

## Financial overview

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**The 'Financial Report' section in this report includes the comprehensive financial statements. These were prepared in accordance with relevant accounting standards and legislative requirements.**

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These statements are detailed. As such, some stakeholders and community members may find them difficult to interpret. This overview aims to simplify the key information about our financial performance for the year.

### Strategic resource plan

We are guided by the principles of our Strategic Resource Plan 2020-2025. This plan is not intended to be static. It is reviewed each year as part of our planning process and updated to reflect changing circumstances.

The aim of the strategic resource plan is to ensure we can:

- undertake our strategic and governance role
- maintain and repair our infrastructure assets at the level expected by the community
- deliver essential services.

### Operating income

Our total income for the year was \$238.374 million.

There was an increase in income of \$17.965 million (or 8.2%) compared to 2019-20. This was largely due to an increase in grant funding, relating to the Working for Victoria program. Our major source of income, rates and charges generated \$163.998 million (or 68.8% of total income).

Other major sources of income include:

- government grants of \$38.218 million (or 16.0% of total income)
- user fees and statutory fees and fines of \$16.695 million (or 7.0% of total income).

### Operating expenses

Our total operating expenses for the year were \$208.982 million.

The majority of this was employee costs. This was \$104.255 million (49.9% of total expenses). The employee costs for 2020-21 include \$13.632 million of staffing costs related to the State Government-funded Working for Victoria program.

The next biggest cost was material and services of \$63.925 million (30.6% of total expenses).

We are reporting an accounting surplus of \$29.392 million for the financial year. It is important to note this accounting surplus is not spare funds which build up in the bank. This is surplus funds which are on our balance sheet. They include our capital works program and loan repayments.

Other funds are directed to reserves. Reserves are already committed to future capital works expenditure or other important items that are one-off.

## Operating expenditure profile for 2020-21

Operating category	Percentage
Administration	19.8%
Asset depreciation	13.7%
Planning and economic development	8.4%
Aged, disability and social services	7.8%
Waste collection and recycling	7.4%
Parks and street trees	6.9%
Local laws and regulations	5.1%
Arts, culture and libraries	4.0%
Systems and communications	3.7%
Recreation and leisure	3.3%
Health and immunisation	2.9%
Roads and footpaths	2.9%
Customer service	2.8%
Street cleansing	2.3%
Youth and children's services	2.3%
Asset maintenance	1.8%
Governance	1.6%
Transport	1.5%
Capital works	0.9%
Property services	0.5%
Asset management	0.4%
Total	100.0%

## Covid-19 pandemic

There were several financial impacts to Moreland Council in the year to 30 June 2021 due to the Covid-19 pandemic. Some of these impacts were allowed for in the budget, including:

- deferral of rates revenue/interest-free period of \$1.0 million
- infringements loss of \$1.5 million
- waiver of 6 months of health registration fees for food businesses of \$0.5 million
- parking income loss of \$0.1 million.

When restrictions were extended beyond September 2020, there were further financial impacts not budgeted for. These included:

- increased costs of \$1.8 million for the closure of leisure centres
- further infringement loss of \$1.5 million
- waiver of the remaining 6 months of health registration fees for food businesses of \$0.5 million
- venue hire income \$0.2 million loss

- \$0.1 million decrease in revenue due to the waiver of sporting fees
- further parking income loss of \$0.1 million.

We also waived \$65,726 of rental income from sporting, retail and commercial tenants in our buildings. We waived this income in recognition of how they were being affected by the pandemic.

## Capital expenses

Our total completed capital expenditure for the year was \$38.811 million. We spent another \$29.868 million on works in progress.

We continue to address our capital works program across a wide range of projects. Our total completed capital work spend was \$11.531 million above the depreciation for the year.

### Capital works by category delivered in 2020-21

Asset class	Amount
Buildings	\$14.247m
Roads	\$6.771m
Footpaths and cycleways	\$5.388m
Drainage	\$3.477m
Bridges	\$2.473m
Other infrastructure	\$2.356m
Plant, machinery and equipment	\$1.853m
Library collection	\$1.000m
Land	\$0.659m
Computers and telecommunications	\$0.438m
Fixtures, fittings and furniture	\$0.151m