

Independent Auditor's Report

To the Councillors of Yarra Ranges Shire Council

Opinion I have audited the accompanying performance statement of Yarra Ranges Shire Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2024
- sustainable capacity indicators 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
- other information
- certification of the performance statement.

In my opinion, the performance statement of Yarra Ranges 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 *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance statement* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Councillors' responsibilities for the performance statement The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 2020* 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.

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
25 October 2024



Travis Derricott
as delegate for the Auditor-General of Victoria

Yarra Ranges Shire Council

Performance Statement

For the year ended 30 June 2024

Description of municipality - About Yarra Ranges Council

Yarra Ranges Shire is situated in metropolitan Melbourne's outer east, 30 to 110 kilometres from the Melbourne Central Business District. It covers 2,468 square kilometres in area, making it Melbourne's largest local government area. It is well known for its tourism and wineries, agricultural industry, and the natural beauty of the Dandenong Ranges.

The 158,694 residents live in more than 60 suburbs and townships. 52% of the population live in the urban areas of Yarra Ranges, which make up 7.3% of the total land area (including Coldstream). The remaining population is spread throughout rural areas.

The diversity of places, people, industries and attractions – dispersed over a wide variety of urban and rural communities - makes Yarra Ranges one of the most unusual municipalities in Victoria.

Performance Statement

Sustainable Capacity Indicators

For the year ended 30 June 2024

	2021	2022	2023	2024	Comment
Indicator / Measure [Formula]	Actual	Actual	Actual	Actual	
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,200.62	\$1,331.87	\$1,434.98	\$1,544.71	This ratio has increased from prior years, due to Council's increased expenditure in materials and labour to deliver services and depreciation expense due to the capitalisation of assets during the year.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$4,669.06	\$5,347.64	\$5,944.47	\$6,255.59	Increased is mainly due to the revaluation of infrastructure assets at year end, increasing building and infrastructure assets by \$223.7m and \$5.7m respectively.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	90.89	90.17	89.34	90.00	The population has increased from last year by 1,355 per the ABS figures however the length of roads remains stable hence the increase in this ratio.
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$986.51	\$1,065.09	\$1,140.01	\$1,212.23	Due to the increase in Capital grants received for the roads initiative received from the Commonwealth Government in FY24.
Recurrent grants <i>Recurrent grants per head of municipal population</i>	\$190.83	\$266.33	\$246.26	\$78.67	Decrease is due to the receipt of Financial Assistance Grants and Roads for the Community initiative

[Recurrent grants / Municipal population]					grants received in advance in 2022-2023 for 2023-2024. However there were no 2024-2025 grants received in advance in 2023-2024.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	8.00	8.00	8.00	8.00	No change from prior year
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	10.5%	21.1%	22.0%	11.59%	This decrease is due to lower staff turnover with greater stability in workforce planning.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure
- (b) non-monetary asset contributions
- (c) contributions to fund capital expenditure from sources other than those referred to 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 Council is the responsible road authority under the *Road Management Act 2004*.

"variation" is the quantitative threshold set by Yarra Ranges Shire Council based on the 2022-23 results. These thresholds are used to create explanatory commentary.

"population" means the resident population estimated by Council based on the ABS ERP as at 30 June 2023.

"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.

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

Service Performance Indicators for the year ended 30 June 2024

	2021	2022	2023	2024		Comment
Service / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.29	1.39	2.81	N/A	2.69	Overall visitor numbers to pools were lower than the previous year, primarily due to the closure of the Kilsyth Centennial Pool. Due to their outdoor nature and difficulty ascertaining accurate visitor numbers, visitors to outdoor splash parks are not included in this figure.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	96%	100%	N/A	100%	Council achieved 100% success rate of animal prosecution cases during 2023-24. 20 prosecutions took place this year which was similar to the previous year. Two of the prosecutions were consolidated into one as they occurred on the same date and had two separate informants and separate investigations with the same accused.
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 followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	97.67%	72.97%	93.33%	N/A	90.66%	Variance to previous year is within tolerance and expectations.
Governance Consultation and engagement						

<p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p>	53	51	46	54	45	<p>Council scored 45 in the 2024 Community Satisfaction Survey for this indicator, a decrease from previous years. Results were varied amongst different sub-groups of the community. Residents from the Urban region reported higher satisfaction (48) while residents from the Healesville - Yarra Glen region reported the lowest satisfaction (40)</p>
<p>Libraries</p> <p>Participation</p> <p><i>Library membership</i></p> <p>[Number of registered library members / Population] x100</p>	#N/A	#N/A	#N/A	N/A	22.50%	<p>This is a new indicator introduced in 2023-24 so comparisons with previous years are not possible. Being a semi-regional library service, membership numbers may not be as high as urban Councils</p>
<p>Maternal and Child Health (MCH)</p> <p>Participation</p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	74.54%	74.93%	74.65%	N/A	72.36%	<p>Participation in Council's MCH service has remained consistent with levels seen in previous years, though a small decrease was observed during 2023-24</p>
<p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[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>	74.81%	79.00%	78.47%	N/A	76.41%	<p>Council continues to work with external partners to improve participation in MCH services by Aboriginal and Torres Strait Island children.</p>
<p>Roads</p> <p>Condition</p>						<p>Council's method for assessing whether sealed roads meet the renewal intervention level has changed this year, due to a new</p>

<p><i>Sealed local roads maintained to condition standards</i></p> <p>[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100</p>	98.09%	97.61%	97.45%	98.50%	95.98%	<p>contractor. As a result, the score is lower than in previous years, but Council now has a more accurate understanding of road resealing and reconstruction priorities moving forward.</p>
<p>Statutory Planning</p> <p>Service standard</p> <p><i>Planning applications decided within required time frames</i></p> <p>[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100</p>	80.79%	53.25%	51.42%	58.00%	61.78%	<p>A higher proportion of planning decisions were made within required timeframes this year. We have seen a slight decrease in the number of applications lodged in 2023 -2024, however more amendments have been received than in the previous year.</p>
<p>Waste Management</p> <p>Waste diversion</p> <p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	50.56%	50.15%	52.14%	56.00%	67.26%	<p>Council has seen a significant increase in the volume waste diverted from landfill from previous years following the introduction weekly Food Organics, Garden Organics (FOGO) bin collections from all properties</p>

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 borrower" means a Yarra Ranges member of the Eastern Regional Library who has borrowed a physical or digital item from the library in the last 12 months

"Annual Report" means an annual report prepared by a 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. In Yarra Ranges a critical non-compliance will be followed up within 48 hours.

"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. In Yarra Ranges a major non-compliance will be followed up within 90 days.

"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.

"population" means the resident population estimated by Council based on the ABS ERP as at 30 June 2023.

Performance Statement

Financial Performance Indicators

for the year ended 30 June 2024

	2021	2022	2023	2024		2025	2026	2027	2028	Material Variations and Comments
Dimension / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,903.17	\$3,220.16	\$3,350.07	\$3,371.80	\$3,637.05	\$3,468.23	\$3,520.55	\$3,597.60	\$3,673.62	Expenses per head of population has increased from the previous year due to higher total expenses, mainly being influenced by Council's investment into recovery from recent natural disasters.
Revenue level <i>Average rate per property assessment</i> [Sum of all general rates and municipal charges / Number of property assessments]	\$1,907.42	\$2,014.57	\$2,013.31	N/A	\$2,105.42	\$2,173.70	\$2,216.69	\$2,270.16	\$2,323.69	Minor increase in average rate per property assessment is in line with the State imposed rate cap.
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	132.16%	122.37%	123.31%	113.00%	104.00%	121.22%	109.18%	107.15%	105.85%	A decrease in this ratio is due to the decrease in cash and cash equivalents due to timing of grant income received in prior periods and payments for property, plant, and infrastructure projects.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i>	82.17%	24.51%	14.20%	N/A	-5.97%	50.75%	39.10%	36.79%	34.87%	Unrestricted cash is showing as negative due to the classification of the

<p>Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</p>	5.09%	6.60%	3.48%	N/A	-11.19%	-3.22%	-1.89%	-1.17%	-0.70%	Due to the operating surplus being lower than prior year as a result of an increase in employee costs, materials and services and depreciation as well as a decrease in revenue due to timing of operating grants being received. This is further impacted by the increase in capital grants in FY24 being recognised. The 2023-24 Grant Commission Funding budgeted to be received in 2023-24 financial year was prepaid in June 2023 (and included in the 2022-23 financial year). \$16.85m was received 22/23, and \$0.6m received 23/24.
<p>Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100</p>	72.78%	68.96%	69.40%	75.70%	78.33%	79.83%	78.63%	78.14%	77.88%	Rates revenue has increased on the prior year whereas the underlying revenue has decreased due to rising expenses.
<p>Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.33%	0.34%	0.29%	N/A	0.31%	0.32%	0.33%	0.34%	0.34%	The Valuer General Victoria revalues your property each year and this values determines rates. Rates are based on your property value relative to other properties in your area. This is limited to the rate capping requirements.

Definitions

“adjusted underlying revenue” means total income other than:

- a. non-recurrent grants used to fund capital expenditure
- b. non-monetary asset contributions
- c. contributions to fund capital expenditure from sources other than those referred to above.

“adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure.

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

“current assets” has the same meaning as in the AAS.

“current liabilities” has the same meaning as in the AAS.

“non-current assets” means all assets other than current assets.

“non-current liabilities” means all liabilities other than current liabilities.

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

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

“population” mean the resident population estimate by council.

“rate revenue” means revenue from the general rates, municipal charges, service rates and service charges.

“recurrent grants” 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 the year ended 30 June 2024

Basis for 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 an accounting basis 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 year ended 30 June 2024 and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results in the Performance Statement. Yarra Ranges Shire 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 Budget 2024-25 to 2027-28 adopted on 25 June 2024 and which forms part of the Council Plan. The Budget 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 Budget 2024-25 is available on Council's website, www.yarraranges.vic.gov.au.

Performance Statement
For the year ended 30 June 2024

Certification of the Performance Statements

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*.



Liam Routledge
Principal Accounting Officer
25 October 2024

In our opinion, the accompanying performance statement of the Yarra Ranges 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 Sophie Todorov
Mayor
25 October 2024



Cr Fiona McAllister
25 October 2024



Tammi Rose
Chief Executive Officer
25 October 2024