gold, along with sand, gravel and slate all contribute to the economy.

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 7,622 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

Council administration is based on the township of Beaufort, and several Council services also operate from the township of Avoca. These services include early years health, roads and infrastructure maintenance, community and economic development and support, library and visitor information services, statutory planning and building services.

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as sports ovals and netball courts. Avoca, Beaufort, and Snake Valley also have skate parks.

Tourism is every growing throughout the region. Hang-gliding from Mount Cole, croquet in Beaufort, the French game of Petanque in Avoca and the long-running Lake Goldsmith Steam Rally attract large numbers of visitors year-round. In recent years, the action sport of mountain bike riding has risen in popularity.

In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.

Section 2. Service performance indicators

For the year ended 30 June 2024

<i>Service/Indicator/measure</i>	Results					Comments
	2021 Actual	2022 Actual	2023 Actual	2024		
				Target as per budget	Actual	
<i>Aquatic facilities utilisation</i> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.99	1.02	1.22	N/A	1.03	Utilisation rates are linked to weather patterns.
<i>Animal management</i> <i>Health and Safety</i> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions/Number of animal management prosecutions] x 100	100%	100%	100%	N/A	100%	
<i>Food safety</i> <i>Health and Safety</i> <i>Critical and major non-compliance outcome notifications</i> [Number of critical and major non-compliance outcome notifications about a food premises followed up / Number of critical and major non-compliance outcome notifications about a food premises] x 100	100%	100%	100%	N/A	100%	
<i>Governance Satisfaction</i> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with the consultation and engagement efforts of Council]	55	51	50	55	52	
<i>Libraries participation</i> <i>Library membership</i> [Percentage of the population that are registered library members] x 100	N/A	N/A	N/A	N/A	16.38%	
Maternal and child health (MCH)	78.46%	94.31%	92.95%	N/A	93.71%	

Service/Indicator/measure	Results					Comments
	2021 Actual	2022 Actual	2023 Actual	2024		
				Target as per budget	Actual	
Participation <i>Participation in the MCH Service</i> [Number of children who attend MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100						
MCH Participation <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 children enrolled in the MCH service] x 100	100%	100%	100%	N/A	100%	
Roads Condition <i>Sealed local roads below the intervention level</i> [Percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal]	99.13%	99.92%	99.98%	N/A	99.98%	
Statutory Planning Service standard <i>Planning applications decided within the relevant required time</i> [Percentage of planning application decisions made within the relevant required time]	95.31%	91.72%	91.05%	87.00%	91.78%	Percentages in this section were reported incorrectly in previous years due to inaccuracies between separate recording processes and online PPARS data. In 2021 and 2022 the reported percentages were lower than actual, in 2023 the percentage reported was higher. These inaccuracies have been corrected in the 2024 Performance Statement to accurately reflect reported data.
Waste Collection Waste diversion <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] x 100	29.56%	24.30%	37.14%	22.00%	30.41%	The diversion rate dropped from the previous year. It is believed that this is due to the introduction of the Container Deposit Scheme which was introduced in Victoria in November 2023 and is external from Council's data reporting requirements. The 2023-24 actual is in part higher than the budget target figure because, when inputting the target, the impacts from the Container Deposit Scheme were expected to be higher. The

<i>Service/Indicator/measure</i>	Results					Comments
	2021 Actual	2022 Actual	2023 Actual	2024		
				Target as per budget	Actual	
						participation in the recycling program by residents also exceeded our expectation when compare with the target set at the start of the financial year.

Section 3. Financial performance indicators

For the year ended 30 June 2024

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,961.60	\$3,866.16	\$4,108.71	\$3,750.00	\$4,364.60	\$3,995.87	\$4,123.21	\$4,243.07	\$4,366.94	The actual 2024 indicator result is higher than both the 2024 target, comparative indicator results and the 2025 forecasted result as a result of unbudgeted expenditure on the October 2022 Floods and 2024 Fire events. Significant expenditure was incurred for both these events in 2024. The forecasted indicator results have been amended from the 2024/25 Council budget forecasted indicators results due to discrepancies identified

Dimension/indicator/measure	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
										within the budgeted forecasted indicator result calculations which incorrectly include the carrying value of budgeted asset disposals.
Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$1,462.54	\$1,506.58	\$1,512.42	N/a	\$1,531.11	\$1,589.68	\$1,625.40	\$1,666.03	\$1,707.62	The forecasted indicator results have been amended from the 2024/25 Council budget forecasted indicators results due to discrepancies identified within the budgeted forecasted indicator result calculations which incorrectly excluded municipal charges. Forecasted indicator results reflect an increase in line with the rate cap over the forecasted period.
Liquidity Working Capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x 100	179.56%	240.50%	256.64%	104.00%	193.13%	143.38%	142.81%	144.51%	145.93%	Target balances assumed no carryover funds for projects not completed where the actual results included funds for projects that had not been completed. The 2024 actual indicator result is lower than 2022

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
										and 2023 as in prior years federal financial assistance grants were received in advance resulting in increased cash held. No advanced years federal financial assistance grants were received in 2024 resulting in a reduction in cash held. The forecasted indicator results are lower than 2024 due to the forecasted indicator results being based on a higher amount of trade and other payables liability balances as at year end which is a timing difference.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x 100	-70.94%	-66.83%	168.04%	N/a	100.68%	95.44%	93.68%	93.54%	93.42%	The 2023 result is higher than 2024 due to the 2023/24 federal financial assistance grants being received in advance in 2023. In addition, Council is carrying expenditure for floods and fire events that has not been reimbursed by the State government, resulting in lower cash

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
										levels.
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rates revenue] x 100	0.00%	0.00%	4.40%	N/a	10.74%	17.73%	14.73%	11.75%	9.54%	Council borrowed funds for Caravan Park redevelopment and strategic land purchases. As Council has a low loan base, any increase results in a significant increase. The 2025 forecasted balance reflects a further increase in borrowings to fund regional workers accommodation works with no further borrowings from 2026 onwards.
Loans and borrowings <i>Repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x 100	0.00%	0.00%	0.87%	N/a	1.13%	2.28%	3.32%	3.23%	2.40%	Council borrowed funds for Caravan Park redevelopment and strategic land purchases in 2024 resulting in increased repayments of borrowings. This has also resulted in increased forecasted repayments of these borrowings in future years. As Council has a low loan base, any increase results in a significant increase.
Indebtedness	1.16%	0.87%	4.18%	N/a	9.11%	15.29%	12.50%	10.36%	8.57%	Council borrowed funds

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x 100										for Caravan Park redevelopment and strategic land purchases in 2024 resulting in an increased 2024 indicator result. As Council has a low loan base, any increase results in a significant increase. The 2025 forecasted balance reflects a further increase in borrowings to fund regional works accommodation works with no further borrowings from 2026 onwards. Forecasted results for 2026-2028 reflect a decrease in line with loan repayments.
Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and upgrade expense / Asset depreciation] x 100	109.94%	110.58%	116.06%	109.00%	100.73%	66.29%	66.29%	66.31%	66.31%	Council received grants which increased the spending on asset renewal and upgrade in both the prior periods and 2024. Future budgets do not allow for such grants, all future expenditure is based on Council funds only.
Operating position Adjusted underlying result <i>Adjusted underlying surplus</i>	1.45%	4.22%	6.16%	N/a	-38.96%	-2.33%	6.30%	-2.67%	-2.81%	Federal financial assistance grants were received in advance in

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
<i>(or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100										2022/23 and with minimal federal financial assistance grants received in 2023/24 and substantial expenditure was incurred on the flood and fire events in 2023/24. This has resulted in the 2024 result being much lower than both prior year and forecasted indicator results. In 2026 additional recurrent grants for recurrent capital costs is expected.
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x 100	46.57%	50.63%	47.19%	44.00%	67.88%	56.88%	51.99%	57.01%	57.13%	The 2024 indicator result is higher than both prior year results and forecasted results due to a reduced 2024 adjusted underlying revenue balance, as a result of the timing of federal financial assistance grants as detailed above.
Rates effort <i>Rates compared to Property values</i> [Rate revenue / Capital Improved Value of rateable properties in the municipality] x 100	0.41%	0.40%	0.28%	N/a	0.25%	0.25%	0.26%	0.26%	0.26%	Property values in 23-24 were significantly valued higher, however rate capping minimised the increase in the rate revenue. The effect of the rate capping is that

<i>Dimension/indicator/measure</i>	Results					Forecasts				Material variations and comments
	2021 Actual	2022 Actual	2023 Actual	2024		2025	2026	2027	2028	
				Target as per budget	Actual					
										revenue does not increase at the same rate as property values.

Section 4. Sustainable capacity indicators

For the year ended 30 June 2024

<i>Indicator/measure</i>	Results				Material variations
	2021 Actual	2022 Actual	2023 Actual	2024 Actual	
Population <i>Expenses per head of municipal population</i> <i>[Total expenses / Municipal population]</i>	\$3,191.30	\$3,085.02	\$3,332.11	\$3,531.60	
<i>Infrastructure per head of municipal population</i> <i>[Value of infrastructure / Municipal population]</i>	\$31,352.35	\$31,852.27	\$35,540.61	\$35,120.09	
<i>Population density per length of road</i> <i>[Municipal population / kilometres of local roads]</i>	3.72	3.88	3.79	3.88	
Own-source revenue <i>Own-source revenue per head of municipal population</i> <i>[Own-source revenue / Municipal population]</i>	\$1,695.04	\$1,817.37	\$1,925.44	\$1,959.33	
Recurrent grants	\$1,205.16	\$1,242.19	\$1,470.77	\$326.74	Non receipt of the financial assistance grants and the removal of the

<i>Recurrent grants per head of municipal population</i> <i>[Recurrent grants / Municipal population]</i>					home care service significantly reduced the recurrent grants received by Council in 23-24.
Disadvantage <i>Relative socio-economic disadvantage</i> <i>[Index of Relative Socio-economic Disadvantage by decile]</i>	3.00	3.00	3.00	3.00	
Workforce turnover <i>Percentage of staff turnover</i> <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	12.4%	31.02%	15.9%	22.9%	24 staff resigned during the year, of which 14 were associated with ending of the home-care service and retirements.

Section 5. Notes to the accounts

5.1 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 service performance, financial performance, and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. 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 or the Council's satisfaction survey provider).

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by the *Local Government (Planning and Reporting) Regulations 2020*. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2024-2025 to 2027-2028 by the council's financial 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.

5.2 Definitions

Key term	Definition
Aboriginal children	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
adjusted underlying revenue	means total income other than: <ul style="list-style-type: none"> • 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
annual report	means an annual report prepared by a council under section 98 of the Act
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— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
current assets	has the same meaning as in the Australian Accounting Standards
current liabilities	has the same meaning as in the Australian Accounting Standards
food premises	has the same meaning as in the <i>Food Act 1984</i>
intervention level	means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene

Key term	Definition
local road	means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i>
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , 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
non-current liabilities	means all liabilities other than current liabilities
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
relative socio-economic disadvantage	in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA
restricted cash	means cash, cash equivalents and financial assets, within the meaning of the Australian Accounting Standards, 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
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet site
unrestricted cash	means all cash and cash equivalents other than restricted cash

5.3 Other Matters – Overview of 2024-2025

During the financial year Council continued to experience moderate growth in residents and demand for services. Residential growth of approximately 1.5% per year has been seen in recent years.

Extensive capital works were undertaken to improve infrastructure including road reconstruction across the shire, bridge construction in Mena Park, \$700,000 in resealing of sealed roads, \$600,000 of unsealed roads' resheeting, and extensive drainage / stormwater works in township areas. Beaufort Goldfields Recreation Reserve received an upgrade to its power supply and the installation of new sports field lighting. The Havelock Street toilets in Beaufort received a total refurbishment.

A review of Ward Boundaries was conducted in 2024 in preparation for the local government general election in October 2024, with some shrinkage in the more heavily populated Wards of Beaufort and Avoca and area growth in the Ward of De Cameron where population is in decline.

Council operations were impacted by the Bayindeen Rocky Road bushfire in February / March 2024 with recovery operations coming on top of the recovery activity underway from the 2022 extreme weather / flooding events. Significant vegetation damage was seen across the fire ground, with some impacts to Council's local road network. Additional resources were added to the flood recovery team already in place to coordinate emergency tree safety measures, infrastructure rehabilitation and community recovery.

The COVID-19 global pandemic continued to impact to a lesser capacity in 2023-2024, with some staff regularly contracting the virus. Some evidence has also been seen of the longer-term impacts of long-Covid, which has unexpected and different symptoms for different members of staff.

The impact of global financial pressures continued in 2023-2024, with cost increases continuing including the implementation of a new Enterprise Bargaining Agreement, increases in mandatory employee superannuation payments and, in late 2023, the largest inflation rate seen in many years. Inflationary pressures, not supported by equivalent or comparative rises in the annual Rate Cap, continue to place extreme pressure on the financial sustainability of small rural councils.