

# Interface council group

This fact sheet uses graphs and other data to show whether there have been any significant changes in services, infrastructure and financial outcomes for the interface group of councils 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.

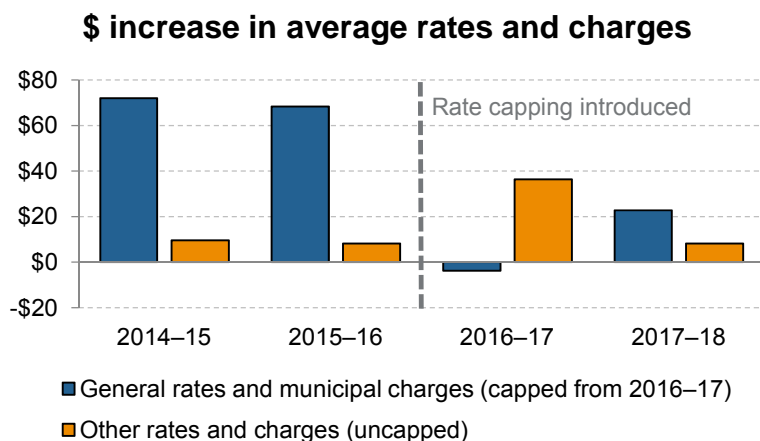
A reader's guide is available to help you understand the terms used in this fact sheet. You can compare your council's data against its 'group' by looking at this fact sheet. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



Key Facts (average interface council)	
Population:	181,703
Size (km <sup>2</sup> ):	820
Length of local roads (km):	1,405
Population per km of roads:	129
Council employees (FTE, 2017–18):	768
Number of applications for a higher cap for 2016–17 or 2017–18	2 applications from 2 councils (2 unsuccessful)

## Rates

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



Year	Average rates and charges	Minister's cap
2014–15	\$1,745	n/a
2015–16	\$1,822	n/a
2016–17	\$1,854	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.

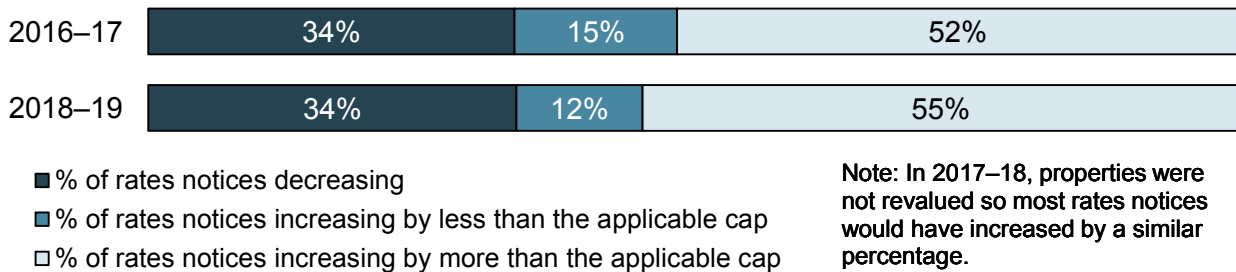
## How many interface councils complied with the applicable rate caps?

	2016–17	2017–18	2018–19
Councils with an approved higher cap	0 of 9	0 of 9	0 of 9
Councils complying with applicable cap	9 of 9	9 of 9	9 of 9

## How have rates changed for individual ratepayers?

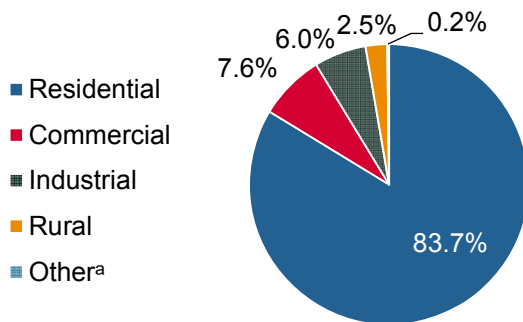
### Distribution of rates increases and decreases in revaluation years

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



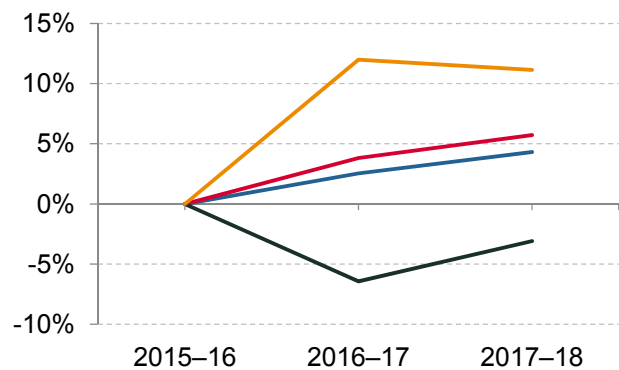
## Ratepayers by property class

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 the average interface council's rates and charges. This group of ratepayers experienced an average 4.3 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rates increases can be due to relative changes in property valuations, and changes in property numbers, councils' rating structures, and uncapped rates and charges. For the group as a whole, average rates and charges (a combination of all classes) increased from \$1,822 to \$1,885 (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 the average interface council's money coming from?

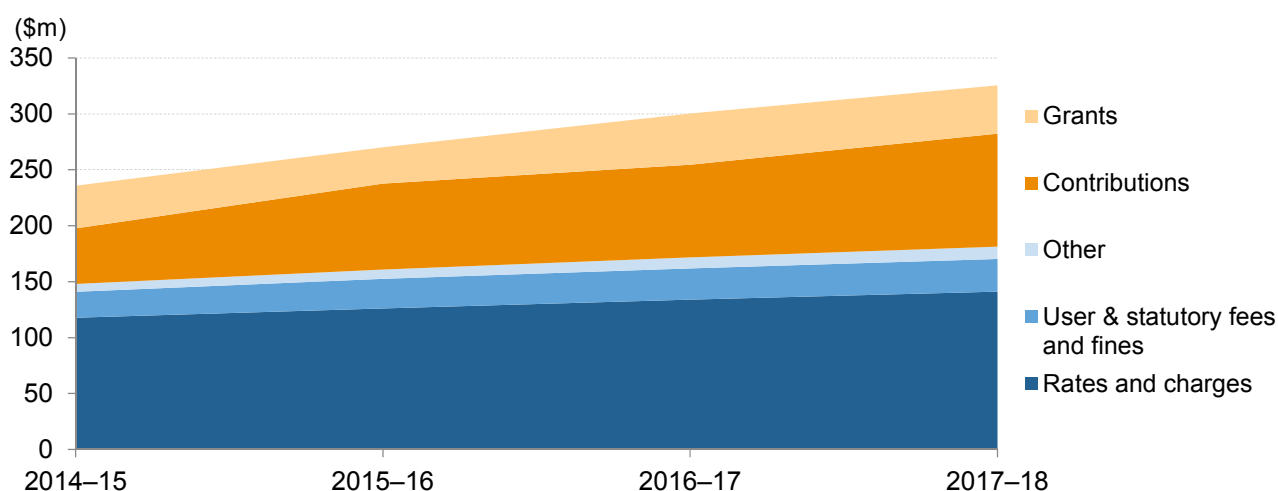
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	121.9	48	137.6	44
Grants	35.3	14	44.5	14
User fees and statutory fees and fines	24.8	10	28.5	9
Contributions	63.3	25	91.9	29
Other	7.6	3	10.4	3
<b>Total</b>	<b>252.9</b>	<b>100</b>	<b>312.9</b>	<b>100</b>

The average revenue for interface councils across Victoria 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 the average interface council's revenue were a decrease in the proportion of revenue from rates and charges (and, to a smaller degree, user fees and statutory fees and fines) and an increase in the proportion of revenue from contributions over the two years after rate capping commenced. The proportions of revenue from the other sources remained the same.

**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 the average interface council spending?

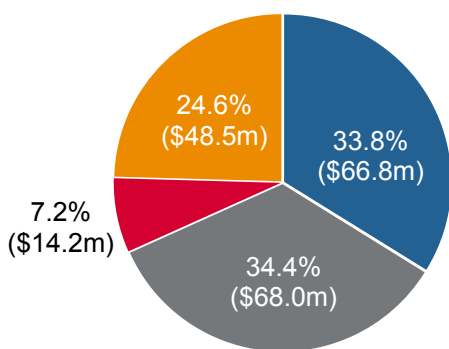
Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$146.4m	\$51.0m	\$904	\$315
2015–16	\$151.5m	\$46.0m	\$902	\$274
2016–17	\$153.5m	\$56.9m	\$878	\$326
2017–18	\$167.4m	\$58.2m	\$921	\$320

Operating expenses for the average interface council trended upward in recent years, driven by increases in average employee costs and spending on materials and services. Capital expenditure also trended upward over the same period, with some fluctuation reflecting changes in spending on new assets.

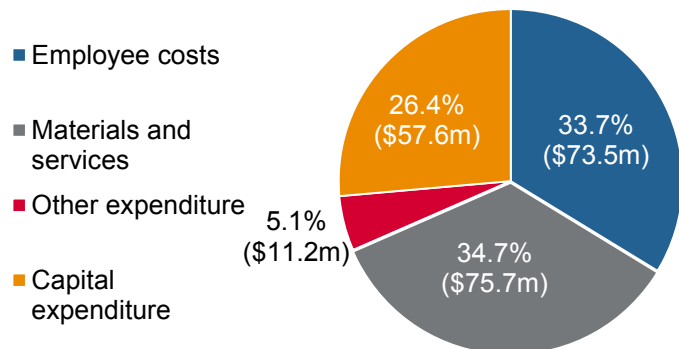
This has resulted in a fluctuation in the ratio of capital expenditure to operating expenditure (which, on average, was higher in the two years after rate capping was introduced).

## How is the average interface council spending its money?

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

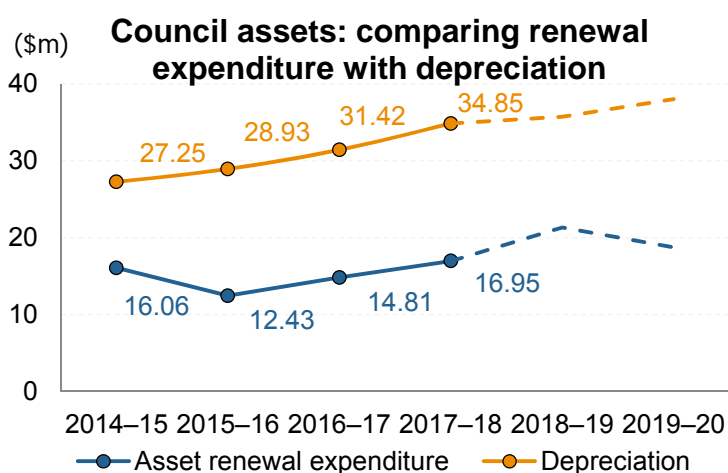


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of expenditure for the average interface council, reflecting increases in average capital expenditure and spending on materials and services in the two years after rate capping was introduced, as well as a decrease in average 'other' expenditure. Employee costs decreased as a proportion of total expenditure over the same period, despite increasing in terms of average dollars spent.

## Is the average interface council renewing its assets?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	59
2015-16	43
2016-17	47
2017-18	49
2018-19	60 (forecast data)
2019-20	49 (forecast data)

Spending on asset renewal for the average interface council has trended upward in recent years, while remaining below the average amount of depreciation (the decline in value of council assets caused by age and use) for interface councils. The average renewal expenditure is planned to be higher in 2018-19 and 2019-20, while remaining below average depreciation.

The asset renewal expenditure as a percentage of depreciation (asset renewal ratio) for the interface group as a whole has fluctuated between 40 and 60 per cent in recent years. This is projected to continue in 2018-19 and 2019-20.

**Note:** Asset renewal ratio figures are for the interface group as a whole, not the average asset renewal ratio amongst interface councils.

## Has the average interface 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)		Average spending in the two years after rate capping was introduced increased across all categories of capital expenditure for the average interface council. Average spending on new assets and expansion projects increased as a share of total spending.
	\$m	% of total	\$m	% of total	
Renewal	14.1	29	15.9	28	
New	21.2	44	26.2	46	
Upgrade	10.1	21	11.7	20	
Expansion	3.0	6	3.8	7	
<b>Total</b>	<b>48.3</b>	<b>100</b>	<b>57.6</b>	<b>100</b>	

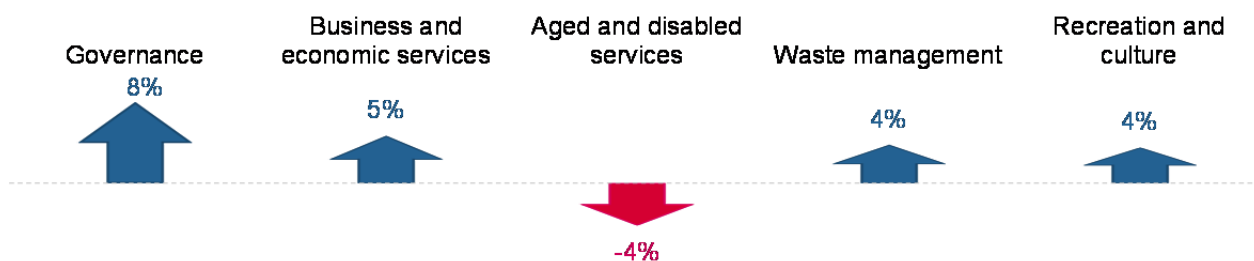
# Services

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

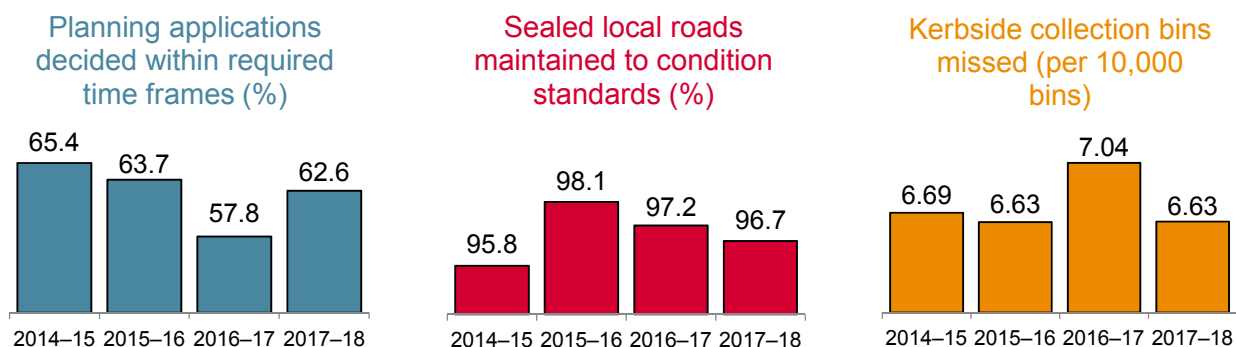
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	226	21.8	245	22.9
Recreation and culture	191	18.4	198	18.6
Waste management	121	11.7	126	11.8
Family and community services	115	11.1	113	10.5
Local roads and bridges	103	9.9	102	9.6
Traffic and street management	81	7.9	83	7.8
Business and economic services	66	6.4	69	6.5
Environment	67	6.4	68	6.4
Aged and disabled services	60	5.8	57	5.4
Other	6	0.6	6	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)

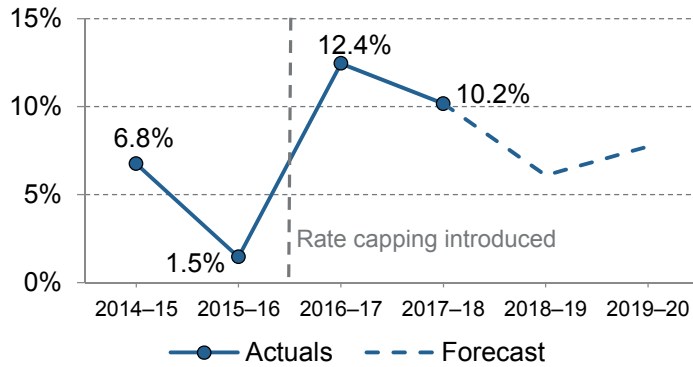


# Financial position

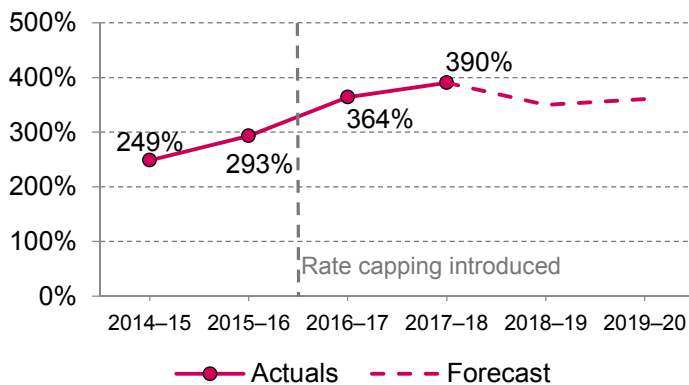
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## Is the average interface council operating sustainably?

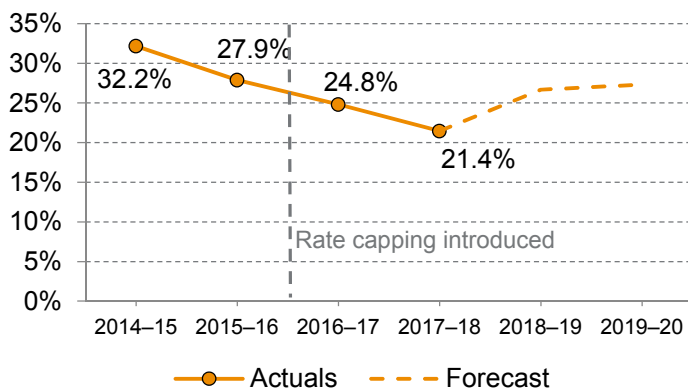
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, the interface council group reported an average **adjusted underlying result** of 7.7 per cent. A positive result indicates that there is enough ongoing revenue to continue to fund the current level of service provision.

**Working capital** for the average interface council trended upward between 2014–15 and 2017–18. Overall, the high ratio indicates that councils are well placed to fund their short term obligations.

The falling **indebtedness** ratio reflects interface councils repaying some of their borrowings. In 2014–15, 9 interface councils had \$251 million in long term borrowings on their balance sheets. In 2017–18, this figure for 8 councils was \$223.4 million.

**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.

# Interface councils

Councils in this group	
Cardinia Shire Council	Nillumbik Shire Council
Casey City Council	Whittlesea City Council
Hume City Council	Wyndham City Council
Melton City Council	Yarra Ranges Shire Council
Mornington Peninsula Shire Council	