

Knox 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>.



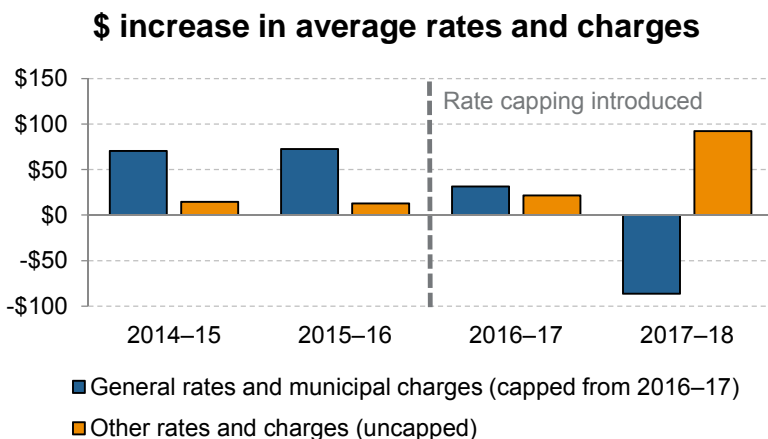
© OpenStreetMap contributors

Key facts

Population:	161,842
Size (km ²):	113
Length of local roads (km):	724
Population per km of roads:	223
Council employees (FTE, 2017–18):	707
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	\$1,567	n/a
2015–16	\$1,652	n/a
2016–17	\$1,705	2.50%
2017–18	\$1,711	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).

2016–17

Council did not provide data

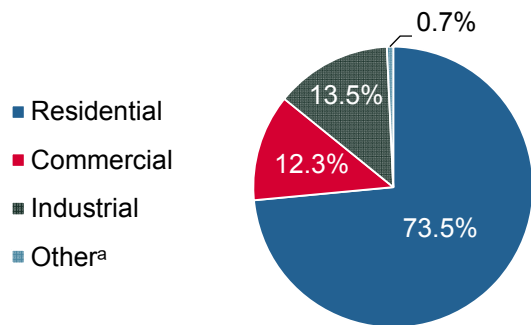
2018–19

- % 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.

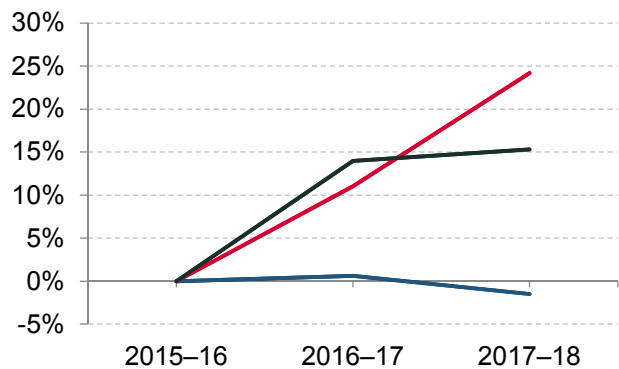
Ratepayers by property class

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



^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 Knox City Council's rates and charges. This group of ratepayers, on average, experienced a 1.5 per cent decrease 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 \$1,652 to \$1,711 (3.6 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?

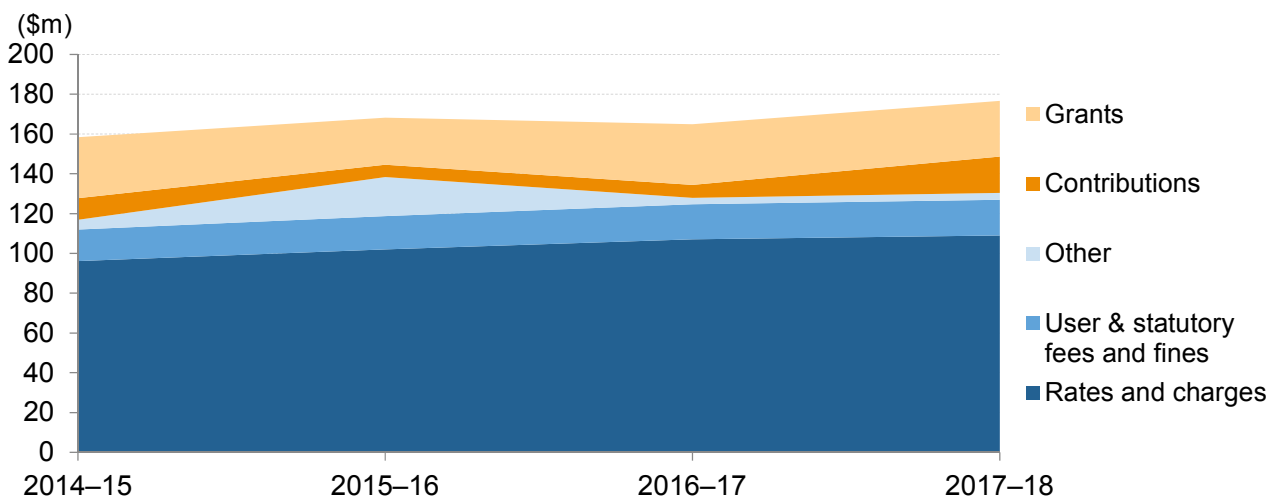
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	99.0	61	108.1	63
Grants	27.2	17	29.3	17
User fees and statutory fees and fines	16.3	10	17.7	10
Contributions	8.5	5	12.4	7
Other	12.3	8	3.4	2
Total	163.3	100	170.8	100

Knox City Council's average revenue from all sources (except 'other') 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 the average revenue from 'other' sources and the increases in the average revenue from contributions 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.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

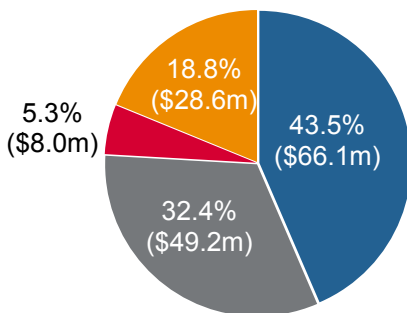
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$122.8m	\$27.4m	\$780	\$174
2015–16	\$124m	\$29.8m	\$782	\$188
2016–17	\$127.2m	\$29.4m	\$793	\$183
2017–18	\$125.5m	\$44.5m	\$775	\$275

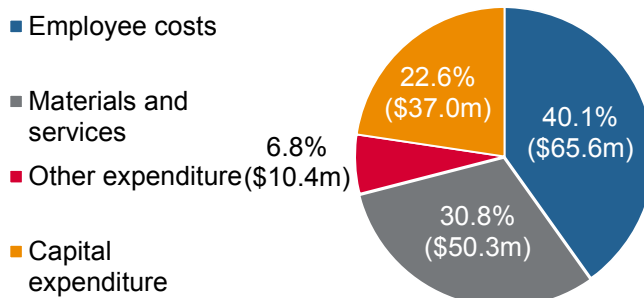
Knox City Council's operating expenses have been trending upward over time, with increases in 'other' expenditure (largely net losses from the disposal of assets) and spending on materials and services (particularly contract payments) in the two years following the introduction of rate capping. Capital expenditure has also trended upward in recent years, with a spike in 2017–18 reflecting spending on new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

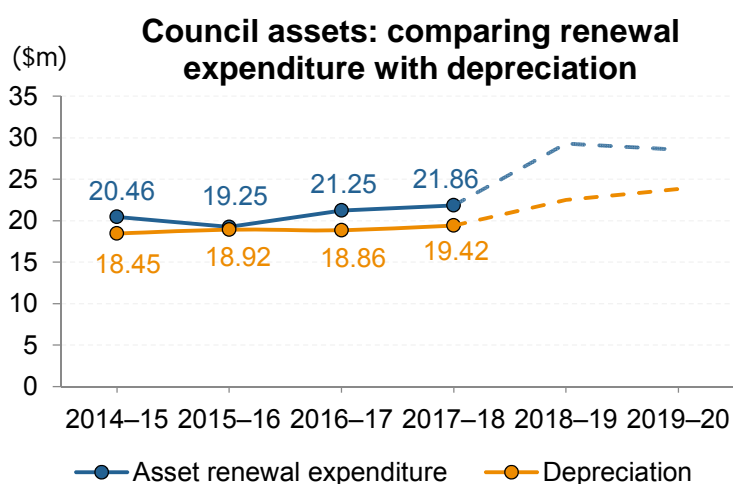


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Knox City Council's expenditure, reflecting increases in average capital and 'other' expenditure in the two years after rate capping was introduced. Average employee costs decreased over the same period, while spending on materials and services decreased as a share 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	111
2015-16	102
2016-17	113
2017-18	113
2018-19	130 (forecast data)
2019-20	120 (forecast data)

Knox City Council's spending on the renewal of its assets has been relatively stable in recent years, remaining above the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to increase further above 100 per cent of depreciation in 2018-19 and 2019-20.

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 in the two years after rate capping was introduced has increased in all categories of capital expenditure. There was a spike in spending on new assets and expansion projects in 2017-18, while spending on the other categories remained more stable.
	\$m	% of total	\$m	% of total	
Renewal	19.9	69	21.6	58	
New	3.2	11	7.7	21	
Upgrade	5.3	18	6.1	16	
Expansion	0.2	1	1.7	5	
Total	28.6	100	37.0	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?

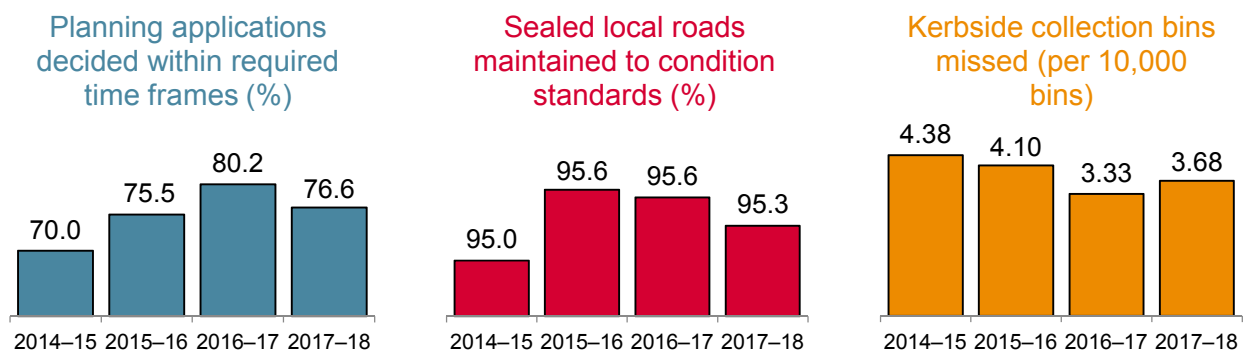
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	160	17.8	185	20.8
Family and community services	168	18.7	154	17.2
Recreation and culture	126	14.1	132	14.8
Traffic and street management	98	11.0	107	11.9
Waste management	94	10.5	83	9.3
Environment	87	9.7	74	8.3
Aged and disabled services	63	7.0	58	6.5
Business and economic services	59	6.5	57	6.4
Local roads and bridges	41	4.6	42	4.7
Other	0	0.0	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)

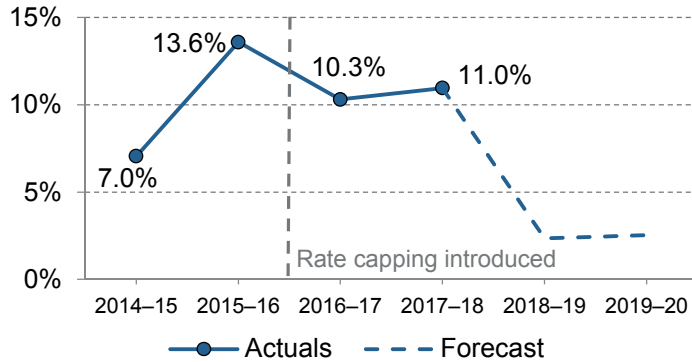


Financial position

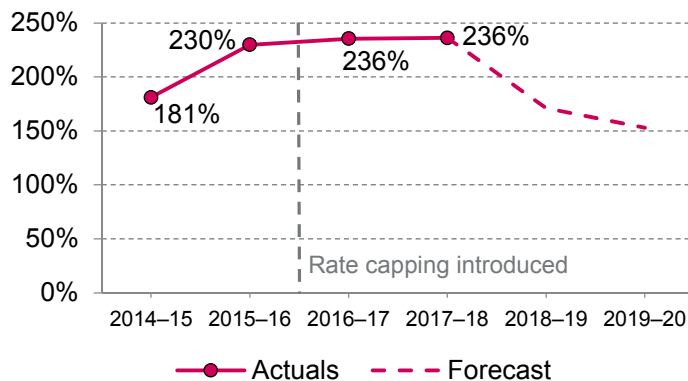
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Is council operating sustainably?

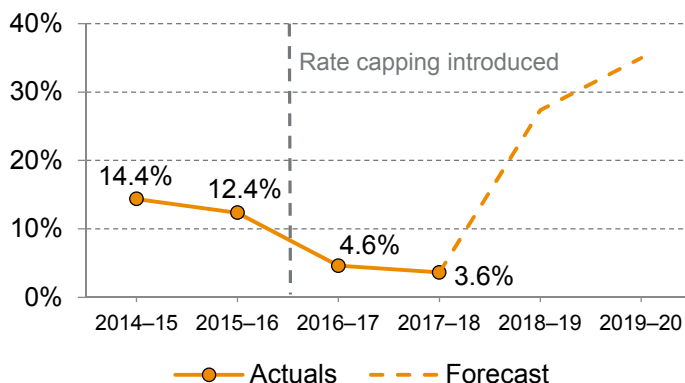
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Knox 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 221 per cent between 2014–15 and 2017–18.

Council repaid all of its borrowings in 2016–17. The indebtedness ratio also reflects decreases in other long-term liabilities.

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.