

Melton City Council

Group: Interface

This fact sheet uses graphs and other data to show whether there have been any significant changes in this council's services, infrastructure and financial outcomes since the introduction of rate capping — a system that restricts the amount a council can increase its general rates and municipal charges in each financial year.

A reader's guide is available to help you understand the terms used in this fact sheet. You can compare this council's data against its 'group' by looking at the fact sheet for interface councils. View the reader's guide, all available fact sheets and information for the sector as a whole at <http://www.esc.vic.gov.au/outcomes-reports>.



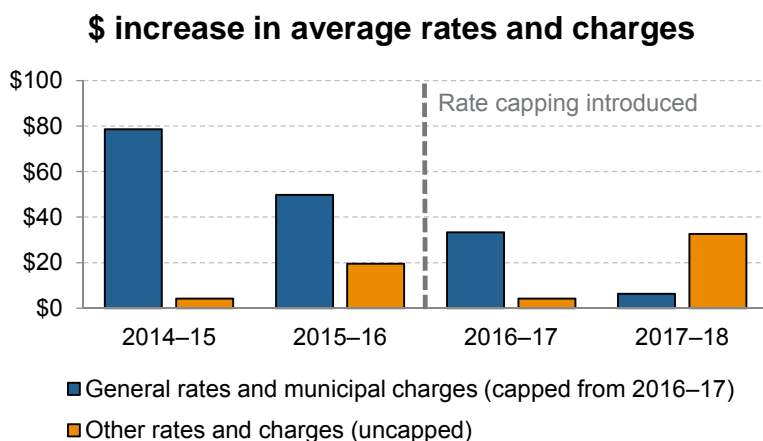
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Key facts

Population:	148,644
Size (km ²):	527
Length of local roads (km):	1,125
Population per km of roads:	132
Council employees (FTE, 2017–18):	588
Submitted an application for a higher cap for 2016–17 or 2017–18?	No

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,725	n/a
2015–16	\$1,794	n/a
2016–17	\$1,831	2.50%
2017–18	\$1,870	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Yes

How have rates changed for individual ratepayers?

Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

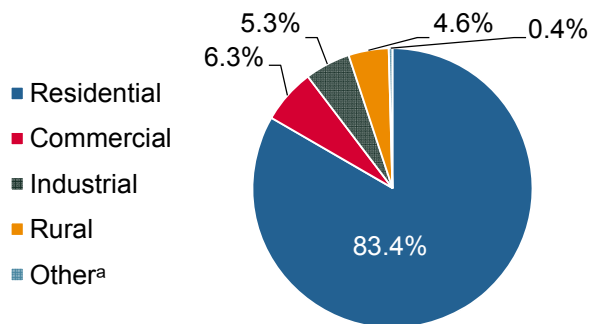


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

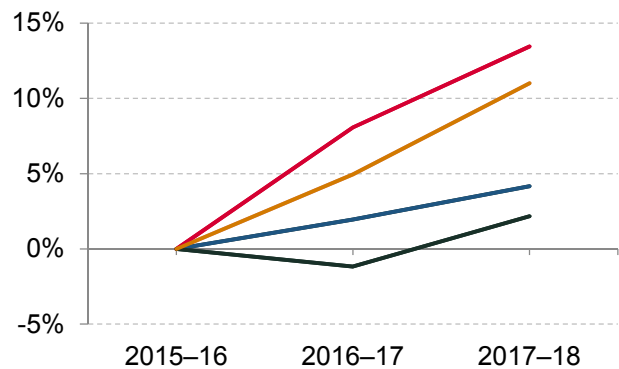
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^a Category has been omitted from the line chart

Percentage change in average rates and charges since 2015–16



Source: Victoria Grants Commission (unaudited data). Includes both capped and uncapped rates and charges.

Residential ratepayers pay the majority of Melton City Council's rates and charges. This group of ratepayers, on average, experienced a 4.2 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rate increases can be due to relative changes in property valuations, and changes in property numbers, the council's rating structure, and uncapped rates and charges. Council's average rates and charges (a combination of all classes) increased from \$1,794 to \$1,870 (4.3 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
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Where is council's money coming from?

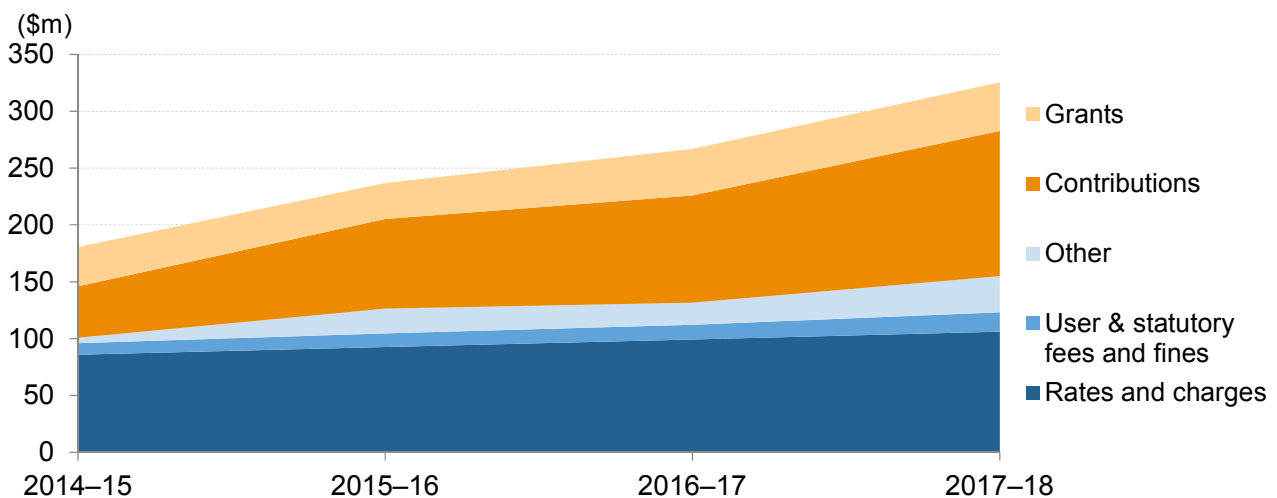
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	89.3	43	102.7	35
Grants	33.1	16	41.8	14
User fees and statutory fees and fines	11.0	5	15.0	5
Contributions	62.1	30	111.0	37
Other	13.2	6	25.6	9
Total	208.8	100	296.1	100

Melton City Council's average revenue from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The changes in the composition of council's revenue reflect the proportionately higher increases in average revenue from contributions and 'other' sources over the two years after rate capping commenced.

Note: Revenue from grants may have been affected by the advance payment of annual Commonwealth grant allocations in 2014–15, 2016–17 and 2017–18.

Revenue growth by source



Expenditure

See the reader's guide for data sources and useful information.
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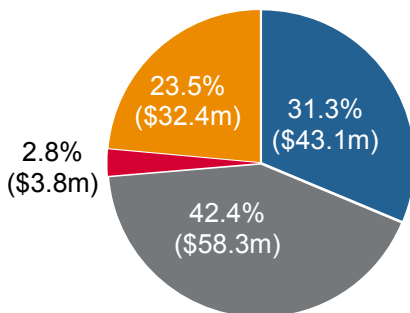
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$105.9m	\$36m	\$819	\$279
2015–16	\$104.6m	\$28.8m	\$775	\$213
2016–17	\$113m	\$30.5m	\$799	\$216
2017–18	\$125.5m	\$39.7m	\$844	\$267

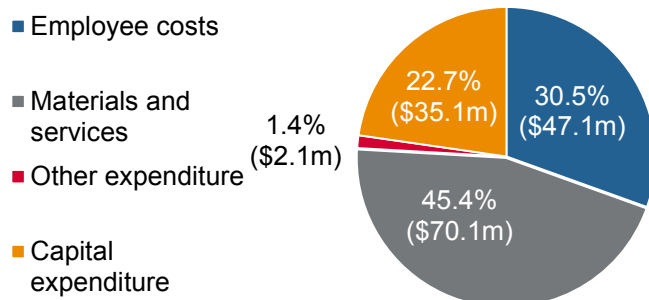
Melton City Council's operating expenses have been trending upward over time, driven by increased spending on materials and services (largely relating to contract payments and contract labour, maintenance and utilities costs), as well as increased employee costs. Capital expenditure has varied more, reflecting fluctuations in spending on new assets and asset renewal.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

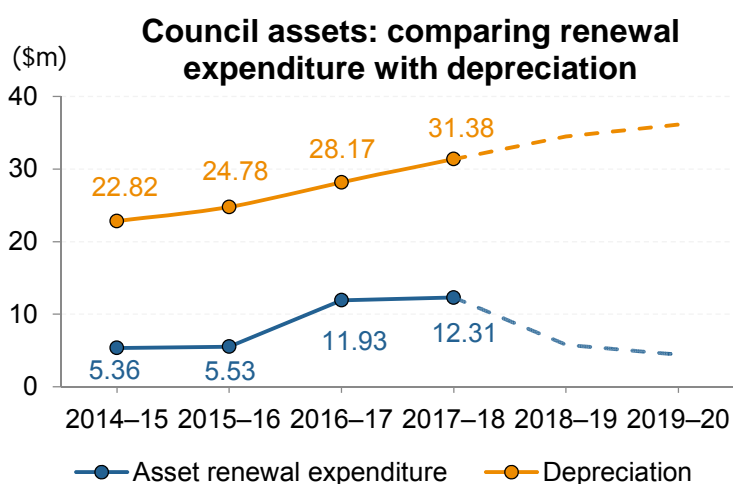


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Melton City Council's expenditure, reflecting an increase in average spending on materials and services and a decrease in average 'other' expenditure. Employee costs and capital expenditure decreased as a proportion of total expenditure, despite increasing in terms of average dollars spent.

Is council renewing its assets (such as roads, parks and buildings)?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	23
2015-16	22
2016-17	42
2017-18	39
2018-19	17 (forecast data)
2019-20	12 (forecast data)

Melton City Council's spending on the renewal of its assets has been trending upward in recent years, but remains less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to decrease further below 100 per cent of depreciation. A sustained gap between expenditure and depreciation can lead to a backlog of renewal expenditure required and increase a council's costs in the long term. However, councils with a growing population (typically interface councils) tend to have lower levels of asset renewal as a percentage of depreciation. Their capital works are generally focused on new asset, upgrade and expansion projects to service their growing communities, and because of this they tend to have a higher proportion of newer assets with less need for renewal in the short term.

Has council's capital expenditure pattern changed?

Capital expenditure	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		Council's average spending on asset renewal and expansion projects in the two years after rate capping was introduced has increased. Average spending on new assets and upgrade projects decreased.
	\$m	% of total	\$m	% of total	
Renewal	5.4	17	12.1	35	
New	20.6	64	15.1	43	
Upgrade	5.9	18	3.7	11	
Expansion	0.4	1	4.1	12	
Total	32.4	100	35.1	100	

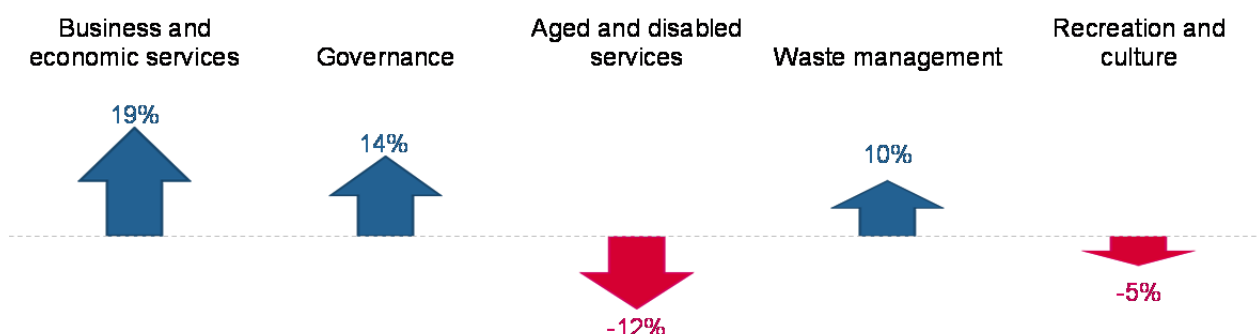
Services

See the reader's guide for data sources and useful information.
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Which service areas is council spending its money in?

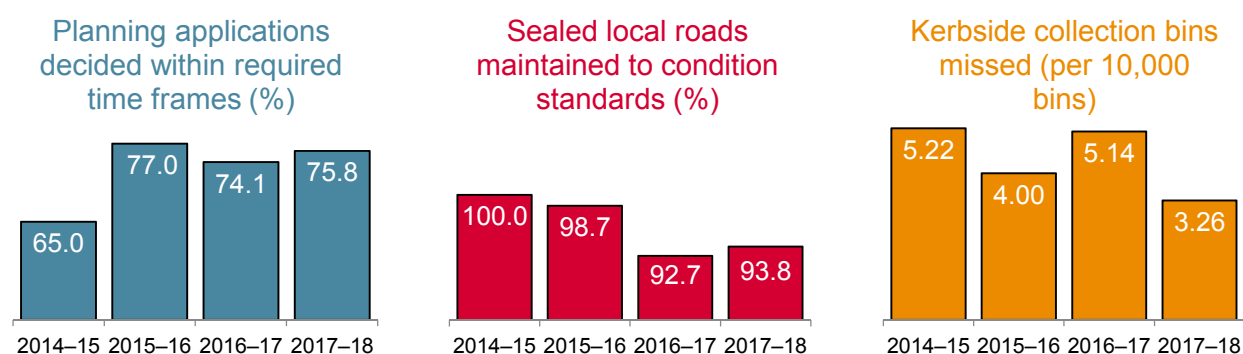
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	384	39.3	437	42.6
Recreation and culture	121	12.3	115	11.2
Family and community services	112	11.4	112	10.9
Waste management	102	10.4	112	10.9
Business and economic services	66	6.7	78	7.6
Aged and disabled services	54	5.5	47	4.6
Traffic and street management	42	4.3	42	4.1
Local roads and bridges	45	4.6	39	3.8
Other	41	4.2	35	3.4
Environment	11	1.2	10	1.0

Which service areas have experienced the biggest changes in spending?



Source: Victoria Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

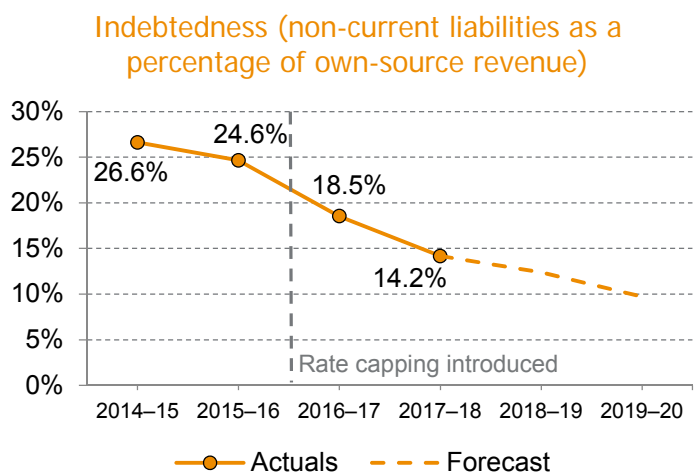
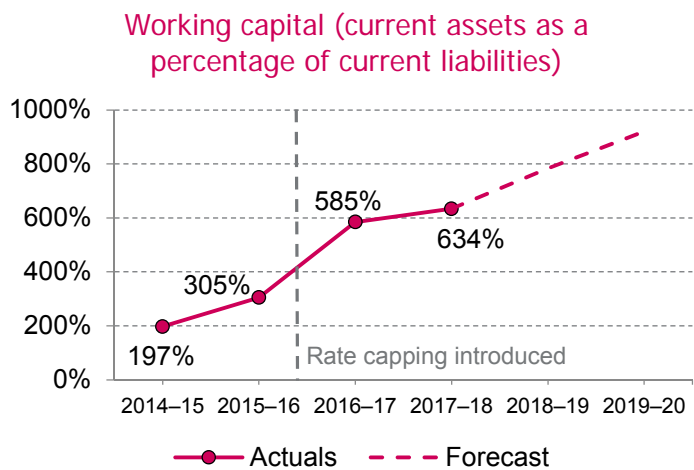
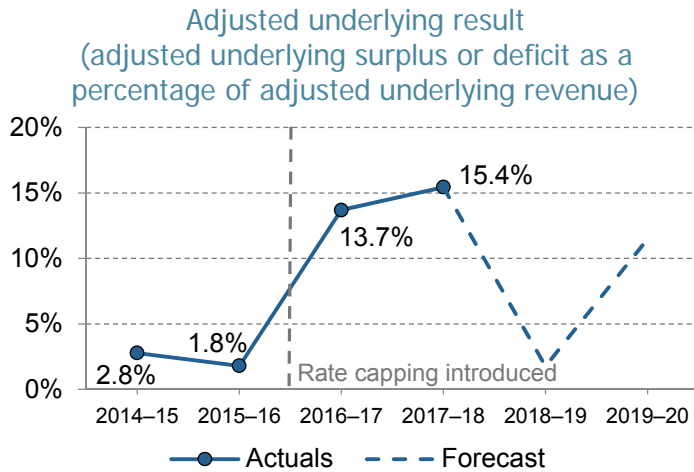
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2014–15 and 2017–18, Melton City Council reported an average **adjusted underlying result** of 8 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 430 per cent between 2014–15 and 2017–18. The increase in working capital relates to council building cash reserves.

The falling **indebtedness ratio** reflects council repaying some of its borrowings.

Note: Some of the year on year change in the adjusted underlying result and the working capital ratio may be due to the timing of Commonwealth grant payments.