

# PERFORMANCE STATEMENT

For the year ended 30 June 2021

## Description of municipality

The City of Moreland is located between 4km and 14km north of central Melbourne. It covers the suburbs of: Brunswick, Brunswick East, Brunswick West, Pascoe Vale, Pascoe Vale South, Coburg, Coburg North, Hadfield, Fawkner, Glenroy, Oak Park, Gowanbrae and small sections of Fitzroy North and Tullamarine.

In 2020, our estimated resident population was 188,762. Our population forecasts suggest our population will grow by another 21 percent by 2036. (This forecast is from before the COVID-19 pandemic.)

Moreland is a highly culturally and linguistically diverse municipality. Today over 1 in 3 residents in Moreland were born overseas in more than 100 countries around the world.

In the post-war period, migrants from Italy and Greece made up most of the city's new residents. Today, the largest groups of new arrivals are from India, Pakistan and China. Residents speak approximately 140 different languages at home.

Moreland is also home to a vibrant community of local businesses and employment opportunities. Moreland was an early industrial centre but its economy has changed over the years.

Residents were historically much more likely to work in manufacturing. Today, the health and service sectors are our largest employers. Moreland is also the proud home to a vibrant creative sector, supporting a wide range of arts and cultural activities.

## The Covid-19 pandemic

In January 2020, the World Health Organization declared the outbreak of Covid-19 a public health emergency of international concern. In March 2020, Covid-19 was declared a global pandemic.

On 16 March 2020, a State of Emergency was declared in Victoria in relation to the pandemic. A national restriction was put in place on gatherings. There was also a nationwide call to work from home and significantly lower levels of activity in the economy and community.

Where these changes have affected council services, they are noted in the comments section in the following Performance Statement.

## Sustainable Capacity Indicators

		Results				
<i>Indicator / Measure [Formula]</i>		2018	2019	2020	2021	Comments
<b>Population</b>						
C1	Expenses per head of municipal population [Total expenses / Municipal population]	\$1,000.12	\$1,065.22	\$1,023.60	\$1,107.12	Throughout 2020-21 Council had an increase in expenditure, however the expenditure is anticipated to reduce to 'business as usual' in the outer year forecast. The increased expenditure is primarily due to Council's participation in the Working for Victoria (state funded) program, which saw an increased spend of \$14.9 million in the 2020-21 financial year as well as the costs associated with running the Council elections. The calculation does not take in to account the additional funding received by the State Government to fund the Working for Victoria program.
C2	Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$3,974.14	\$3,934.86	\$5,006.38	\$5,046.30	The result achieved has remained consistent over the last 2 years.
C3	Population density per length of road [Municipal population / Kilometres of local roads]	281.19	288.91	295.34	299.62	The result achieved has remained consistent, with population growth as a result of increased housing opportunities, available through numerous 2 lot subdivisions of existing lots and the construction of multi-level accommodation.
<b>Own-source revenue</b>						
C4	Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$989.11	\$983.31	\$986.20	\$985.51	The result achieved has remained consistent. Council was significantly impacted by the Covid-19 pandemic, which has resulted in a reduction in own-sourced revenue.
<b>Recurrent grants</b>						
C5	Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$119.76	\$104.36	\$99.33	\$100.64	The result achieved has remained consistent. This reflects the number of ongoing grants received in comparison to the municipal population. As the grants are of a recurrent nature, it is expected that the results will increase slightly year on year due to changes in the Consumer Price Index (CPI).
<b>Disadvantage</b>						
C6	Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	7.00	7.00	7.00	7.00	There has been no change to relative socio-economic disadvantage over the past 4 years.
<b>Workforce turnover</b>						
C7	Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.7%	12.1%	9.0%	14.7%	2019-20 turnover was lower considering the initial impact of the Covid-19 pandemic and increased desire for employment continuity. 2020-21 has seen an increase in staff turnover, which can be attributed to a range of factors including in part to the Covid-19 pandemic resulting in employees now reviewing their personal circumstances (including sea and tree changes) and competition from a strengthening labour market.

## Service Performance Indicators

	Service	Results				Comments
		2018	2019	2020	2021	
<b>Aquatic Facilities</b>						
<b>Utilisation</b>						
AF6	Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	5.30	6.18	4.49	2.31	Ongoing impacts of the Covid-19 pandemic saw multiple closures and continued capacity restrictions in place having a significant impact on attendances throughout the year.
<b>Animal Management</b>						
<b>Health and safety</b>						
AM7	Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	New in 2020	100%	100%	We successfully prosecuted all cases taken to court.
<b>Food Safety</b>						
<b>Health and safety</b>						
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	97.60%	100.00%	100.00%	95.05%	Most non-compliances identified through assessments and inspections have been followed up to ensure compliance with relevant standards is achieved.
<b>Governance</b>						
<b>Satisfaction</b>						
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]	59	54	56	58	This improvement is in line with prior years. Council continues to increase its transparency through the live streaming of meetings and interaction with the community on a range of engagement platforms.
<b>Libraries</b>						
<b>Participation</b>						
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	14.85%	13.85%	13.65%	12.01%	The result for this measure has decreased due to reduced services and closures during the Covid-19 pandemic. With libraries either closed or offering reduced hours for 80 percent of the year, library members were less able to make active use of library collections.

Service		Results				Comments
Indicator / Measure [Formula]		2018	2019	2020	2021	
<b>Maternal and Child Health (MCH)</b>						
<b>Participation</b>						
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	69.61%	71.41%	72.27%	69.79%	Due to Covid-19 lockdowns we have seen fewer clients face to face. Clients have rescheduled appointments to when face to face meetings can take place. During lockdowns priority was given to 0 to 8-week-old babies and vulnerable families as advised by the Department of Health.
<b>Participation</b>						
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	65.12%	77.78%	71.43%	68.86%	Due to the Covid-19 pandemic and lockdowns, appointments have been rescheduled by either the client or the service.
<b>Roads</b>						
<b>Satisfaction</b>						
R5	Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	62	57	57	60	We continue to maintain a satisfactory level of customer satisfaction with sealed local roads. The 2020-21 score of 60 is aligned to the average rating of 59 over the past 4 years.
<b>Statutory Planning</b>						
<b>Decision making</b>						
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	51.09%	47.14%	67.57%	75.00%	The improved results reflect a significantly reduced number of cases before VCAT in 2020-21 and a willingness of applicants to negotiate rather than wait an extended time for a hearing before VCAT.
<b>Waste Collection</b>						
<b>Waste diversion</b>						
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	44.18%	43.65%	48.48%	49.39%	Kerbside collection waste diverted from landfill is trending in the right direction. A 500 tonne reduction in garbage was achieved alongside a 5000 tonne increase in recyclables and food and garden organics.

## Financial Performance Indicators

	Dimension	Results				Forecasts				Material Variations and Comments
	Indicator / Measure	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Efficiency</b>										
<b>Expenditure level</b>										
E2	Expenses per property assessment [Total expenses / Number of property assessments]	\$2,242.50	\$2,390.96	\$2,304.75	\$2,504.57	\$2,378.84	\$2,358.98	\$2,374.27	\$2,401.70	Throughout 2020-21 Council had an increase in expenditure, however the expenditure is anticipated to reduce to 'business as usual' in the outer year forecast. The increased expenditure is primarily due to Council being a part of the Working for Victoria (state funded) program, which saw an increased spend of \$14.9 million in the 2020-21 financial year as well as the costs associated with running the Council elections. The calculation does not take in to account the revenue received by the State Government to fund the Working for Victoria program.
<b>Revenue level</b>										
E4	Average rate per property assessment [Total rate revenue (general rates and municipal charges) / Number of property assessments]	New in 2020	New in 2020	\$1,713.62	\$1,743.48	\$1,793.67	\$1,805.29	\$1,823.07	\$1,841.03	The result achieved has remained consistent. Council has increased the rate base by the rate cap that is set by the State Government.
<b>Liquidity</b>										
<b>Working capital</b>										
L1	Current assets compared to current liabilities [Current assets / Current liabilities] x100	347.78%	213.05%	262.66%	241.44%	271.04%	314.31%	321.48%	356.31%	The result achieved has remained consistent. The level of working capital (current assets divided by current liabilities) is forecasted to remain at an acceptable level.

	Dimension	Results				Forecasts				Material Variations and Comments
	Indicator / Measure	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Unrestricted cash</b>										
L2	Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	-17.08%	112.36%	119.59%	96.17%	112.32%	147.84%	148.89%	175.03%	Current liabilities have increased due to a \$9.0 million Local Government Funding Vehicle (LGFV) bond due for repayment in November 2021. The indicator is forecast to increase in the outer years.
<b>Obligations</b>										
<b>Loans and borrowings</b>										
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	25.81%	23.39%	16.51%	21.04%	19.90%	23.32%	21.19%	19.08%	Council's borrowings increased by \$9.5 million during the 2020-21 financial year, this loan was to partially fund the Glenroy Community Hub.
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	9.22%	1.65%	6.43%	1.38%	1.68%	2.42%	2.37%	2.32%	A \$9.0 million interest only loan was repaid in 2019-20 which resulted in an increase to the borrowing repayments compared to rates. Council is forecasting to borrow in 2022-23 to roll out the Kerbside Waste Reform. These borrowings will be included in the waste charge calculation (cost recovery model).
<b>Indebtedness</b>										
O4	Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	21.25%	15.66%	14.62%	14.14%	17.20%	19.89%	18.02%	16.15%	Non-current liabilities reduced as a \$9.0 million loan is now treated as a current liability as it is due for repayment in November 2021. Non-current liabilities are anticipated to increase in 2022-23 with forecast borrowings to roll out the Kerbside Waste Reform.

	Dimension	Results				Forecasts				Material Variations and Comments
	Indicator / Measure	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Asset renewal and upgrade</b>										
O5	Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	70.02%	95.57%	140.64%	141.91%	194.68%	161.95%	The asset renewal and upgrade expenditure in both 2019-20 and 2020-21 is lower than anticipated due to the significant volume of capital projects carried forward due to Covid-19 restrictions. Council's renewal and upgrade expenditure will fluctuate year on year, based on the projects being forecast to be delivered. Council has forecast to maintain a ratio of greater than 100 percent. This means that Council is maintaining its existing assets.
<b>Operating position</b>										
<b>Adjusted underlying result</b>										
OP1	Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	17.61%	9.31%	13.56%	10.28%	13.38%	14.42%	14.35%	14.19%	This year's result has reduced slightly in comparison to 2019-20. This is primarily due to the \$2.2 million reduction in statutory fees and fines as a result of the ongoing impacts of Covid-19 lockdowns and restrictions. The reduction was also impacted by the timing of the Working for Victoria program. Council incurred Working for Victoria expenditure in 2020-21 which related to grant funds received in the prior year.
<b>Stability</b>										
<b>Rates concentration</b>										
S1	Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	65.79%	70.75%	72.15%	70.18%	74.90%	76.16%	76.49%	76.62%	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.

	Dimension	Results				Forecasts				Material Variations and Comments
	Indicator / Measure	2018	2019	2020	2021	2022	2023	2024	2025	
	<b>Rates effort</b>									
S2	Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.28%	0.24%	0.28%	0.27%	0.28%	0.28%	0.28%	0.28%	The result achieved has remained consistent.



## **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 authorised 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:

non-recurrent grants used to fund capital expenditure; and

non-monetary asset contributions; and

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 8 July 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 THE 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.

Amanda Burgess

Signature:



Chief Financial Officer

Date: 23/09/2021

In our opinion the accompanying performance statement of the Moreland 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.

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.

Cathy Henderson

Signature:



Chief Executive Officer

Date:

23/9/2021

Cr Annalivia Carli Hannan

Signature:



Mayor

Date:

23/09/2021

Cr Mark Riley

Signature:



Deputy Mayor

Date:

23/09/2021

# Independent Auditor's Report

## To the Councillors of Moreland City Council

<p><b>Opinion</b></p>	<p>I have audited the accompanying performance statement of Moreland City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of the municipality for the year ended 30 June 2021</li> <li>• sustainable capacity indicators for the year ended 30 June 2021</li> <li>• service performance indicators for the year ended 30 June 2021</li> <li>• financial performance indicators for the year ended 30 June 2021</li> <li>• other information for the year ended 30 June 2021 (basis of preparation) and</li> <li>• the the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2021 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p><b>Basis for Opinion</b></p>	<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>
<p><b>Councillors' responsibilities for the performance statement</b></p>	<p>The Councillors are 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>
<p><b>Auditor's responsibilities for the audit of the performance statement</b></p>	<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>

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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.

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MELBOURNE  
30 September 2021



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*