

MONASH CITY COUNCIL

DRAFT PERFORMANCE STATEMENT

For the year ended 30 June 2019

Description of municipality

The City of Monash is a culturally diverse community in Melbourne's south eastern suburbs, between 13 and 24 kilometres south-east of Melbourne's Central Business District.

Our City is 81.5 square kilometres and includes the suburbs of Ashwood, Clayton, Glen Waverley, Hughesdale, Huntingdale, Mount Waverley, Mulgrave, Notting Hill, Oakleigh, Oakleigh East and parts of Chadstone, Burwood, Oakleigh South and Wheelers Hill.

Monash is one of Melbourne's most populous municipalities, with an estimated residential population of 200,077 people living in more than 73,500 dwellings. We are regarded as a cosmopolitan city. Almost 45% of our residents were born overseas, having come from more than 45 different countries.

In keeping with the State Government's cap on rate increases, rate revenue was increased by 3.18% (comprising the 2.25% rate cap with 0.08% supplementary rate growth). By controlling costs over many years, rates have been kept low, in the 2017/18 year, the average residential rates in Monash were \$1,379.46, compared with the state wide average of \$1,625.06 and similar council average of \$1,565. In 2018/19, the average residential rates in Monash was \$1,427.92.

Sustainable Capacity Indicators

For the year ended 30 June 2019

Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Population					
Expenses per head of municipal population <i>[Total expenses / Municipal population]</i>	\$814.23	\$844.88	\$858.46	\$893.64	The increase is attributed to Council introducing 1.5 new Staffing initiatives in 2018/19 and a 2.5% EBA increase on salaries and wages. Materials, Services and contracts costs increased due to a Council resolution for a provision of \$2.6M to pay for fines related to the PIN Legal Matter. This ratio is increasing as our expenses have increased by 5.8%. However population has only increased by 1.67%.
Infrastructure per head of municipal Population <i>[Value of infrastructure / Municipal Population]</i>	\$4,213.67	\$4,313.91	\$4,274.84	\$4,493.36	The positive variance primarily relates to increases in infrastructure revaluations combined with a higher capital works program.
Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	250.05	253.18	262.25	271.84	The length of road has been revised during 2018/19 reporting period. Monash reported 750 kilometers of road in 2017/18, the kilometers reported for 2018/19 is 736. Due to the adjustment to the kilometers of roads and the increase in Municipal population this has resulted to an increase in population density.
Own-source revenue					
Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$778.16	\$795.32	\$787.12	\$809.33	Current year variance in line with 2.25% increase in rates, coupled with increased user fees & charges. Increase in own source revenue is 4.36% whereas the population increased in 1.67% which resulted a higher ratio than 17/18 Financial Year.
Recurrent grants					
Recurrent grants per head of municipal population	\$97.49	\$121.38	\$105.69	\$102.78	The variance reflects the decrease in recurrent grants by \$100K whereas the population increased by 1.67% resulting in a lower ratio than 17/18.

Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Disadvantage					
Relative socio-economic disadvantage <i>[Index of Relative Socio-economic Disadvantage by decile]</i>	9	9	9	9	The City of Monash is ranked in the top 10% on the SEIFA index suggesting low levels of disadvantage, however Monash has some pockets of high levels of disadvantage.

Definitions

"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.

"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*.

"population" means the resident population estimated by the Australian Bureau of Statistics.

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).

"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.

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2019

Service/Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Aquatic facilities Utilisation Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities /Municipal population]</i>	8.50	8.53	8.25	8.30	Marginal variation over the four year period. However, aquatic attendance growth remains subdued primarily due to closure of Oakleigh Recreation Centre (ORC) in April for redevelopment and limited capacity for program expansion at Monash Aquatic & Recreation Centre (MARC). These issues will be addressed through the planned re-opening of ORC in late in 2020 and planning works for MARC.
Animal management Health and safety Animal management prosecutions <i>[Number of successful animal management prosecutions]</i>	7	11	12	6	There has been a 50% reduction in the number of prosecutions undertaken and these were all successful. The number of prosecutions undertaken annually is largely dependent on the number of animal management related offences reported to Council.
Food safety Health and safety 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</i>	99.73%	97.08%	100%	100%	Data has been taken for the entire 2018 calendar year as per the 2018 Performance Reporting requirements. All non-compliance notifications have been followed up during the reporting period.

Service/Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Governance Satisfaction 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)</i>	60	60	73	72	This satisfaction rating marginally decreased compared to 2017-18, which is consistent with a downward trend in the metro Melbourne benchmark for 2018-19. However, Monash has achieved a significant increase compared to 2015-16 and 2016-17, which is an excellent result. In 2018, no other Council achieved a score above 66 for this measure, and in the 2019 state wide LGCC Survey showed the metro Melbourne benchmark for making decisions in the interest of community was 60, very significantly below the 2019 Monash score of 72.
Libraries Participation Active library members <i>[Number of active library members /Municipal population] x100</i>	19.04%	18.42%	17.51%	16.55%	Continued decline reflects measure of lending service (1.5 million loans), while uptake of online resources and community programs not reflected in the data.
Maternal and child health Participation 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</i>	79.81%	76.05%	79.27%	77.07%	There has been a slight decrease in the participation rate which can be associated with a state wide MCH staffing shortage. Permanent staff have been on leave with limited casual staff available to cover this leave which has affected consultations. We have now created a supported graduate program to increase our casual staff pool.
Participation 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</i>	73.91%	70.73%	72.13%	85.71%	There is a significant increase in attendance of Aboriginal and Torres Strait Islander (ABTSI) children and families in response to continue development of culturally sensitive practices with the Maternal Child Health (MCH) program. The MCH nursing staff continue to ask all families who attend the Maternal and Child Health centre if they wish to identify as being ABTSI. Resources are then provided that are culturally supportive and appropriate.

Service/Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Roads Satisfaction Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	72	69	77	78	The 2019 Community Satisfaction Survey result for Monash on this measure shows a 1 point increase compared to 2017/18. This is an excellent result for Monash. In 2018, no other Council achieved a score above 73 for this measure. The 2019 state wide LGCC Survey showed the metro Melbourne benchmark for satisfaction with sealed local roads was 69, significantly below the Monash score of 78.
Statutory Planning Decision making 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</i>	55.00%	39.58%	45.95%	47.97%	<p>We continue to see appeal numbers high but not disproportional to total numbers of applications received and determined. Amendment C125 which is a seriously entertained policy by Council but as the Minister has not introduced the full amendment into the planning scheme is still not being given full regard at VCAT and this is having an impact on this statistic.</p> <p>We continue to see the trend of plans being substituted at VCAT rather than resolving issues at the application stage before Council, which ultimately results in improved proposals and outcomes for Monash. In 53% or 41 of cases heard this financial year, plans were substituted to effectively address Council's concerns and to be in line with Council policy.</p> <p>For the 2015/16 to 2017/18 reporting periods we see a drop in support by VCAT at the beginning and a steady increase in support occurring in subsequent years.</p>

Service/Indicator/measure	Results				Material Variations
	2016	2017	2018	2019	
Waste Collection					
Waste diversion					
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	50.99%	52.36%	50.86%	49.81%	Gradual decrease in recyclable tonnes due to change in industry packaging. Notable reduction in tonnes for green waste, seasonal fluctuations likely, however further investigation will be undertaken.

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.

"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*.

"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 authorised 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 the Australian Bureau of Statistics.

"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*.

Financial Performance Indicators

For the year ended 30 June 2019

Dimension/indicator/measure	Results				Forecast				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
Efficiency									
Revenue level									
Average residential rate per residential property assessment <i>[Residential rate revenue / Number of residential property assessments]</i>	\$1,330.14	\$1,359.26	\$1,379.46	\$1,427.92	\$1,444.34	\$1,480.44	\$1,517.45	\$1,555.39	The current year variance compared to the prior year, reflects a 3.51% increase in the average residential rate per residential property. This increase is due to the increase in residential rate revenue by the rate cap of 2.25% plus supplementary growth income. There was also a proportionately smaller increase in the number of residential assessments.
Expenditure level									
Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$1,966.85	\$2,052.20	\$2,138.82	\$2,234.95	\$2,264.25	\$2,359.20	\$2,427.13	\$2,504.25	The increase attributed to Council new initiatives for 1.5 new positions and 2.5% EBA increase on salaries and wages. In addition Council undertook a workforce alignment review which resulted in 35 additional positions being approved. Some of these positions were recruited in 2018/19. Materials, Services and Contracts also increased by \$4.3M compared to 2017/18 and are attributable to the parking infringement provision of (\$2.6M) and increases in waste management services, utility costs and software support.

Dimension/indicator/measure	Results				Forecast				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
Workforce turnover									
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</i>	10.12%	13.73%	14.89%	11.00%	10.76%	10.76%	10.76%	10.76%	There was an increase over the first three years due to an increase in redundancies and retirements. The decline in 2019 compared to 2018 was mainly due to a decrease in the number of resignations.
Liquidity									
Working capital									
Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	193.19%	227.51%	229.80%	237.05%	195.38%	150.13%	157.11%	156.81%	The increase in the Working Capital Ratio compared to the previous year reflects an increased cash position. It is Council strategy to maintain the Working Capital Ratio above 150% in the short and long term. The decrease in later years reflects increased expenditure in capital works program (using cash reserves).
Unrestricted cash									
Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	-19.33%	9.80%	34.01%	20.28%	105.97%	63.25%	32.26%	76.70%	The trend reflects increase in current liabilities by 11% (due to Council resolution for a provision of \$2.6M to pay for fines related to the PIN legal matter) and decrease in unrestricted cash position by 33% due to higher balances held in trust funds and deposits and Statutory reserves (\$2.3M transferred to Public Open Space reserve) .

Dimension/indicator/measure	Results				Forecast				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
Obligations									
Asset renewal									
Asset renewal compared to depreciation <i>[Asset renewal expenses / Asset depreciation] x100</i>	63.00%	91.58%	104.90%	109.85%	137.21%	87.86%	107.44%	118.18%	The trend reflects the Council's aim to bridge the asset renewal gap by funding more renewal capital works to upgrade the City's infrastructure. However, the reduction in 2021 relates to bring renewal funding from future years to fund major projects in 2020.
Loans and borrowings									
Loans and borrowings compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Council achieved a debt free status as at 30 June 2015 and has no plans to borrow funds over the next 4 years for operating or capital expenditure.
Loans and borrowings									
Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Council achieved a debt free status as at 30 June 2015 and has no plans to borrow funds over the next 4 years for operating or capital expenditure.
Indebtedness									
Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	2.70%	2.08%	2.28%	2.04%	1.92%	1.88%	1.84%	1.81%	Current year variance compared to the prior year, is due to increased rate revenues and higher user charges whilst staff leave entitlements have reduced.

Dimension/indicator/measure	Results				Forecast				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i> <i>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</i>	11.20%	11.57%	8.15%	7.45%	3.65%	7.26%	4.92%	4.03%	Despite recording a higher revenue compared with 2017/18 , 5.8 % increase in expenditure due to higher employee and materials and services cost have contributed to reduction in adjusted underlying surplus in 18/19.
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i> <i>[Rate revenue / Adjusted underlying revenue] x100</i>	63.44%	62.13%	63.07%	62.73%	66.78%	63.79%	65.72%	66.46%	User charges and other revenue has increased at a higher rate than capped rate revenue combined with Victorian Grants Commission payments for 19/20 (\$2.1M) being made in advance.
Rates effort									
<i>Rates compared to property values</i> <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.21%	0.16%	0.16%	0.15%	0.16%	0.17%	0.17%	0.18%	The variance reflects Council's capped rate increase of 2.25% compared to the value of all properties in Monash that increased by an average 13% with the 2018 revaluation.

Definitions

"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 the Australian Bureau of Statistics.

"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

For the year ended 30 June 2019

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 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 on 26 June 2019 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.

DANIEL WAIN (CPA)
Principal Accounting Officer
Dated: 27 August 2019

In our opinion, the accompanying performance statement of the Monash City Council for the year ended 30 June 2019 presents fairly the results of 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

SHANE McCLUSKEY
Mayor
Dated: 27 August 2019

REBECCA PATERSON
Councillor
Dated: 27 August 2019

PETER PANAGAKOS
Acting Chief Executive Officer
Dated: 27 August 2019
