

Frankston City Council

Group: Metropolitan

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 metropolitan councils. 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>.



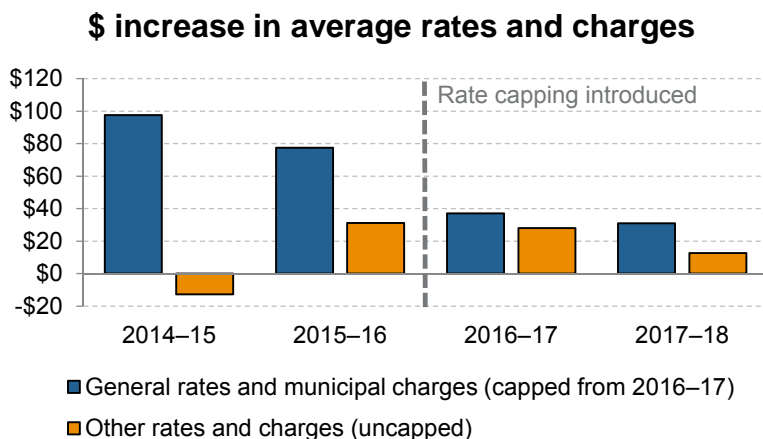
© OpenStreetMap contributors

Key facts

| | |
|---|---------|
| Population: | 140,739 |
| Size (km ²): | 129 |
| Length of local roads (km): | 704 |
| Population per km of roads: | 199 |
| Council employees (FTE, 2017–18): | 788 |
| 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 | \$1,668 | n/a |
| 2015–16 | \$1,776 | n/a |
| 2016–17 | \$1,841 | 2.50% |
| 2017–18 | \$1,885 | 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.

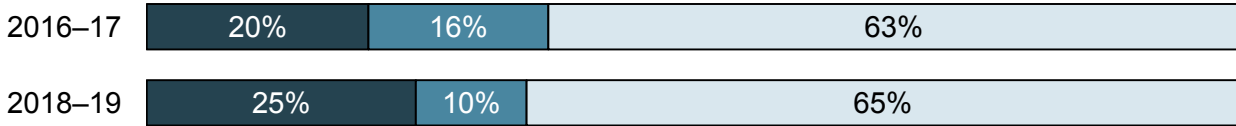
Have council's average rates complied with the applicable rate caps?

| 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).

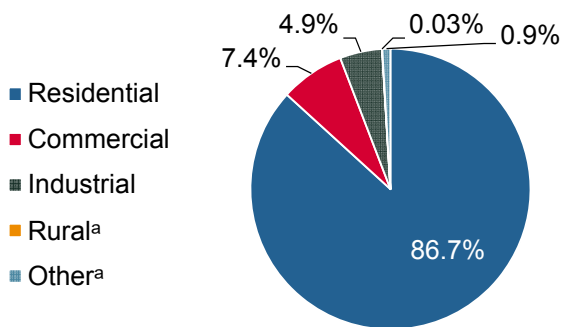


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

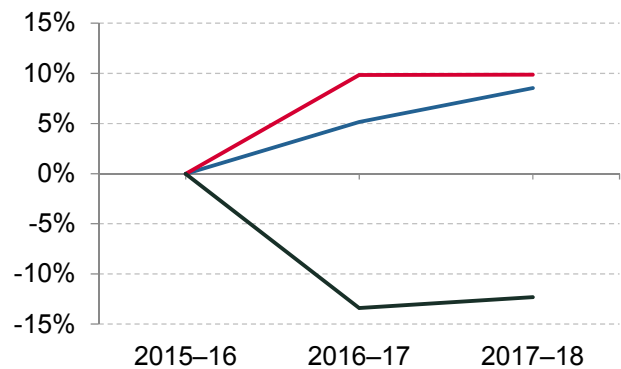
Ratepayers by property class

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 Frankston City Council's rates and charges. This group of ratepayers, on average, experienced an 8.5 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 \$1,776 to \$1,885 (6.1 per cent) over the same period.

Revenue

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

Where is council's money coming from?

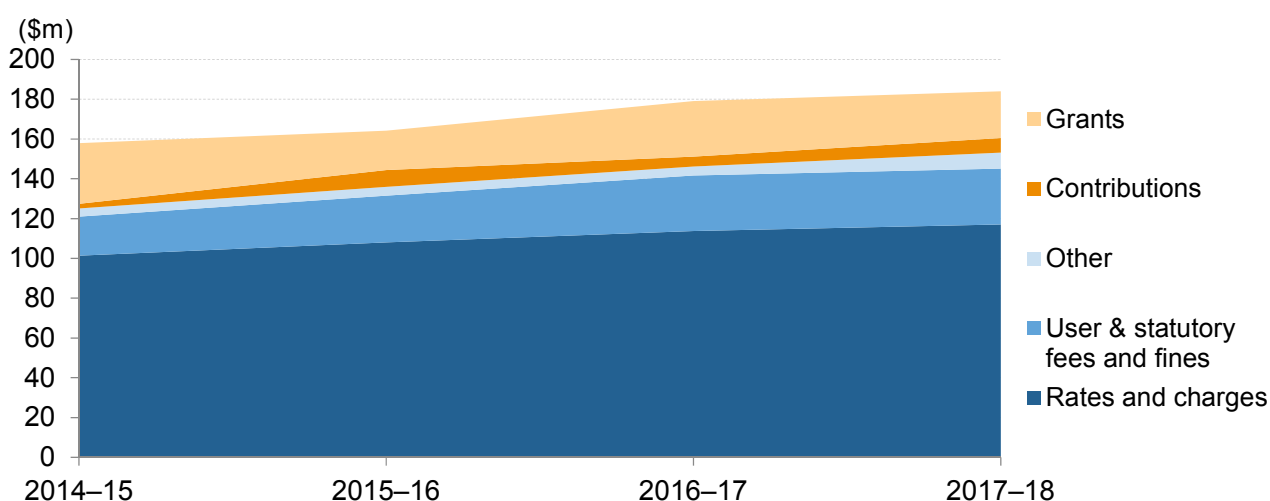
| Revenue source | Before rate capping (average of 2014–15 and 2015–16) | | After rate capping (average of 2016–17 and 2017–18) | |
|--|---|--------------|--|--------------|
| | \$m | % of revenue | \$m | % of revenue |
| Rates and charges | 104.7 | 65 | 115.4 | 64 |
| Grants | 25.2 | 16 | 25.7 | 14 |
| User fees and statutory fees and fines | 21.6 | 13 | 28.0 | 15 |
| Contributions | 5.3 | 3 | 6.1 | 3 |
| Other | 4.3 | 3 | 6.3 | 3 |
| Total | 161.1 | 100 | 181.5 | 100 |

Frankston 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 biggest changes in the composition of council's revenue were the decrease in the proportion of revenue from grants and the increase in the proportion of revenue from user fees and statutory fees and fines 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.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

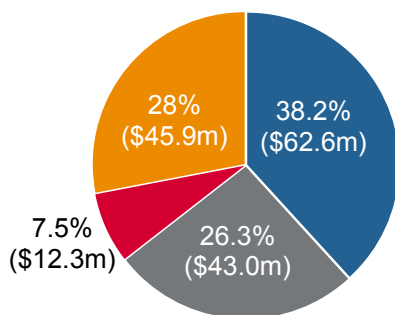
How much money is council spending?

| Year | Operating expenditure | Capital expenditure | Operating expenditure per head of population | Capital expenditure per head of population |
|---------|-----------------------|---------------------|--|--|
| 2014–15 | \$120.3m | \$40.5m | \$883 | \$298 |
| 2015–16 | \$115.7m | \$51.3m | \$840 | \$372 |
| 2016–17 | \$116.8m | \$24.8m | \$837 | \$178 |
| 2017–18 | \$124.5m | \$44.2m | \$885 | \$314 |

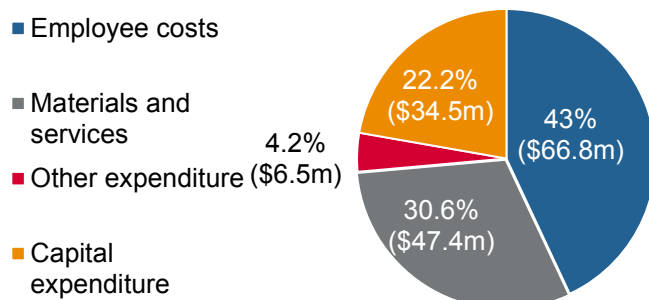
Frankston City Council's operating expenses have been trending upward over time, driven by increased employee costs and spending on materials and services (contract services). Capital expenditure has been more varied, with fluctuating investment on asset renewal and new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

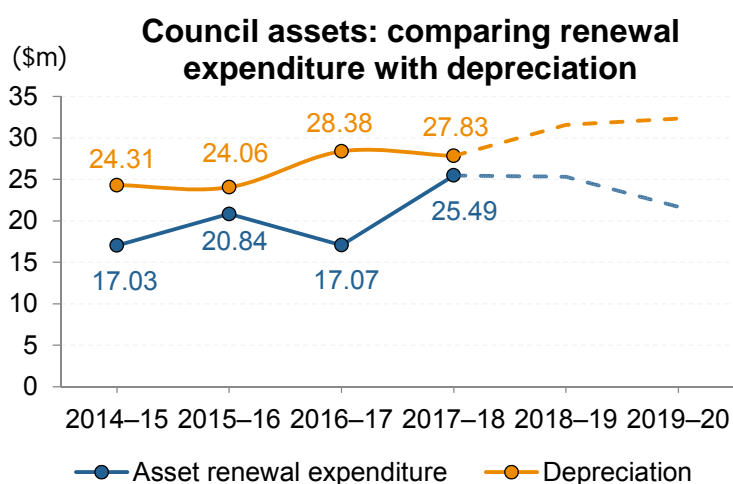


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Frankston City Council's expenditure, reflecting reductions in average capital and 'other' expenditure in the two years after rate capping was introduced. Average employee costs and spending on materials and services increased over the same period.

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



| Year | Asset renewal expenditure as a percentage of depreciation (%) |
|---------|---|
| 2014-15 | 70 |
| 2015-16 | 87 |
| 2016-17 | 60 |
| 2017-18 | 92 |
| 2018-19 | 80 (forecast data) |
| 2019-20 | 67 (forecast data) |

Frankston City Council's spending on the renewal of its assets has fluctuated in recent years, with a general upward trend, however spending has remained less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to reduce further 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.

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 in the two years after rate capping was introduced has increased. Average spending on new and upgrade projects decreased over the same period. |
|---------------------|---|------------|--|------------|--|
| | \$m | % of total | \$m | % of total | |
| Renewal | 18.9 | 41 | 21.3 | 62 | |
| New | 17.5 | 38 | 7.2 | 21 | |
| Upgrade | 8.9 | 19 | 5.3 | 15 | |
| Expansion | 0.6 | 1 | 0.7 | 2 | |
| Total | 45.9 | 100 | 34.5 | 100 | |

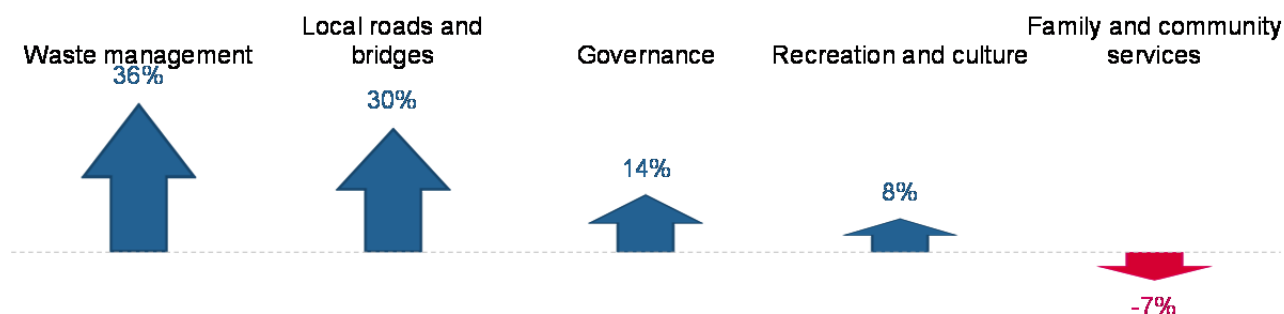
Services

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

Which service areas is council spending its money in?

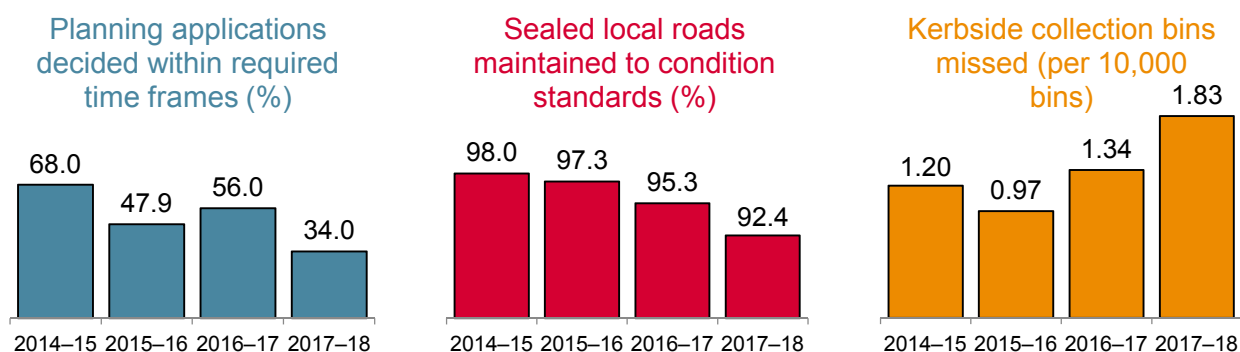
| Expenditure by function | Before rate capping (average 2014–15 and 2015–16) | | After rate capping (average 2016–17 and 2017–18) | |
|--------------------------------|---|------------------|--|------------------|
| | \$ per person | % of expenditure | \$ per person | % of expenditure |
| Governance | 262 | 26.4 | 299 | 27.7 |
| Recreation and culture | 222 | 22.4 | 240 | 22.3 |
| Waste management | 81 | 8.2 | 111 | 10.3 |
| Traffic and street management | 93 | 9.4 | 92 | 8.5 |
| Local roads and bridges | 67 | 6.7 | 87 | 8.1 |
| Family and community services | 81 | 8.1 | 75 | 7.0 |
| Aged and disabled services | 68 | 6.9 | 64 | 5.9 |
| Environment | 47 | 4.8 | 47 | 4.3 |
| Business and economic services | 37 | 3.7 | 39 | 3.6 |
| Other | 33 | 3.4 | 25 | 2.3 |

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)

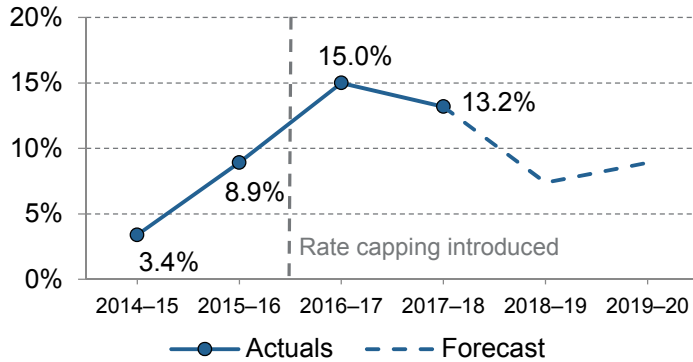


Financial position

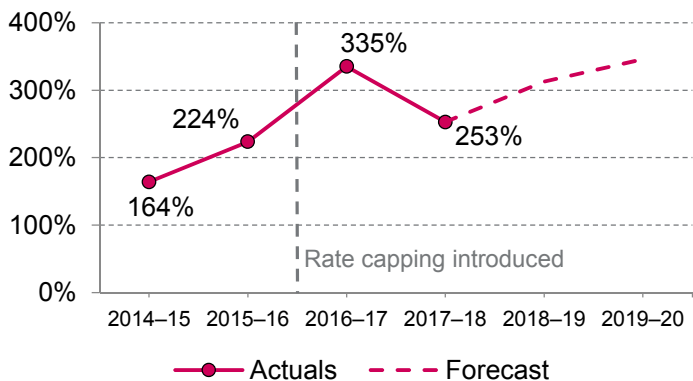
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Is council operating sustainably?

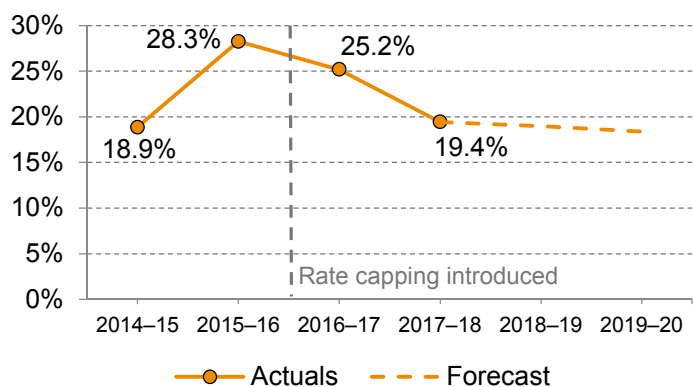
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Frankston City Council reported an average **adjusted underlying result** of 10 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 244 per cent between 2014–15 and 2017–18. The increase in working capital reflects council building cash reserves to fund future capital works.

In 2015–16, council borrowed money to fund the purchase of assets, increasing its **indebtedness ratio**. The ratio fell in the following years, reflecting increased revenue and the repayment of some 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.