

Port Phillip 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>.



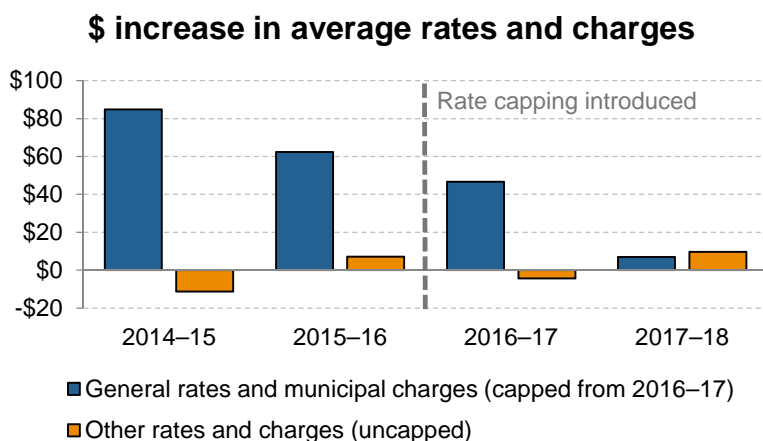
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Key facts

Population:	110,634
Size (km ²):	20.7
Length of local roads (km):	215
Population per km of roads:	514
Council employees (FTE, 2017–18):	860
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	\$1,551	n/a
2015–16	\$1,620	n/a
2016–17	\$1,663	2.50%
2017–18	\$1,679	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).

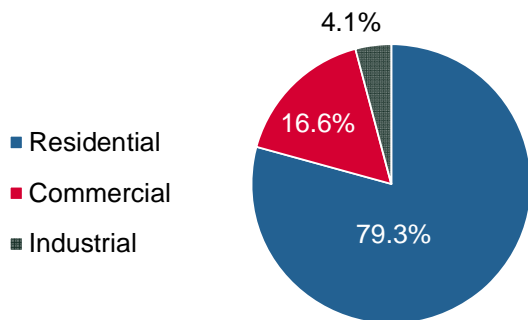


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

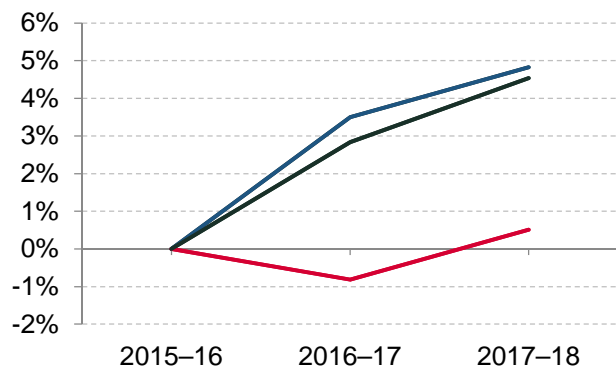
Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

Ratepayers by property class

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



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 Port Phillip City Council's rates and charges. This group of ratepayers, on average, experienced a 4.8 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 \$1,620 to \$1,679 (3.6 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?

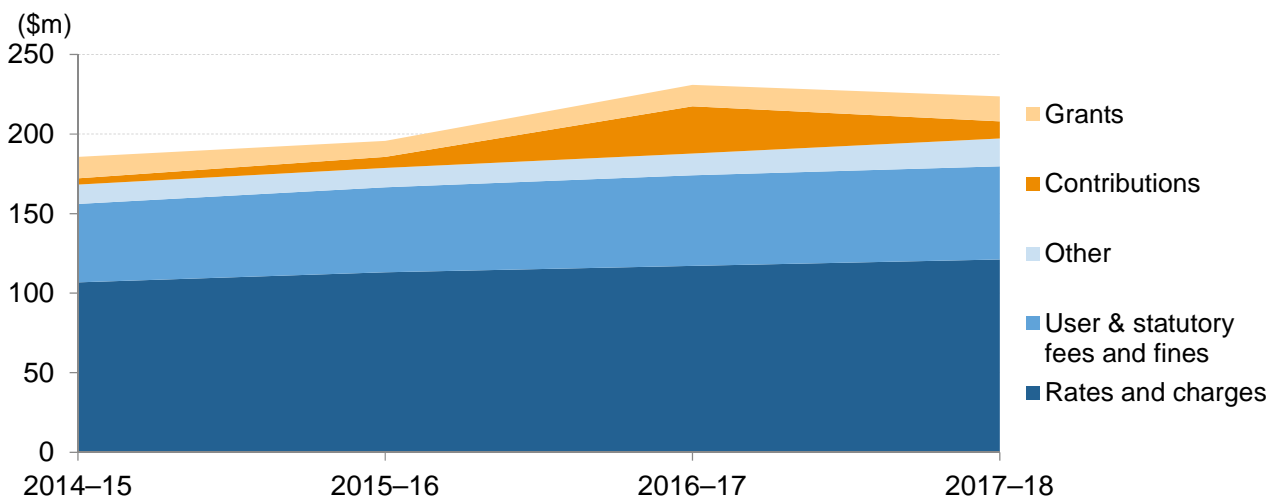
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	110.0	58	119.2	52
Grants	11.8	6	14.6	6
User fees and statutory fees and fines	51.3	27	57.7	25
Contributions	5.4	3	20.2	9
Other	12.2	6	15.6	7
Total	190.7	100	227.3	100

Port Phillip 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 decreases in the proportions of revenue from rates and charges and user fees and statutory fees and fines and the increase in the proportion of revenue from contributions 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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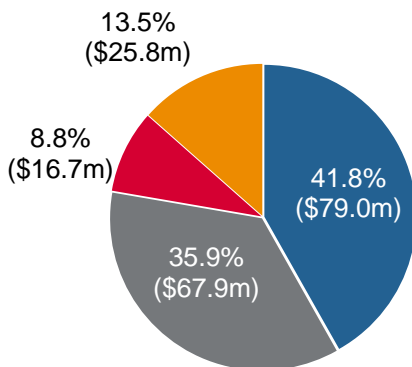
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$162.6m	\$24.4m	\$1,557	\$234
2015–16	\$164.4m	\$26.5m	\$1,546	\$249
2016–17	\$174.7m	\$38.5m	\$1,609	\$355
2017–18	\$193m	\$24.3m	\$1,745	\$219

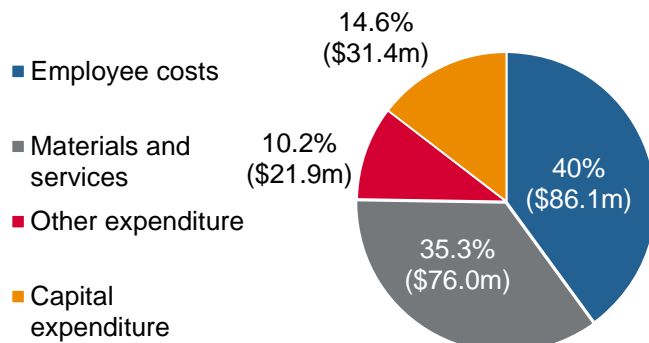
Port Phillip City Council's operating expenses have been trending upward over time, driven by increasing employee costs, as well as a reallocation of project costs in 2016–17 and a one-off cash contribution of \$8.89 million toward a community centre in 2017–18. Capital expenditure has been more varied over the same period, with a spike in 2016–17 caused by spending on asset renewal and new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

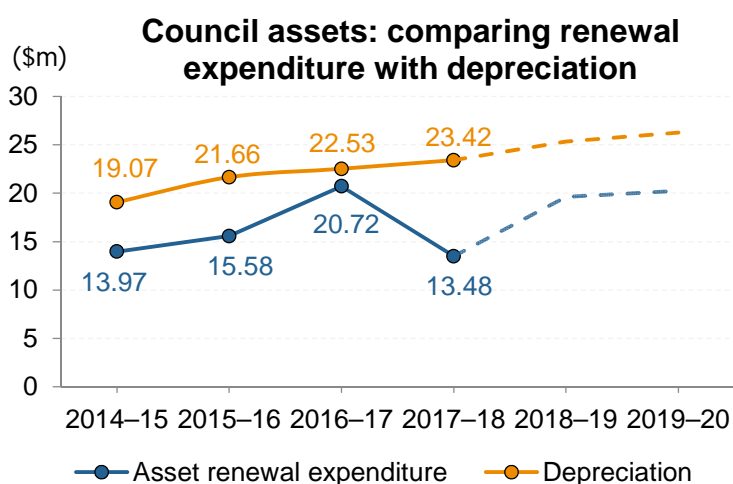


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Port Phillip City Council's expenditure, reflecting proportionally higher increases in average capital and 'other' expenses in the two years after rate capping was introduced. Employee costs and 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	73
2015-16	72
2016-17	92
2017-18	58
2018-19	77 (forecast data)
2019-20	77 (forecast data)

Port Phillip City Council's spending on the renewal of its assets has fluctuated in recent years, with a spike in 2016-17, 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 be higher in 2018-19 and 2019-20, however remaining below 100 per cent of depreciation. 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, new assets and upgrade projects in the two years after rate capping was introduced has increased. Asset renewal decreased as a proportion of total expenditure, while upgrade projects increased in share.
	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	14.8	58	17.1	54	
New	6.4	25	7.7	24	
Upgrade	3.5	14	6.0	19	
Expansion	0.8	3	0.6	2	
Total	25.5	100	31.4	100	

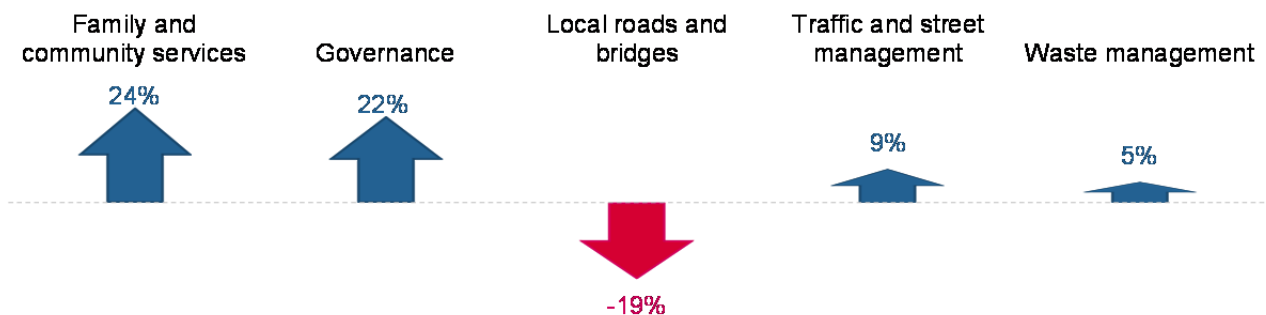
Services

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

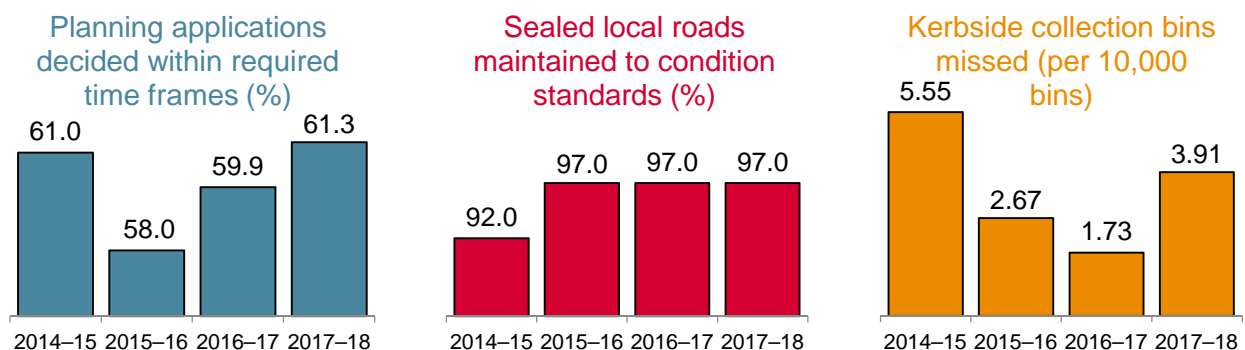
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	508	29.4	620	32.9
Family and community services	220	12.7	274	14.5
Traffic and street management	239	13.8	259	13.7
Business and economic services	235	13.6	229	12.1
Recreation and culture	189	10.9	190	10.1
Local roads and bridges	151	8.8	122	6.5
Waste management	95	5.5	100	5.3
Aged and disabled services	68	3.9	66	3.5
Environment	25	1.4	26	1.4
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.

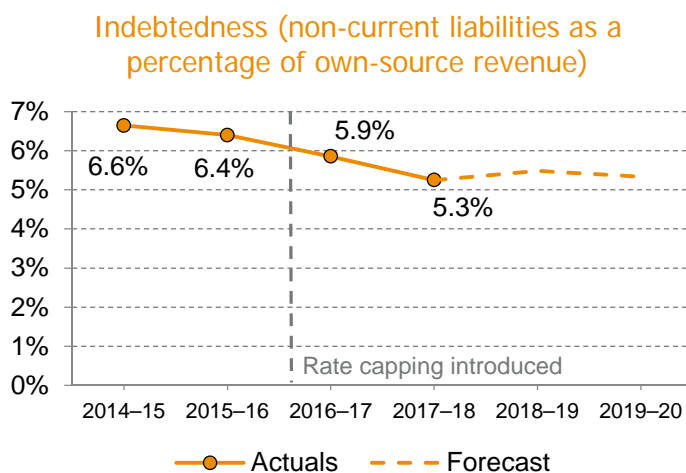
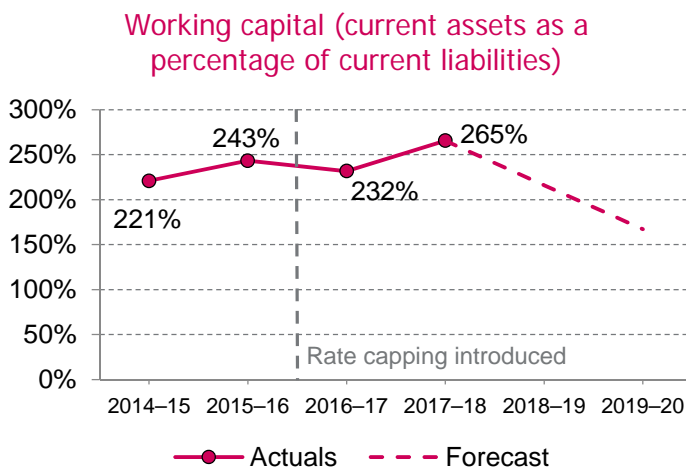
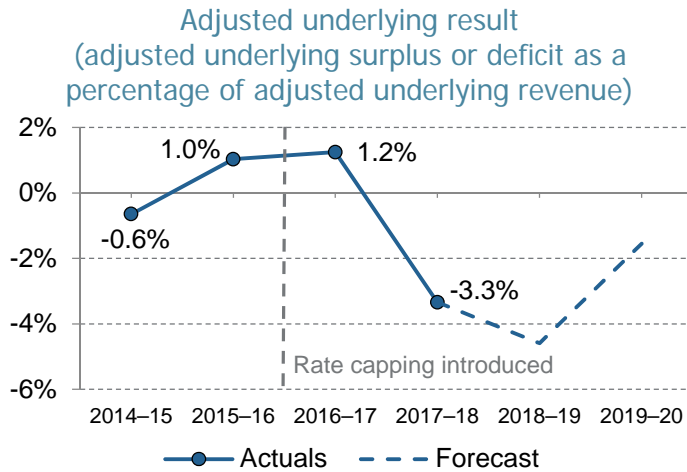
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2014–15 and 2017–18, Port Phillip City Council reported an average **adjusted underlying result** of -0.4 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 240 per cent between 2014–15 and 2017–18.

Council is able to meet its long-term financial obligations with a low **indebtedness ratio**.

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.