

# Whittlesea 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>.



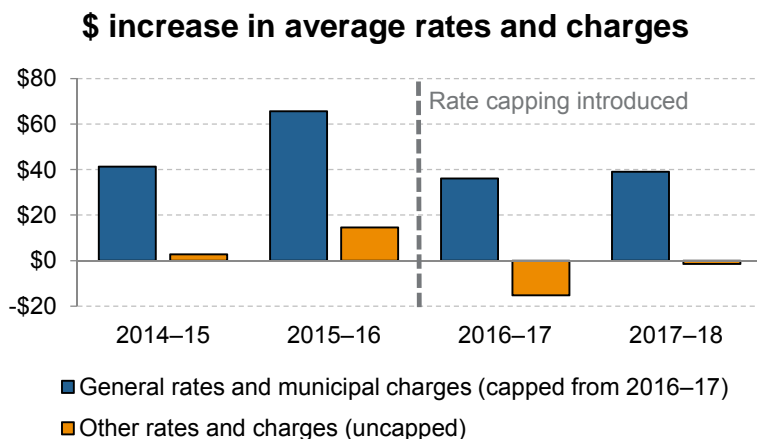
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### Key facts

|   |         |
|---|---------|
| Population:   | 215,716 |
| Size (km <sup>2</sup> ):  | 489     |
| Length of local roads (km):                                       | 1,219   |
| Population per km of roads:                                       | 177     |
| Council employees (FTE, 2017–18):                                 | 837     |
| 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 | \$1,570                   | n/a                 |
| 2015–16 | \$1,650                   | n/a                 |
| 2016–17 | \$1,671                   | 2.50%               |
| 2017–18 | \$1,709                   | 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 rate caps applied to council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

2016–17

Council did not provide data

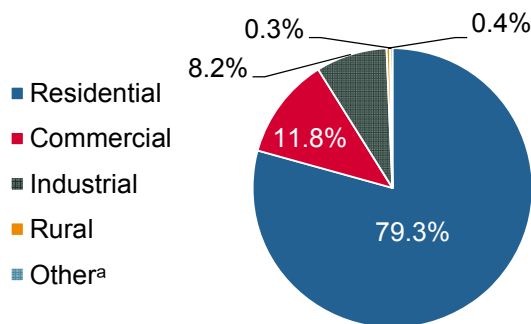
2018–19

- % 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.

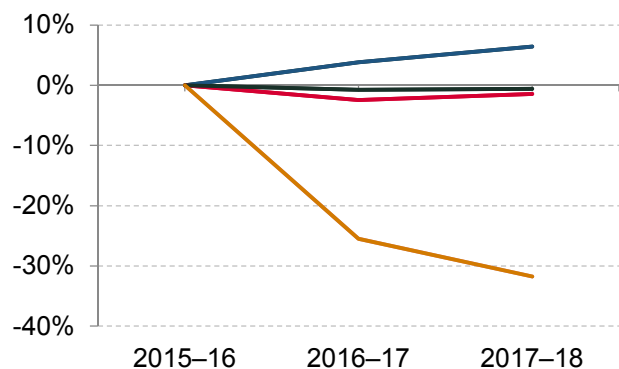
## Ratepayers by property class

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 Whittlesea City Council's rates and charges. This group of ratepayers, on average, experienced a 6.4 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 \$1,650 to \$1,709 (3.5 per cent) over the same period.

# Revenue

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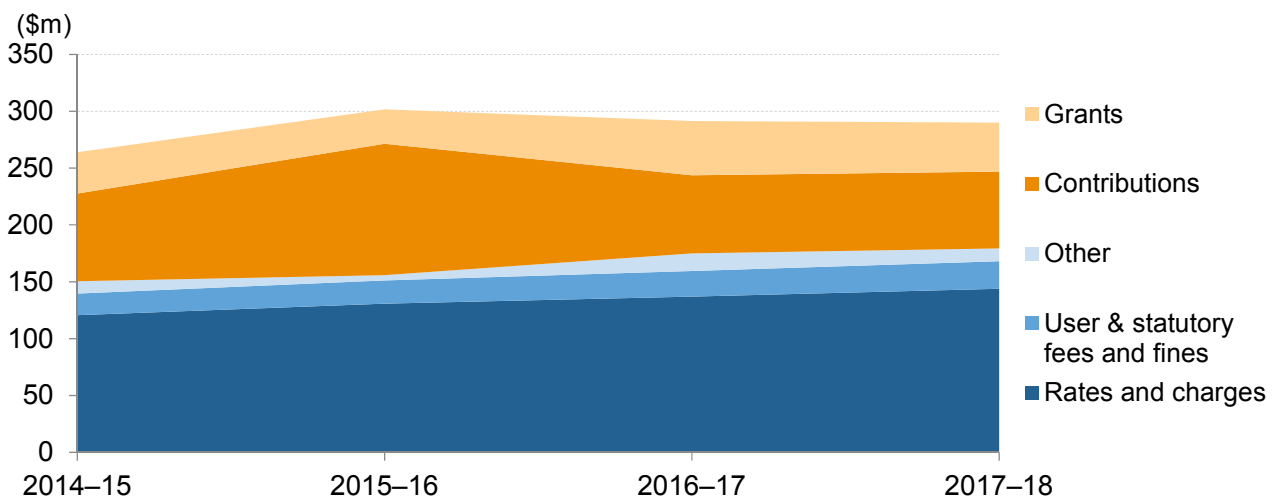
## Where is council's money coming from?

| Revenue source                         | Before rate capping<br>(average of 2014–15 and<br>2015–16) |              | After rate capping<br>(average of 2016–17 and<br>2017–18) |              |
|--|--|--------------|---|--------------|
|  | \$m  | % of revenue | \$m   | % of revenue |
| Rates and charges                      | 125.7  | 44           | 140.4   | 48           |
| Grants                                 | 33.3   | 12           | 45.4  | 16           |
| User fees and statutory fees and fines | 19.7   | 7            | 23.4  | 8            |
| Contributions                          | 96.3   | 34           | 68.2  | 23           |
| Other                                  | 7.8  | 3            | 13.3  | 5            |
| <b>Total</b>                           | <b>282.9</b>   | <b>100</b>   | <b>290.7</b>  | <b>100</b>   |

Whittlesea City Council's average revenue from all sources (except contributions) 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 decrease in average revenue from contributions and the increases in average revenue from grants and 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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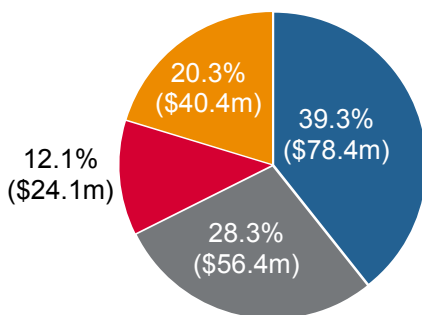
## How much money is council spending?

| Year    | Operating expenditure | Capital expenditure | Operating expenditure per head of population | Capital expenditure per head of population |
|---------|-----------------------|---------------------|--|--|
| 2014–15 | \$150.6m              | \$41.7m             | \$802  | \$222                                      |
| 2015–16 | \$167m                | \$39.2m             | \$848  | \$199                                      |
| 2016–17 | \$158.6m              | \$58.4m             | \$766  | \$282                                      |
| 2017–18 | \$166.1m              | \$45.2m             | \$770  | \$210                                      |

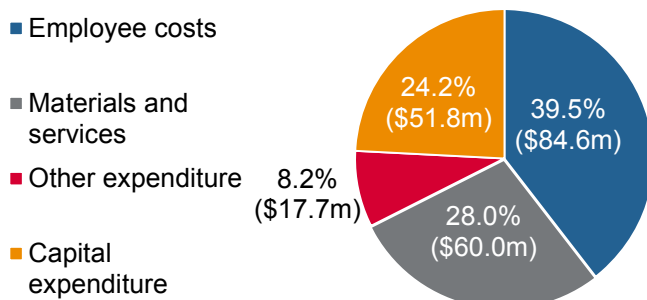
Whittlesea City Council's operating expenses have been trending upward over time, with a spike in 2015–16 caused by an adjustment relating to asset values. This upward trend has been driven by employee costs and spending on materials and services. Capital expenditure has varied more over the same period, reflecting fluctuations across all categories of capital works.

## How is council spending its money?

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

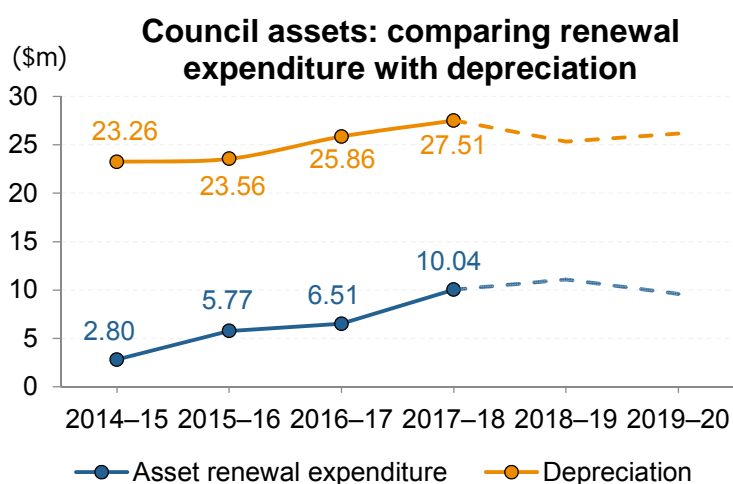


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of Whittlesea City Council's expenditure, reflecting increases in average capital expenditure and employee costs in the two years after rate capping was introduced, as well as a reduction in average 'other' expenditure. Spending on materials and services 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 | 12  |
| 2015-16 | 24  |
| 2016-17 | 25  |
| 2017-18 | 36  |
| 2018-19 | 44 (forecast data)  |
| 2019-20 | 37 (forecast data)  |

Whittlesea City Council's spending on the renewal of its assets has trended 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 remain below 100 per cent of depreciation in 2018-19 and 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. 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 |   |            |  |            | Council's average spending on asset renewal and upgrades in the two years after rate capping was introduced has increased, while average spending on expansion projects decreased. |
|---------------------|---|------------|--|------------|--|
|                     | 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             | 4.3   | 11         | 8.3  | 16         |  |
| New                 | 21.7  | 54         | 21.8   | 42         |  |
| Upgrade             | 1.2   | 3          | 19.6   | 38         |  |
| Expansion           | 13.3  | 33         | 2.2  | 4          |  |
| <b>Total</b>        | <b>40.4</b>                                       | <b>100</b> | <b>51.8</b>                                      | <b>100</b> |  |

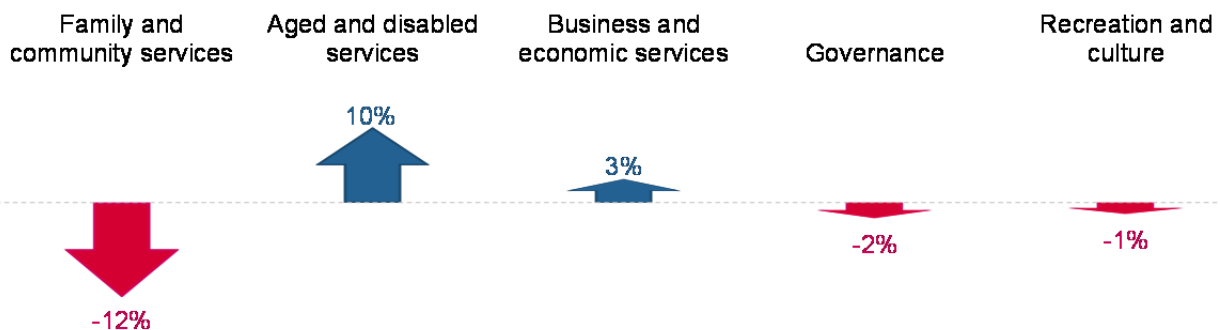
# Services

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

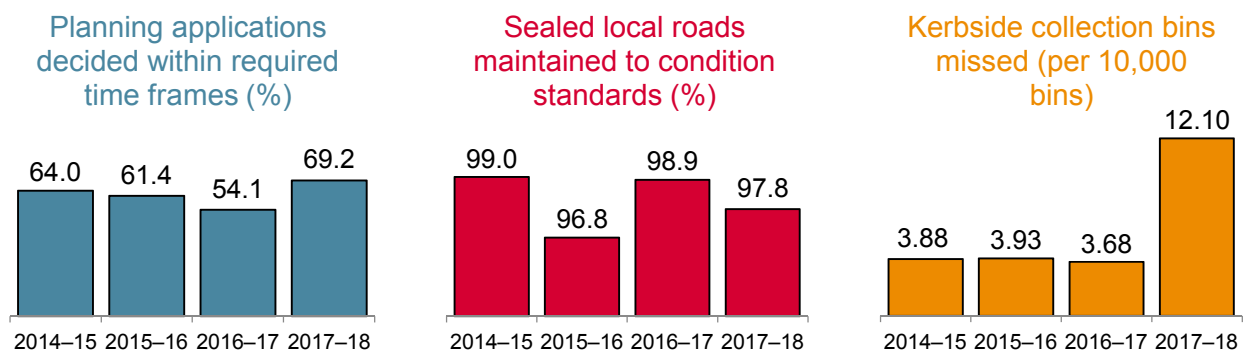
| Expenditure by function        | Before rate capping (average 2014–15 and 2015–16) |                  | After rate capping (average 2016–17 and 2017–18) |                  |
|--------------------------------|---|------------------|--|------------------|
|                                | \$ per person                                     | % of expenditure | \$ per person                                    | % of expenditure |
| Governance                     | 344   | 37.8             | 337  | 37.7             |
| Recreation and culture         | 142   | 15.6             | 140  | 15.7             |
| Traffic and street management  | 89  | 9.8              | 90   | 10.1             |
| Family and community services  | 90  | 9.9              | 79   | 8.8              |
| Aged and disabled services     | 70  | 7.7              | 77   | 8.6              |
| Waste management               | 64  | 7.0              | 64   | 7.2              |
| Business and economic services | 60  | 6.6              | 62   | 7.0              |
| Local roads and bridges        | 25  | 2.8              | 22   | 2.5              |
| Environment                    | 21  | 2.3              | 18   | 2.0              |
| Other                          | 5   | 0.5              | 5  | 0.6              |

## 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.

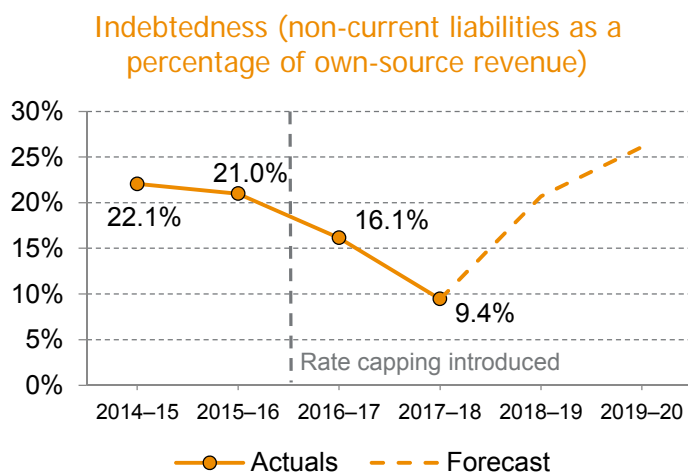
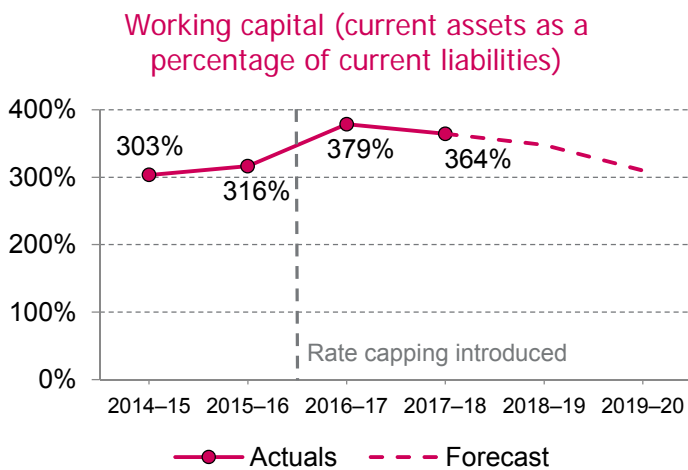
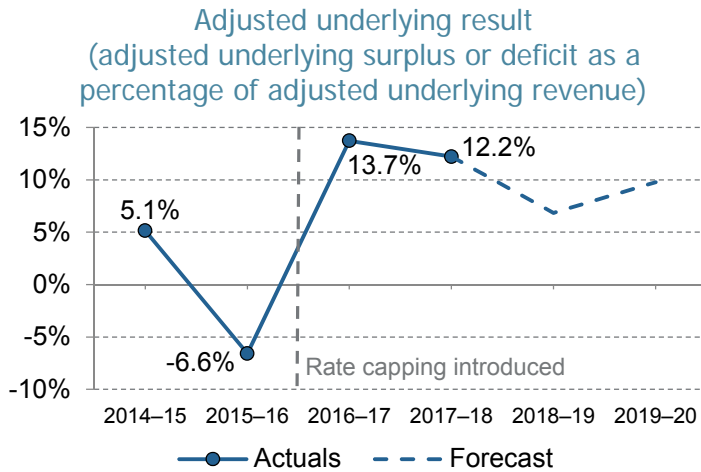
## Has there been a change in service quality? (selected services only)



# 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, Whittlesea City Council reported an average **adjusted underlying result** of 6 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 341 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.