

Melton City Council

PERFORMANCE STATEMENT
for the year ended 30 June 2021

A Thriving Community Where
Everyone Belongs



Performance Statement

For the year ended 30 June 2021

Description of municipality

The Melton City Council (the council) is one of the fastest growing municipalities in Australia, offering the best in urban and rural lifestyles and affordable land within a comfortable commuting distance from Melbourne, Victoria and links to Melbourne's key freeways, airports and the Port of Melbourne.

The City of Melton embraces a series of townships and communities including Caroline Springs (19 kilometres west of Melbourne's CBD) and Melton (35 kilometres west of Melbourne's CBD).

The council is also the home of harness racing. Tabcorp Park, the harness racing and entertainment complex in Melton, along with many horse trainers, training facilities and breeders located in the City of Melton enhances the City's reputation as one of the premier equine municipalities in the country.

Other Information

For the year ended 30 June 2021

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 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* and Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 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 and three preceding years and for the prescribed financial performance indicators and measures, the results forecast mainly by Council's budget and Financial Plan process. 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 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 mainly those adopted by Council in its Budget document adopted on 28 June 2021 and which forms part of the Council Financial Plan. The Budget document and 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 Budget Document can be obtained from Council's website (www.melton.vic.gov.au) or by contacting Council.

For the year ended 30 June 2021 the COVID-19 pandemic impacted Council's operations with the closure of a number of facilities and revised modes of operation for some services. The impacts of the pandemic are detailed within the performance statements for the period.

Sustainable Capacity Indicators

For the year ended 30 June 2021

Indicator / measure	Results				Material Variations
	2018	2019	2020	2021	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,005.32	\$1,009.26	\$1,078.38	\$1,070.71	Council continue to manage expenditure prudently despite the high level of growth experienced within the municipality, ratio has moved in a favourable direction in 2021.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$10,136.42	\$11,268.03	\$11,604.68	\$12,133.97	Infrastructure constructed within the municipality has and will continue to increase at levels higher than population growth. Increase over the last 4 years is due to the significant amount of contributed assets which is due to a high level of development activity. Recent trend is likely to continue.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	138.71	141.62	138.79	136.74	Results reflect a significant investment in road infrastructure.
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$993.37	\$833.34	\$824.47	\$955.30	Indicator is impacted by fluctuations in populations data. The 2020-21 result was impacted by strong performance of Atherstone land development which increased income.
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$189.32	\$188.07	\$176.82	\$165.71	Population growth has outpaced growth in recurrent government grant funding. This is likely to continue in short term with Grants Commission funding likely increase only modestly.
Disadvantage					
<i>Relative socio-economic disadvantage</i> Workforce turnover	5	5	5	5	Results have been consistent over the past four years.
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	15.99%	13.40%	15.65%	14.20%	Staff turnover rate varies from year to year. The 2020-21 result was impacted by COVID-19 with staff looking to remain in stable employment.

Service Performance Indicators

For the year ended 30 June 2021

Service/indicator /measure	Results				Material Variations
	2018	2019	2020	2021	
Aquatic facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i>	1.69	1.57	0.96	0.43	Attendance figures where much lower due to closure of facilities and reduced services during pandemic periods/lock downs.
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety					
<i>Animal management prosecutions</i>	n/a	n/a	86%	100%	There were 15 prosecutions listed for court in the year. Owing to Covid-19, only 12 matters have been heard and all were proven.
[Number of successful animal management prosecutions/Number of animal management prosecutions] x100					
Health and safety					
<i>Animal management prosecutions</i>	14	20	n/a	n/a	This measure was discontinued in 2019-20.
[Number of successful animal management prosecutions]					
Food safety					
Health and safety					
<i>Critical and major non-compliance notifications</i>	0.00%	0.00%	0.00%	0.00%	No notifications received this year as has been the case for past three years.
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100					

Service/indicator /measure	Results				Material Variations
	2018	2019	2020	2021	
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]	60	68	67	66	The result indicates the community is generally satisfied with the decisions that Council makes and trend is steady.
Libraries					
Participation					
<i>Active library borrowers in municipality</i> [Number of active library borrowers / Municipal population] x100	9.43%	9.09%	8.66%	6.74%	Active library membership has declined due to Covid-enforced closure of the service in 2020-21. Libraries were forced to close for 142 days, which restricted patrons' capacity to borrow physical items. Library opening times were restricted for remaining days when we could open to the public. Use of e-collections saw some increase.
Maternal and child health					
Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children]	68.95%	66.92%	64.86%	62.66%	Providing telehealth during COVID was difficult for families and some families declined the service. This has contributed to a small decrease in the result compared to previous years.
<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	57.31%	57.28%	70.63%	71.07%	A conscious effort by the Outreach Nurse to provide a stronger connection with the local Aboriginal community has contributed to a small increase in the results compared to the previous year and coupled with improvements to the service in the previous year has resulted in a significant increase over the earlier years.
Roads					
Satisfaction					
<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]	63	71	67	64	The result is marginally down on previous years. As reflected in the increase in local road requests, the communities on the fringes of growth development may wish for better road performance.

Service/indicator /measure	Results				Material Variations
	2018	2019	2020	2021	
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i>	25.00%	40.00%	100.00%	53.33%	There has been a significant increase in the number of appeals lodged with VCAT (15) against decisions made in favour of Council in relation to planning applications over the past 12 months. This is due to the increasing complexity of applications received. However, more than half of the decisions made by VCAT supported (i.e. did not set aside) Council's original decision in relation to these planning applications (8).
[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					
Waste Collection					
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	49.30%	40.26%	43.41%	43.48%	Population growth, state lockdowns and the introduction of food waste to our kerbside organics collections has seen an overall increase of just under 5,000 Tonnes in kerbside waste.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Financial Performance Indicators

For the year ended 30 June 2021

Dimension/indicator /measure	Results					Forecasts			Material Variations
	2018	2019	2020	2021	2022	2023	2024	2025	
Efficiency									
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges/ Number of property assessments]	n/a	n/a	\$1,583.94	\$1,685.11	\$1,620.59	\$1,634.22	\$1,648.07	\$1,677.10	Fluctuations with regards to this indicator are due to timing of assessment growth.
Revenue level									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,690.12	\$1,746.06	n/a	n/a	n/a	n/a	n/a	n/a	This measure was discontinued in 2019-20.
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,764.22	\$2,805.53	\$2,871.35	\$2,762.97	\$2,698.46	\$2,530.08	\$2,377.73	\$2,362.25	Council has managed to keep expenditure contained and in line with growth in assessments with prudent financial management. This trend is forecast to continue.
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	633.96%	570.97%	524.76%	375.53%	558.43%	566.32%	633.00%	508.74%	Short term unfavourable movement in this ratio is largely due to an increase in payables which is cyclical in nature. Overall Council's liquidity remains strong in dollar terms and is forecasted to remain so with substantial cash reserves in place over the medium term.

Dimension/indicator /measure	Results					Forecasts					Material Variations	
	2018	2019	2020	2021	2022	2023	2024	2025	2026			
Unrestricted cash												
<i>Unrestricted cash compared to current liabilities</i>	125.47%	49.76%	-61.11%	-156.53%	61.65%	102.42%	174.95%	222.24%				Movements in actual figures in years 2019-20 and 2020-21 relates to classification of term deposits greater than 90 days as Other Financial Assets. Forecasts assume term deposits are classified as cash. Positive trend is due to projected operating surpluses in future years.
[Unrestricted cash / Current liabilities] x100												
Obligations												
Asset renewal and upgrade												
<i>Asset renewal and upgrade compared to depreciation</i>	n/a	n/a	86.46%	37.62%	119.01%	68.80%	39.12%	53.69%				Asset renewal expenditure is based on engineering data not depreciation calculations. Council will have significant growth in assets in the medium to long term and therefore higher depreciation charge. Council assets are largely new and therefore don't require significant renewal expenditure in the short to medium term.
[Asset renewal and asset upgrade expenses/ Asset depreciation] x100												
Asset renewal												
<i>Asset renewal compared to depreciation</i>	39.22%	28.41%	n/a	n/a	n/a	n/a	n/a	n/a				This measure was discontinued in 2019-20.
[Asset renewal expenses / Asset depreciation] x100												
Loans and borrowings												
<i>Loans and borrowings compared to rates</i>	17.68%	14.05%	10.44%	7.92%	14.57%	10.52%	4.70%	2.82%				Council has over recent years repaid borrowings as they mature. Council has had sufficient cash inflows to achieve this. There will be a need to borrow to fund significant infrastructure investment in years 2021-22 and 2022-23.
[Interest bearing loans and borrowings / Rate revenue] x100												

Dimension/indicator /measure	Results					Forecasts					Material Variations
	2018	2019	2020	2021	2022	2023	2024	2025	2026		
Loans and borrowings repayments compared to rates	4.07%	3.23%	2.89%	2.08%	4.57%	5.47%	4.79%	1.57%			Council has over recent years repaid borrowings as they mature. Council has had sufficient cash inflows to achieve this. There will be a need to borrow to fund significant infrastructure investment in years 2021-22 and 2022-23.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100											
Obligations (cont.)											
Indebtedness											
Non-current liabilities compared to own source revenue	14.16%	14.46%	15.40%	11.31%	17.47%	10.25%	8.74%				Council's Non Current Liabilities continue to remain stable and at a manageable levels. Increase projected in year 2021-22 and 2022-23 relates to borrowings to fund significant investment in infrastructure.
[Non-current liabilities / Own source revenue] x100											
Operating position											
Adjusted underlying result											
Adjusted underlying surplus (or deficit)	15.44%	1.19%	-7.26%	19.48%	33.45%	25.45%	23.65%				Underlying surplus is and is forecasted to continue to be strong with growth in income forecasted to remain high due to development activity. Council has managed to absorb the challenges of COVID-19 pandemic and perform well financially.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100											

Dimension/indicator /measure	Results					Forecasts				Material Variations	
	2018	2019	2020	2021	2022	2023	2024	2025			
Stability											
Rates concentration											
<i>Rates compared to adjusted underlying revenue</i>	57.22%	67.35%	71.44%	56.14%	46.30%	54.51%	58.49%	61.08%			Council has and will continue to have a high level of growth in rate revenue. Fluctuations in land sales income will impact this indicator.
[Rate revenue / Adjusted underlying revenue] x100											
Rates effort											
<i>Rates compared to property values</i>	0.42%	0.34%	0.33%	0.34%	0.36%	0.39%	0.41%	0.42%			This measure has remained stable over recent years, Council is projected to have a high level of growth in rates revenue.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100											

Certification of Performance Statement

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 (as per the transitional provisions of the Local Government Act 2020).

Sam Rumoro CPA

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Melton City Council for the year ended 30 June 2021 presents fairly the results of the council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 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 2014 to certify the performance statement in their final form.

Cr Kathy Majdlik

Mayor

Dated:

232 High Street, Melton VIC

Cr Goran Kesic

Deputy Mayor

Dated:

232 High Street, Melton VIC

Kelvin Tori

Chief Executive Officer

Dated:

232 High Street, Melton VIC