

Melton City Council

PERFORMANCE STATEMENT
for the year ended 30 June 2022

**A Thriving Community Where
Everyone Belongs**



Performance Statement

For the year ended 30 June 2022

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 2022

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 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 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 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 mainly those adopted by Council in its Budget document adopted on 27 June 2022 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 2022 the COVID-19 pandemic continued to impact 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 2022

<i>Indicator /measure</i>	Results				<i>Material Variations</i>
	2019	2020	2021	2022	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,009.26	\$1,078.38	\$1,070.71	\$1,090.86	Council continue to manage expenditure prudently despite the high level of growth experienced within the municipality.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$11,268.03	\$11,604.68	\$12,113.97	\$12,260.45	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]	141.62	138.79	136.74	135.36	Results reflect a significant investment in road infrastructure have been consistent over the past four years. The population density is reflective of the growth in development in Melton.
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$833.34	\$824.47	\$955.30	\$1,014.47	Indicator is impacted by fluctuations in populations data. The 2021/22 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]	\$188.07	\$176.82	\$165.71	\$193.45	Variance reflects improved receipt of grant funding relative to population growth.
Disadvantage					
<i>Relative socio-economic disadvantage</i>	5.00	5.00	5.00	5.00	Results have been consistent over the past four years. Melton ranks 347 out of 544 local government areas with SEIFA scores across Australia.

<i>Indicator /measure</i>	Results				Material Variations
	2019	2020	2021	2022	
<i>Workforce turnover</i>					
<i>Resignations and terminations compared to average staff</i>	13.40%	15.65%	14.20%	21.55%	Staff turnover rate varies from year to year. The 2021/22 result was impacted by COVID-19 and a changing environment. In the financial year 2021/22 there were many internal moves with the Local Government Sector. Main reason for staff departing included higher rates of pay, flexibility and work life balance, Covid-19 and also the impending organisational change.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100					

Service Performance Indicators

For the year ended 30 June 2022

Service/indicator /measure	Results				Material Variations
	2019	2020	2021	2022	
Aquatic facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.57	0.96	0.43	1.00	Attendance figures are still down on pre-covid numbers but have recovered from the previous year as restrictions and lockdowns have not been as severe. Also contributing to the lower numbers is the need for maintenance on a number of facilities that have restricted access to those facilities.
Animal management					
Health and safety					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions/Number of animal management prosecutions] x100	n/a	86%	100%	100%	There were 8 matters prosecuted with all 8 being successful.
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	n/a	n/a	n/a	This measure was retired 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	0.00%	0.00%	0.00%	100%	1 Notification received this year. This was dealt within 1 working day of receiving the notification by the Area Officer.

Service/indicator /measure	Results				Material Variations
	2019	2020	2021	2022	
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]	68	67	66	65	The 2022 result, while similar to that of the previous year, follows the trend in community satisfaction in Council's decision making. The result 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	9.09%	8.66%	6.74%	5.81%	Active membership has increased significantly this year compared to last year and is almost on par with pre-pandemic levels. This demonstrates our community's comfort with returning to the library and re-engaging with our services. The Melton population has increased by a greater margin than the number of active library members and this has contributed to the result for 2021/22 decreasing compared to previous years.
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	66.92%	64.86%	62.66%	55.98%	During 2022 6,504 children attended the MCH service at least once. The decrease in participation is a direct result of a significant increase in birth rates combined with the lasting effects of COVID on workforce capacity and a shortage of MCH Nurses. This has resulted in a shift to a prioritised MCH service for infants from birth to 8 weeks.
<i>Participation</i>					
<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	57.28%	70.63%	71.07%	64.03%	During 2022 142 Aboriginal children attended the MCH service at least once. The decrease in participation is a direct result of a significant increase in birth rates combined with the lasting effects of COVID on workforce capacity and a shortage of MCH Nurses. A designated MCH position to work within the Aboriginal Community has been created to address the decline.

Service/indicator /measure	Results				Material Variations
	2019	2020	2021	2022	
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]	71	67	64	60	The 2022 result has continued to trend as in previous years. As reflected in the increase in local road requests, communities on the fringes of growth development are submitting more requests for better road performance, increased callouts due to wild weather, and some roads nearing the end of their useful life with a number of defects reported have contributed to the indicator.
Statutory Planning					
Decision making					
<i>Council planning decisions upheld at VCAT</i> [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	40.00%	100.00%	53.33%	55.56%	The number of VCAT decisions made in relation to Council applications over the past 12 months has decreased compared with 2020/21 financial year. This has been due to delays in the hearing and determination of applications by VCAT as a result of the ongoing Covid 19 pandemic. There has been a slight increase in the percentage of VCAT decisions that support Council's original decision in relation to these planning applications.
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] x100	40.26%	43.41%	43.48%	43.44%	Population growth will continue to see increases in waste generation rates for the Melton municipality however the increased availability of the green bin services for residents along with ongoing initiatives, including our resource education program, social media campaigns, engagement at events and bin inspection programs will continue to encourage positive recycling behaviours and waste diversion.

Financial Performance Indicators

For the year ended 30 June 2022

Dimension/ <i>indicator /measure</i>	Results				Forecast				Material Variations
	2019	2020	2021	2022	2023	2024	2025	2026	
Efficiency									
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges/ Number of property assessments]	n/a	\$1,583.94	\$1,685.11	\$1,671.45	\$1,708.56	\$1,717.25	\$1,791.83	\$1,841.15	Fluctuations with regards to this indicator are due to assessment growth.
Revenue level									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,746.06	n/a	n/a	n/a	n/a	n/a	n/a	n/a	This measure was retired in 2019/20.
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,805.53	\$2,871.35	\$2,767.63	\$2,654.13	\$2,811.72	\$2,648.28	\$2,656.14	\$2,703.00	Result reflects expenditure efficiencies achieved despite significant growth in the number of property assessments.
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	570.97%	524.76%	375.53%	311.41%	509.73%	465.02%	554.31%	779.68%	Favourable movement in this ration is largely due to inflows of significant developer monetary contributions. Council's liquidity remains strong in dollar terms and forecasted to remain so with substantial cash reserves in place over the medium term.

Dimension/indicator /measure	Results				Forecast				Material Variations
	2019	2020	2021	2022	2023	2024	2025	2026	
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	49.76%	-61.11%	-156.53%	-296.08%	153.24%	150.79%	174.14%	225.65%	Movements in actual figures in years 2018/19 and 2019/20 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.
Obligations									
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expenses/ Asset depreciation] x100	n/a	86.46%	37.62%	46.40%	42.01%	45.51%	43.33%	43.18%	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									
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	28.41%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	This measure was retired in 2019/20.
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	14.05%	10.44%	7.92%	5.58%	3.53%	1.74%	0.45%	0.00%	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 future years.

Dimension/indicator /measure	Results				Forecast				Material Variations
	2019	2020	2021	2022	2023	2024	2025	2026	
<p><i>Loans and borrowings repayments compared to rates</i></p> <p>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p>	3.23%	2.89%	2.08%	1.89%	1.71%	1.54%	1.15%	0.43%	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 future years.
Obligations (cont.)									
Indebtedness									
<p><i>Non-current liabilities compared to own source revenue</i></p> <p>[Non-current liabilities / Own source revenue] x100</p>	14.46%	15.40%	11.32%	12.29%	12.79%	9.76%	7.77%	7.61%	Council's Non Current Liabilities continue to remain stable and at a manageable levels.
Operating position									
Adjusted underlying result									
<p><i>Adjusted underlying surplus (or deficit)</i></p> <p>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</p>	1.19%	-7.26%	19.33%	33.28%	40.09%	27.55%	25.67%	20.96%	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.

Dimension/indicator /measure	Results				Forecast				Material Variations
	2019	2020	2021	2022	2023	2024	2025	2026	
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i>	67.35%	71.44%	56.15%	48.43%	42.46%	54.17%	57.34%	61.38%	Council has and will continue to have a high level of growth in rate revenue. Fluctuations in land sales income will impact this indicator. Variance is due to fluctuations in land sales income.
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
<i>Rates compared to property values</i>	0.34%	0.33%	0.34%	0.34%	0.34%	0.36%	0.38%	0.39%	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 2020* and the Local Government (Planning and Reporting) Regulations 2020.



Peter Leersen CPA
Principal Accounting Officer

Dated: 3 October 2022

In our opinion, the accompanying performance statement of the Melton City Council for the year ended 30 June 2022 presents fairly the results of the 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 the performance statement in their final form.



Cr Goran Kesic
Mayor

Dated: 3 October 2022
232 High Street, Melton VIC



Cr Lara Carli

Dated: 3 October 2022
232 High Street, Melton VIC



Roslyn Wai
Chief Executive Officer

Dated: 3 October 2022
232 High Street, Melton VIC

Independent Auditor's Report

To the Councillors of Melton City Council

Opinion I have audited the accompanying performance statement of Melton City Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2022
- sustainable capacity indicators for the year ended 30 June 2022
- service performance indicators for the year ended 30 June 2022
- financial performance indicators for the year ended 30 June 2022
- other information and
- certification of the performance statement.

In my opinion, the performance statement of Melton City Council in respect of the year ended 30 June 2022 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 the *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
7 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria