

Melton City Council

PERFORMANCE STATEMENT
for the year ended 30 June 2020

A Thriving Community Where
Everyone Belongs



Performance Statement

For the year ended 30 June 2020

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 2020

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.

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 strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds 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 Strategic Resource Plan on 22 June 2020 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained from Council's website (www.melton.vic.gov.au) or by contacting Council.

For the year ended 30 June 2020 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 2020

<i>Indicator /measure</i>	Results				<i>Material Variations</i>
	2017	2018	2019	2020	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$996.14	\$1,005.32	\$1,009.26	\$1,078.38	Council continue to manage expenditure prudently despite the high level of growth experienced within the municipality. Slight upward trend relates to higher depreciation charges due to significant increase in asset base.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$13,247.46	\$10,136.42	\$11,268.03	\$11,604.68	Infrastructure constructed within the municipality has and will continue to increase at levels comparable to population growth. Slight increase over the last 3 years relates to increased cost to build infrastructure. Fluctuations in population data can distort annual indicators. Recent trend is likely to continue.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	130.89	138.71	141.62	138.79	Results have been consistent over the past three years.
Own-source revenue					
<i>Own-source revenue per head of municipal</i> [Own-source revenue / Municipal population]	\$928.95	\$993.37	\$833.34	\$824.47	Municipality has seen a growth in household size with respect to its
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$225.15	\$189.32	\$188.07	\$176.82	Population growth has outpaced growth in recurrent government grant funding. This is likely to continue in short term with Grants Commission funding likely to be capped or reduced.
Disadvantage					
<i>Relative socio-economic disadvantage</i>	7	5	5	5	Results have been consistent over the past three years.
Workforce turnover					
<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	10.08%	15.99%	13.40%	15.65%	Staff turnover rate varies from year to year. Indicator appears to be slightly higher than industry average.

Service Performance Indicators
For the year ended 30 June 2020

Service/indicator /measure	Results				Material Variations
	2017	2018	2019	2020	
Aquatic facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.8	1.69	1.57	0.96	Attendance figures were low during the last quarter due to COVID-19 with the Centre closed from 23 March 2020 and partially opened for a short period during June 2020.
Animal management					
Health and safety					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions/Number of animal management prosecutions] x100	n/a	n/a	n/a	86%	This measure is new in 2019/20. There were 35 matters listed for prosecution however due to the pandemic, only 14 matters were heard with 12 proven, 2 withdrawn.
Health and safety					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	8	14	20	n/a	This measure has been discontinued in 2019/20.
Food safety					
Health and safety					
<i>Critical and major non-compliance notifications</i> [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	100.00%	0.00%	0.00%	0.00%	No notifications received this year as has been the case for the past three years.

Service/indicator /measure	Results				Material Variations
	2017	2018	2019	2020	
Governance					
Satisfaction					
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the	55	60	68	67	The 2019-20 result is similar to that of the previous year. It indicates the community is generally satisfied with the decisions that Council makes.
Libraries					
Participation					
<i>Active library borrowers in municipality</i> [Number of active library borrowers / Municipal population] x100	10.26%	9.43%	9.09%	8.66%	Active membership has been affected by social distancing and the closure of libraries due to COVID-19 pandemic during the April to June period.
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 enrolled in the MCH service] x100	72.05%	68.95%	66.92%	64.86%	Although the number of face-to-face consultations is down, MCH continues to provide support and guidance to the community. The addition of new nursing staff enabled Council to use telehealth throughout the COVID 19 period.
<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	58.81%	57.31%	57.28%	70.63%	Work through the Compact partnership program with State Government, as well as the reintroduction of the Outreach service and working alongside the successful Babaneek Booboop program has improved the MCH services contact and support of the Aboriginal Community.
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]	62	63	71	67	The 2019-20 result is similar to that of the previous year. It indicates the community is generally satisfied with the condition of sealed local roads.

Service/indicator /measure	Results				Material Variations
	2017	2018	2019	2020	
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i>	28.57%	25.00%	40.00%	100.00%	There has been less Council applications determined at VCAT due in part to Covid-19 which has resulted in the adjournment/ postponement of some hearings to the end of 2020. However, there has been a significant increase in number of VCAT decisions which did not set aside Council's decision in relation to a planning application.
[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>	53.03%	49.30%	40.26%	43.41%	Whilst there has been an increase in total waste collected (expected with population growth), Councils data indicates that diversion by residents has increased by nearly 4,000 tonnes. Our residents currently divert 43.41% of their kerbside waste from landfill, this reflects an increase of 3.15% compared to the same time last year.
[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 2020

Dimension/indicator /measure	Results					Forecasts				Material Variations	
	2017	2018	2019	2020	2021	2022	2023	2024			
Efficiency											
Revenue level											
Average rate per property assessment [General rates and Municipal charges/ Number of property assessments]	n/a	n/a	n/a	\$1,583.94	\$1,711.14	\$1,798.93	\$1,745.00	\$1,743.41	This measure is new in 2019/20. Fluctuations with regards to this indicator are due to timing of assessment growth.		
Revenue level											
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,704.23	\$1,690.12	\$1,746.06	n/a	n/a	n/a	n/a	n/a	This measure has been discontinued in 2019/20.		
Expenditure level											
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,733.24	\$2,764.22	\$2,805.53	\$2,871.35	\$2,908.71	\$2,848.77	\$2,702.94	\$2,567.71	Council has maintained a stable cost base over recent years and this is anticipated to continue over the medium term.		
Liquidity											
Working capital											
Current assets compared to current liabilities [Current assets / Current liabilities] x100	584.96%	633.96%	570.97%	524.76%	670.77%	823.38%	931.47%	1155.81%	Variance in 2019-20 year relates to timing of payments and receipts as at 30 June 2020. Positive trend is due to inflows of significant developer monetary contributions.		
Unrestricted cash											
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	91.56%	125.47%	49.76%	-61.11%	100.93%	150.55%	220.29%	284.83%	Variance in 2019-20 year 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.		

Dimension/indicator /measure	Results					Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024		
Obligations										
Asset renewal and upgrade										
Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expenses/Asset depreciation] x100	n/a	n/a	n/a	86.46%	74.47%	48.56%	42.30%	29.90%		This measure is new in 2019/20. 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										
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	42.35%	39.22%	28.41%	n/a	n/a	n/a	n/a	n/a		This measure has been discontinued in 2019/20.
Loans and borrowings										
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	22.32%	17.68%	14.05%	10.44%	13.68%	16.44%	11.67%	8.05%		Council has over recent years repaid borrowings as they mature. Council has had sufficient cash inflows to achieve this. Over the forecasted period there will be a need to borrow to fund significant infrastructure investment in years 2020-21 and 2021-22. Over the forecasted period there will be a need to borrow to fund significant infrastructure investment. Council has experienced significant growth which has led to downward trend.
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	8.27%	4.07%	3.23%	2.89%	2.13%	2.67%	3.06%	2.76%		

Dimension/indicator /measure	Results					Forecasts				Material Variations	
	2017	2018	2019	2020	2021	2022	2023	2024			
Obligations (cont.)											
Indebtedness											
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	18.53%	14.16%	14.46%	15.40%	19.17%	14.03%	14.65%	25.93%			Council's Non Current Liabilities continue to remain stable and at a manageable levels. Increase projected in 2024 relates to liabilities for developer works in kind.
Operating position											
Adjusted underlying result											
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	13.69%	15.44%	1.19%	-7.26%	0.47%	10.50%	15.17%	16.89%			This variance is due to disposal of building and infrastructure assets in recent years. Disposal relates to replacement of infrastructure assets. In 2019-20 Atherstone income reduced significantly. It is projected that an underlying surplus will be generated over the medium term.
Stability											
Rates concentration											
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	60.68%	57.22%	67.35%	71.44%	69.68%	67.28%	69.58%	71.69%			Council has and will continue to have a high level of growth in rate revenue.
Rates effort											
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.43%	0.42%	0.34%	0.33%	0.36%	0.38%	0.41%	0.44%			This ratio has stabilised over recent years. Projected property values are expected to experience a downward trend in the short term.

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.

Sam Rumoro CPA
Principal Accounting Officer

Dated: 14 September 2020

In our opinion, the accompanying performance statement of the Melton City Council for the year ended 30 June 2020 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.

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 Lara Carli
Mayor

Dated: 14 September 2020

Cr Steve Abboushi
Deputy Mayor

Dated: 14 September 2020

Kelvin Tori
Chief Executive Officer

Dated: 14 September 2020