

PERFORMANCE STATEMENT

For the year ended 30 June 2020

Description of municipality

The City of Moreland is located between 4km and 14km north of central Melbourne and covers the inner and mid-northern suburbs of Brunswick, Brunswick East, Brunswick West, Pascoe Vale, Pascoe Vale South, Coburg, Coburg North, Hadfield, Fawkner, Glenroy, Oak Park and Gowanbrae. Small sections of Fitzroy North and Tullamarine are also part of Moreland.

In June 2018, our estimated resident population was 181,725.¹ Between 2011 and 2036 it is predicted we will see unprecedented population growth. It is anticipated the municipality will grow by 48 per cent – from a population of 154,245 in 2011 to 228,425 in 2036. The majority of this growth will occur by 2026, and the greatest proportion of growth will occur in Brunswick and Brunswick East.

Moreland is a highly culturally and linguistically diverse municipality, with residents speaking approximately 140 different languages at home. In 2016, 34 per cent of residents were born overseas. Of those residents, 87 per cent were born in non-English-speaking countries and 13 per cent were born in English-speaking countries. The main countries of birth of residents, apart from Australia, represent the traditional migrant groups from Europe, including Italy, Greece and the United Kingdom, along with India, Pakistan, New Zealand and China. Moreland's new arrivals now also include the countries of Syria, Nepal, the Philippines and Iraq.

For many years Moreland's businesses were largely industrial and were the municipality's largest employers. Now the businesses employing the largest numbers of people are those engaged in health care and social assistance with manufacturing falling into fourth place. The second-largest employment category is the retail trade while the third-largest is education and training.

COVID-19 impact

In January 2020, the World Health Organisation declared the outbreak of COVID-19 a public health emergency of international concern and subsequently in March 2020 it was declared a global pandemic. On 16 March 2020, a State of Emergency was declared in Victoria and restrictions were put in place on gatherings, a call to work from home and significantly lower levels of activity in the community. Many of Council services have needed to close or operate using revised health precautions. Where these changes have affected Council services, they are noted in the comments section in the following Performance Statement.

¹ Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

		Results	Results	Results	Results	
	Indicator / measure [formula]	2017	2018	2019	2020	Comments
Population						
C1	Expenses per head of municipal population [Total expenses / Municipal population]	\$946.90	\$1,000.12	\$1,065.22	\$1,023.60	This result does not necessarily reflect a reduction in Council's costs, more the impact of a reduction in expenditure related to the asset capitalisation process.
C2	Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$3,931.99	\$3,974.14	\$3,934.86	\$5,006.38	Council experienced a large variance due to positive revaluation for infrastructure assets of approximately \$200 million.
C3	Population density per length of road [Municipal population / Kilometres of local roads]	271.68	281.19	288.91	295.34	The result achieved has remained consistent, with population growth a result of increased housing opportunities, available through numerous 2 lot subdivisions of existing lots and the construction of multi-level accommodation.
Own-source revenue						
C4	Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$934.38	\$989.11	\$983.31	\$986.20	The result achieved has remained consistent.
Recurrent grants						
C5	Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$127.38	\$119.76	\$104.36	\$99.33	Recurrent grants reduced from the previous year by approximately \$0.265 million.

		Results	Results	Results	Results	
	<i>Indicator / measure</i> [formula]	2017	2018	2019	2020	Comments
	<i>Disadvantage</i>					
C6	Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	6.00	7.00	7.00	7.00	The result achieved has remained consistent.
	<i>Workforce turnover</i>					
C7	Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.6%	8.7%	12.1%	9.0%	Staff turnover has reduced, with a key contributing factor attributed to COVID-19 and less departures from secure employment as a result of the economic impact of COVID-19.

Service Performance Indicators						
		Results	Results	Results	Results	
	Service/indicator/measure	2017	2018	2019	2020	Comments
Aquatic Facilities						
Utilisation						
AF6	Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	5.51	5.30	6.18	4.49	Utilisation of the facilities was impacted by a range of planned and unplanned events, including: capital works to upgrade facilities (Brunswick, Fawkner, Coburg), closures due to poor air quality during the summer bushfires and COVID-19 restrictions. These events resulted in a decrease in utilisation across all facilities.
Animal Management						
Health and safety						
AM7	Animal management prosecutions [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	Council has successfully prosecuted all cases taken to Court.
Food Safety						
Health and safety						
FS4	Critical and major non-compliance outcome notifications [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	98.70%	97.60%	100.00%	100.00%	Council ensures that every non-compliance identified through assessments and inspections is followed up to ensure compliance with the relevant standard is achieved. This result is aligned with the previous years outcome.

		Results	Results	Results	Results	
	Service/indicator/measure	2017	2018	2019	2020	Comments
	Governance					
	Satisfaction					
G5	Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	54.00	59.00	54.00	56.00	The improvement is in line with prior years and is a continuous improvement focus for Council. Council continues to increase its transparency through the livestreaming of meetings and interaction with the community on a range of platforms. Council is implementing its Community Engagement and Public Participation Policy
	Libraries					
	Participation					
LB4	Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	15.63%	14.85%	13.85%	13.65%	The number of active library members has declined marginally, acknowledging the impact of COVID-19 related closures for 11 weeks and limited reopening for an additional 4 week period.
	Maternal and Child Health (MCH)					
	Participation					
MC4	Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	67.87%	69.61%	71.41%	72.27%	Council makes contact with 100% of families following a birth. In some cases, families opt to seek alternative family support services as their child grows. Our service assists families to connect with other community support services and networks.
	Participation					
MC5	Participation in the MCH service by Aboriginal children [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	61.90%	65.12%	77.78%	71.43%	Rates of enrolment from Aboriginal and Torres Strait Islander families reduced compared to last year. Some Aboriginal families do choose to access MCH services from an Aboriginal Community Controlled Health Service which is available in a neighbouring municipality.

		Results	Results	Results	Results	
	Service/indicator/measure	2017	2018	2019	2020	Comments
	Roads					
	Satisfaction					
R5	Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	56.00	62.00	57.00	57.00	Community satisfaction is consistent with last year and aligned to the average rating of 58 over the previous 3 years.
	Statutory Planning					
	Decision making					
SP4	Council planning decisions upheld at VCAT [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	39.73%	51.09%	47.14%	67.57%	The improved results are reflective of both a significantly reduced number of cases before VCAT in 2019-20 and improved VCAT outcomes in supporting Council and delegate decision-making.
	Waste Collection					
	Waste diversion					
WC5	Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	46.49%	44.18%	43.65%	48.48%	The introduction of food into the garden waste stream from the 1st July 2019 has seen an additional 10,000 households with access to the service diverting more food waste from landfill and higher diversion rates. The tonnage data for diversion obtained from this waste stream is included in the diversion tonnages.

Financial Performance Indicators										
		Results	Results	Results	Results	Forecasts				
	Dimension/ indicator/ measure	2017	2018	2019	2020	2021	2022	2023	2024	Material Variations and Comments
Efficiency										
Expenditure level										
E2	Expenses per property assessment [Total expenses / Number of property assessments]	\$2,148.35	\$2,242.50	\$2,390.96	\$2,304.75	\$2,501.10	\$2,240.02	\$2,255.34	\$2,265.27	Council is continuing its program of finding efficiencies, resulting in a small decrease this year.
Revenue level										
E4	Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,713.62	\$1,762.09	\$1,766.84	\$1,771.50	\$1,776.07	This is a new indicator with no previous comparisons.
Liquidity										
Working capital										
L1	Current assets compared to current liabilities [Current assets / Current liabilities] x100	266.94%	347.78%	213.05%	262.66%	287.89%	296.63%	339.99%	383.34%	Higher levels of unrestricted cash produced a favourable result for Council. This is as a result of shorter term deposits and a higher percentage of those expiring within 90 days of 30 June 2020. Current liabilities also decreased with the maturity of a Local Government Funding Vehicle bond in November 2019 (\$8.00 million).

		Results	Results	Results	Results	Forecasts				
	Dimension/ indicator/ measure	2017	2018	2019	2020	2021	2022	2023	2024	Material Variations and Comments
<i>Unrestricted cash</i>										
L2	Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	9.02%	-17.08%	112.36%	119.59%	100.63%	106.01%	138.81%	170.34%	Council has invested in more short term deposits, resulting in a higher unrestricted cash level with most expiring within 90 days of 30 June 2020. This is due to better short-term investment rates as compared to longer term.
<i>Obligations</i>										
<i>Loans and borrowings</i>										
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	34.28%	25.81%	23.39%	16.51%	21.64%	25.40%	22.56%	20.30%	Council has lower current interest bearing loans and borrowings when compared with 2018/19. In addition the payment of an \$8.00 million Local Government Funding Vehicle bond has reduced the loans and borrowings balance, resulting in the decrease. Council's borrowings are forecast to increase in 2020/21 and 2021/22 in line with major project deliveries.

		Results	Results	Results	Results	Forecasts				
	Dimension/ indicator/ measure	2017	2018	2019	2020	2021	2022	2023	2024	Material Variations and Comments
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.68%	9.22%	1.65%	6.43%	1.41%	2.91%	2.46%	2.40%	Council had a higher repayment of borrowings, with an \$8.00 million Local Government Funding Vehicle bond maturing in November 2019 resulting in a higher loan and borrowings repayment figure, leading to the large increase. Council's borrowings are forecast to increase in 2020/21 and 2021/22 in line with major project deliveries.
Indebtedness										
O4	Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	25.69%	21.25%	15.66%	14.62%	19.58%	21.35%	19.24%	17.31%	Council's rates and charges increased by \$8.million, whereas non-current liabilities reduced by \$1 million in 2019/20. Council's borrowings are forecast to increase in 2020/21 and 2021/22 in line with major project deliveries.
Asset renewal and upgrade										
O5	Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	70.02%	156.64%	173.18%	158.75%	171.55%	This is a new indicator with no previous comparisons. It should be noted that classifications of asset expenditure can vary year on year depending on the nature of the projects being delivered.

		Results	Results	Results	Results	Forecasts				
	Dimension/ indicator/ measure	2017	2018	2019	2020	2021	2022	2023	2024	Material Variations and Comments
Operating position										
Adjusted underlying result										
OP1	Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	17.78%	17.61%	9.31%	13.56%	9.60%	15.82%	15.58%	15.16%	Surplus increased in 2019/20 due to an increase in rates and charges and a significant reduction in materials and services in 2019/20.
Stability										
Rates concentration										
S1	Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	70.11%	65.79%	70.75%	72.15%	71.18%	75.53%	75.93%	76.24%	The result of this indicator has remained consistent over the last few years. The small increase year on year is due to supplementary rates issued.
Rates effort										
S2	Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.28%	0.28%	0.24%	0.28%	0.28%	0.28%	0.29%	0.29%	Property values retracted slightly in 2018/19, resulting in a slightly increased variance. This change was not unexpected and did not impact revenue due to rate capping.

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 member" means a member of a library who has borrowed a book from the library

"Annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"Class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

"Class 2 food premises" means food premises, within the meaning of the Food Act 1984 , that have been declared as class 2 food premises under section 19C of that 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

"Food premises" has the same meaning as in the Food Act 1984

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the 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

"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

"Population" means the resident population estimated by council

"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

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (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" means the resident population estimated by council

"Rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"Recurrent grant" 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 – 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 year 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 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 those adopted by council in its strategic resource plan adopted on July 8 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 by contacting council.

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.



Melissa Baker, Certified Practising Accountant

Principal Accounting Officer (Acting)

Dated: 28/9/2020

In our opinion the accompanying performance statement of the Moreland 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 this performance statement in its final form.



Lambros Tapinos

Mayor and Councillor

Dated: 28/9/2020



Oscar Yildiz

Deputy Mayor and Councillor

Dated: 28/9/2020



Cathy Henderson

Chief Executive Officer

Dated: 28/9/2020

Independent Auditor's Report

To the Councillors of Moreland City Council

Opinion	<p>I have audited the accompanying performance statement of Moreland City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • notes to the performance statement and • the certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</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>. I and my staff 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 and 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 is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, 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</p>

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 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
29 September 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria