

# Borough of Queenscliffe Council

## Group: Small Shire

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 small shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.

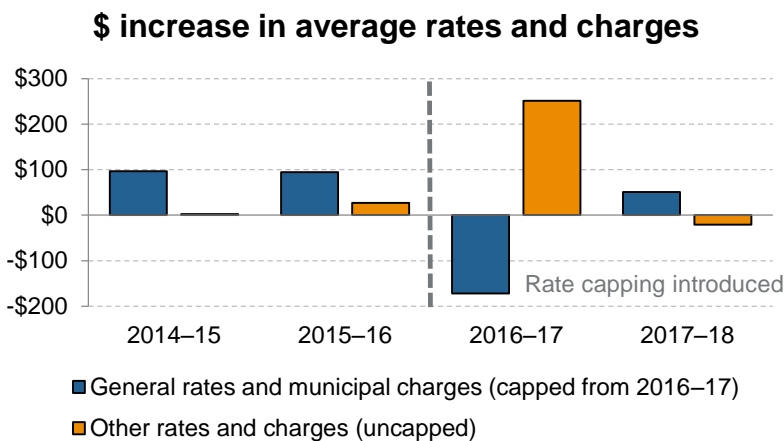


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Key facts	
Population:	2,960
Size (km <sup>2</sup> ):	10.69
Length of local roads (km):	43
Population per km of roads:	68.8
Council employees (FTE, 2017–18):	44
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

## Rates

### What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$2,023	n/a
2015–16	\$2,144	n/a
2016–17	\$2,224	2.50%
2017–18	\$2,254	2.00% <sup>a</sup>

<sup>a</sup> Council applied for a higher cap of 4.50% but was unsuccessful.

# Rates (continued)

See the reader's guide for data sources and useful information.  
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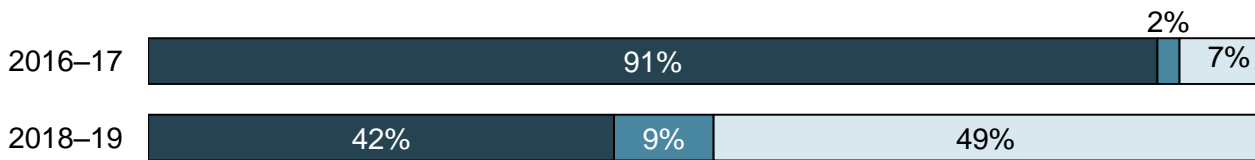
## Have council's average rates complied with the applicable rate caps?

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).

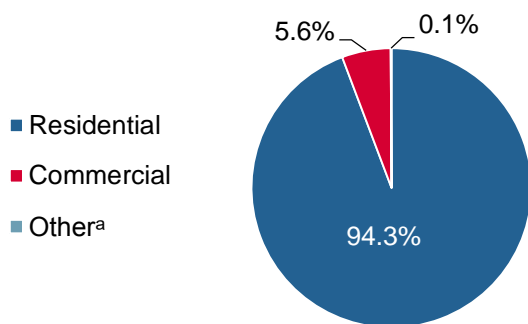


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

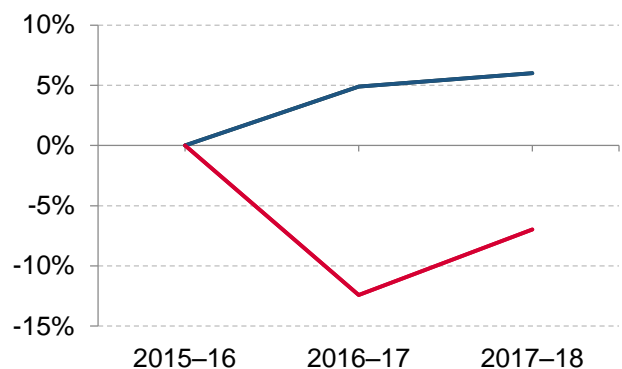
## Ratepayers by property class

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



<sup>a</sup> 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 Borough of Queenscliffe Council's rates and charges. This group of ratepayers, on average, experienced a 6 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 \$2,144 to \$2,254 (5.1 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?

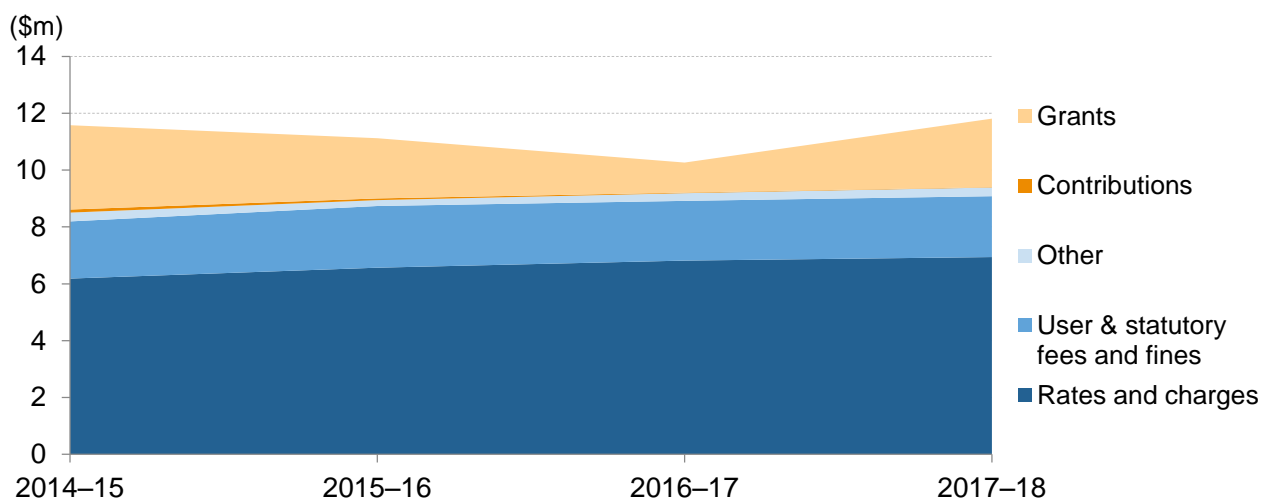
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	6.4	56	6.9	62
Grants	2.5	22	1.7	16
User fees and statutory fees and fines	2.1	18	2.1	19
Contributions	0.1	1	0.0	0
Other	0.3	2	0.3	3
<b>Total</b>	<b>11.4</b>	<b>100</b>	<b>11.0</b>	<b>100</b>

Borough of Queenscliffe Council's average revenue from grants and contributions decreased 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 decrease in the average revenue from grants and the increase in the average revenue from rates and charges 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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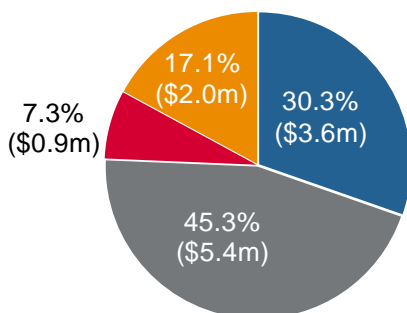
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$9.8m	\$1.8m	\$3,314	\$594
2015–16	\$9.8m	\$2.3m	\$3,332	\$777
2016–17	\$8.9m	\$1.4m	\$3,032	\$473
2017–18	\$9.4m	\$2.1m	\$3,162	\$715

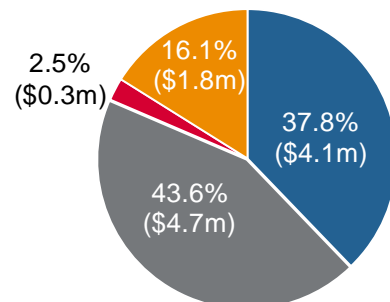
Borough of Queenscliffe Council's operating expenses have been trending upward over time. However, a spike in spending on grant-funded projects in 2014–15 and the transfer of the Point Lonsdale Surf Life Saving Club in 2015–16 caused operating expenses to be higher in these years. Capital expenditure has varied in recent years, reflecting fluctuation in asset renewal, and increased spending on new assets in 2017–18.

## How is council spending its money?

**Average expenditure by category in the 2 years before rate capping**



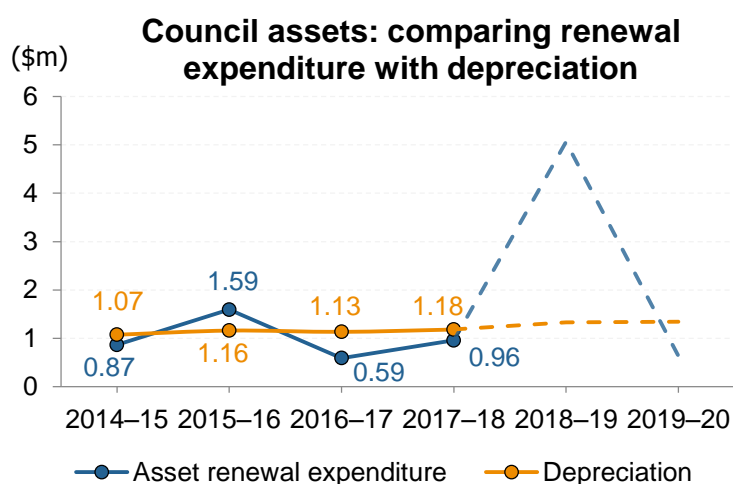
**Average expenditure by category in the 2 years after rate capping**



- Employee costs
- Materials and services
- Other expenditure
- Capital expenditure

There was a change in the composition of Borough of Queenscliffe Council's expenditure, reflecting an increase in average employee costs and reductions in average spending on materials and services, 'other' expenditure and capital expenditure in the two years after rate capping was introduced.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	81
2015-16	137
2016-17	52
2017-18	81
2018-19	381 (forecast data)
2019-20	47 (forecast data)

In recent years, Borough of Queenscliffe Council's spending on the renewal of its assets has fluctuated above and below the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to be above 100 per cent of depreciation in 2018-19, before dropping below in 2019-20. 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.

## Has council's capital expenditure pattern changed?

Capital expenditure					Council's average spending on asset renewal in the two years after rate capping was introduced has decreased (despite year on year fluctuations). Spending on other categories has remained relatively stable, with an increase in average spending on new assets.
	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		
	\$m	% of total	\$m	% of total	
Renewal	1.2	61	0.8	44	
New	0.4	20	0.6	35	
Upgrade	0.4	19	0.4	21	
Expansion	0.0	0	0.0	0	
<b>Total</b>	<b>2.0</b>	<b>100</b>	<b>1.7</b>	<b>100</b>	

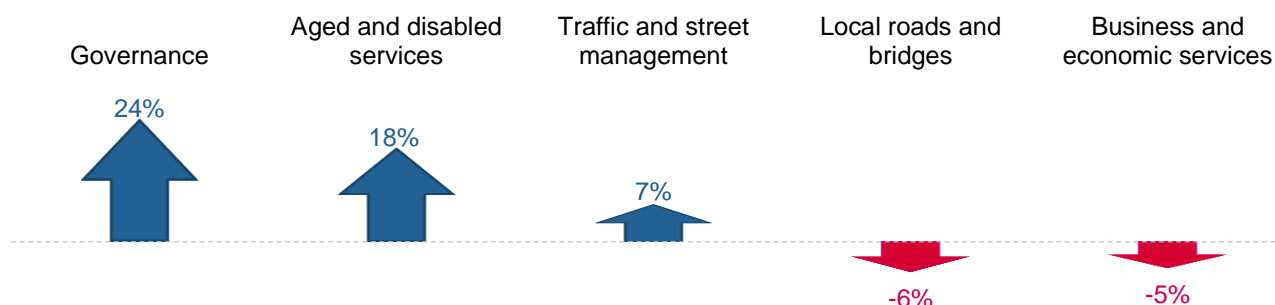
# Services

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

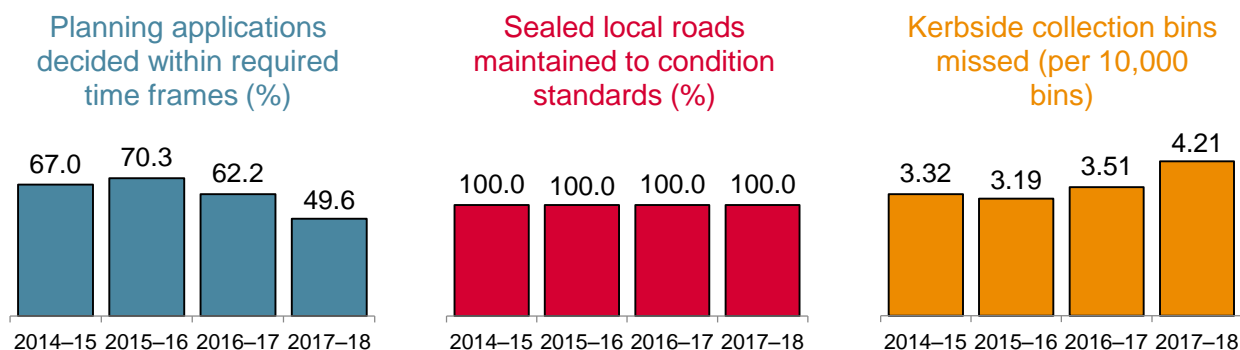
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	788	22.5	977	28.0
Business and economic services	755	21.5	719	20.6
Recreation and culture	504	14.4	526	15.1
Aged and disabled services	230	6.6	272	7.8
Traffic and street management	252	7.2	270	7.7
Environment	256	7.3	267	7.7
Waste management	241	6.9	249	7.1
Local roads and bridges	184	5.3	174	5.0
Family and community services	48	1.4	36	1.0
Other	249	7.1	0	0.0

## 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)

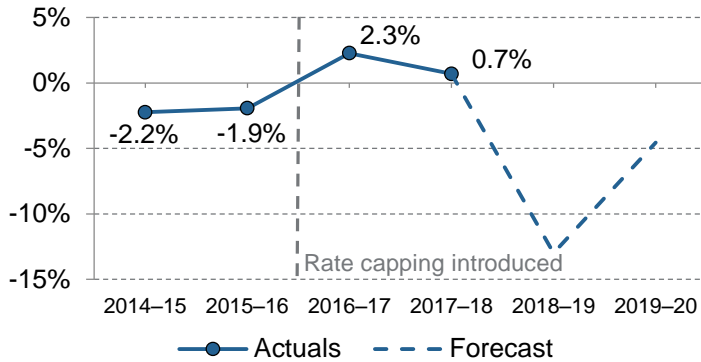


# Financial position

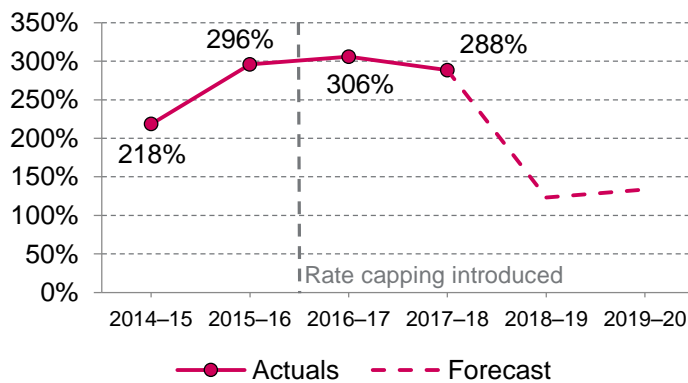
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## Is council operating sustainably?

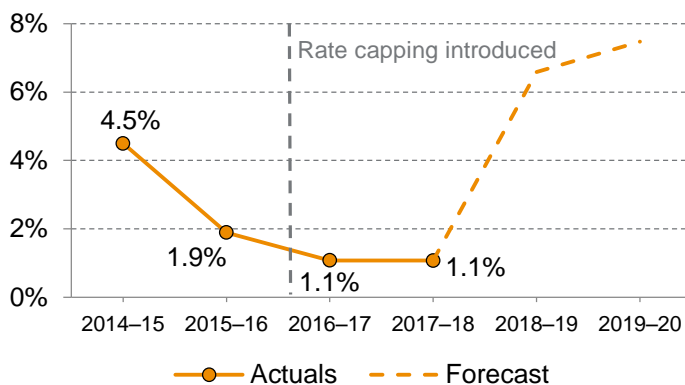
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2014–15 and 2017–18, Borough of Queenscliffe Council reported an average **adjusted underlying result** of -0.3 per cent. An ongoing negative result suggests that without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to continue to fund the range and level of services it has been providing.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 277 per cent between 2014–15 and 2017–18.

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.