

Cardinia Shire Council

Group: interface

This fact sheet uses graphs and data to examine this council's revenue, expenditure and financial sustainability over recent years. This information is intended to help readers understand the impacts of rate capping, which was introduced in 2016–17 to restrict the amount councils can increase their general rates and municipal charges in each financial year.

You can compare this council's data against its 'group' by looking at the fact sheet for interface councils. Further information is available at <http://www.esc.vic.gov.au/outcomes-reports>, including an interactive version of this fact sheet, a reader's guide to help you understand key terms used in this fact sheet, and information about the sector as a whole.



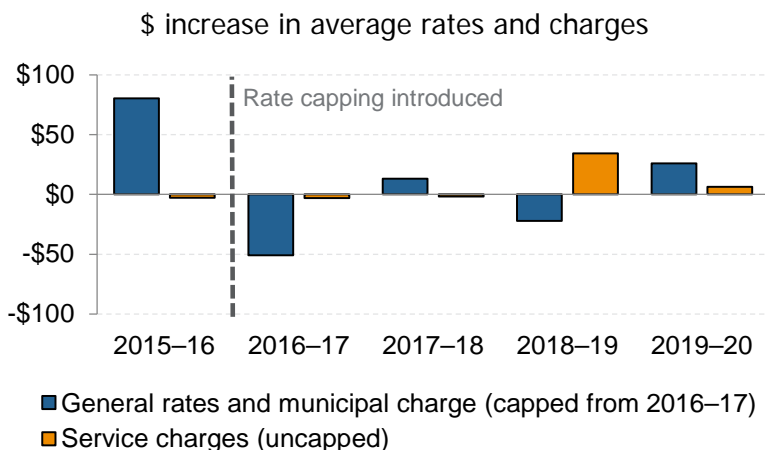
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Key facts

Population (June 2019):	112,159
Size (km ²):	1,283
Length of local roads (km):	1,575
Population per km of roads:	71
Council employees (FTE, 2019–20):	394
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,014	n/a
2016–17	\$1,960	2.50%
2017–18	\$1,971	2.00%
2018–19	\$1,983	2.25%
2019–20	\$2,016	2.50%

Rates (continued)



See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

2018–19 (2.25%)	2019–20 (2.50%)	2020–21 (2.00%)
Yes	Yes	Yes

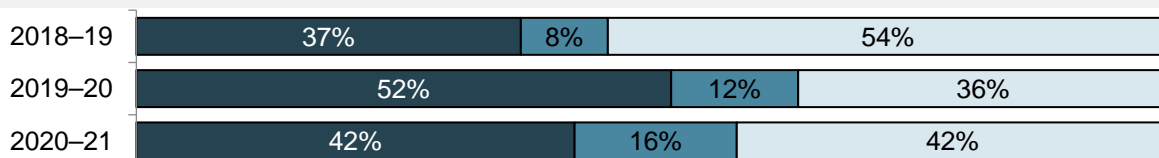
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 9 differential rates (for different types of property) and uses service charges to recover the cost of waste services. More information about council's differential rate categories and charges can be found in council's adopted budget.

Distribution of rates increases and decreases

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less than the applicable cap (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

Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	90% of ratepayers	2% of ratepayers	3% of ratepayers	4% of ratepayers
	\$82.7m (88%) of rates and charges revenue in 2019–20	\$4.1m (4%) of rates and charges revenue in 2019–20	\$2.4m (3%) of rates and charges revenue in 2019–20	\$5.1m (5%) of rates and charges revenue in 2019–20
	0.4% average annual increase between 2015–16 and 2019–20	-3.3% average annual increase between 2015–16 and 2019–20	-11.3% average annual increase between 2015–16 and 2019–20	-0.2% average annual increase between 2015–16 and 2019–20

Source: Victorian Local Government Grants Commission (unaudited data). Includes both capped and uncapped rates and charges. 'Other' category of property class has been omitted.

Revenue



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

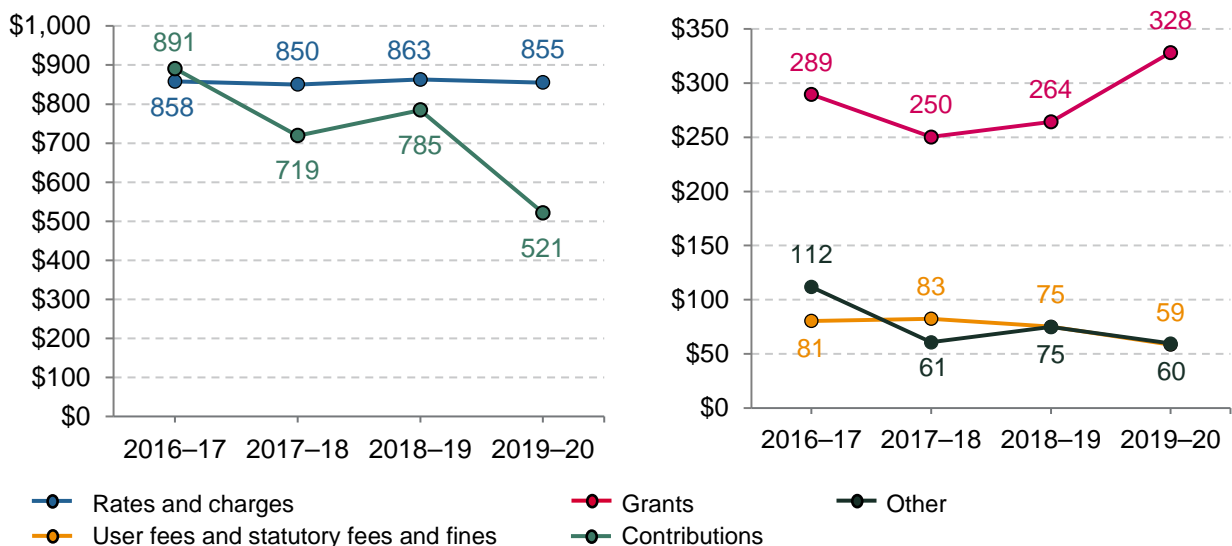
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	83.7	(38%)	87.1	(43%)	92.4	(42%)	95.9	(47%)
User fees and statutory fees and fines	7.9	(4%)	8.4	(4%)	8.1	(4%)	6.6	(3%)
Grants	28.2	(13%)	25.6	(13%)	28.3	(13%)	36.8	(18%)
Contributions	86.9	(40%)	73.7	(37%)	84.1	(38%)	58.5	(29%)
Other	10.9	(5%)	6.2	(3%)	8.0	(4%)	6.7	(3%)
Total	217.6		201.0		220.9		204.4	

In real terms, Cardinia Shire Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from contributions (due to fluctuations in the level of development activity). In 2019–20, revenue from grants increased due to the receipt of one-off capital grants.

Rates and charges, and contributions were the largest sources of council's revenue, and together these sources accounted for 78 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from contributions trended downwards in real terms between 2016–17 and 2019–20. This compares with an upward trend in revenue per person from grants.

Expenditure



See the reader's guide for data sources and useful information.
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How much money is council spending?

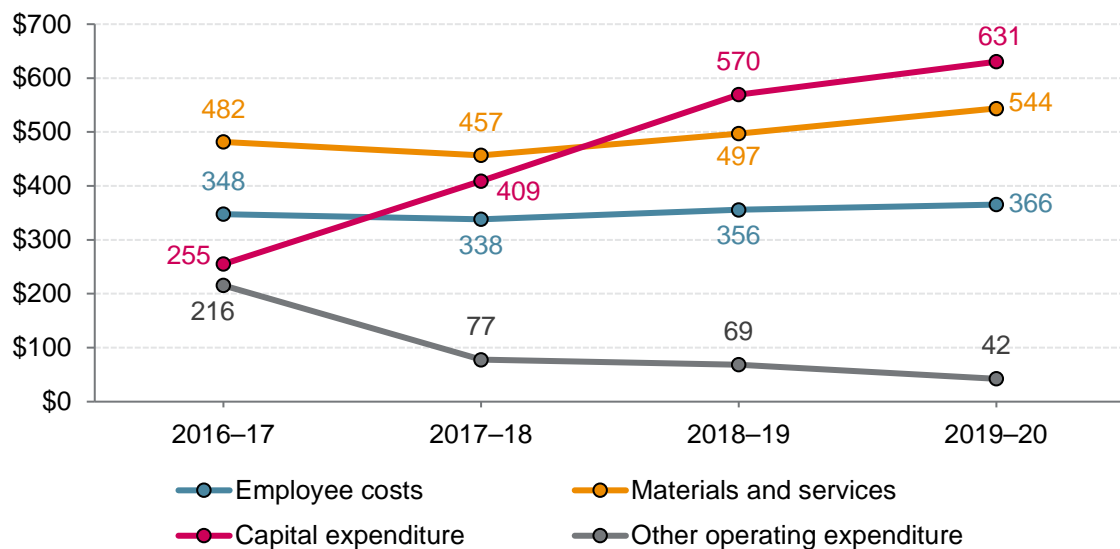
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	101.9 (80%)	89.3 (68%)	98.7 (62%)	106.7 (60%)
Employee costs	33.9 (27%)	34.6 (26%)	38.1 (24%)	41.0 (23%)
Materials and services	47.0 (37%)	46.8 (36%)	53.3 (33%)	61.0 (34%)
Other operating expenditure	21.0 (17%)	7.9 (6%)	7.3 (5%)	4.7 (3%)
Capital expenditure	24.9 (20%)	41.9 (32%)	61.0 (38%)	70.7 (40%)
Total	126.9	131.2	159.7	177.5

In real terms, Cardinia Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure (except 'other operating expenditure'), particularly capital expenditure.

In 2016–17 and 2017–18, materials and services was council's largest area of expenditure. However, increases in capital expenditure in 2018–19 and 2019–20 caused this to become council's largest area of expenditure in these years.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), all areas of council's expenditure (except 'other operating expenditure') trended upwards between 2016–17 and 2019–20.



See the reader's guide for data sources and useful information.
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Has council's capital expenditure pattern changed?

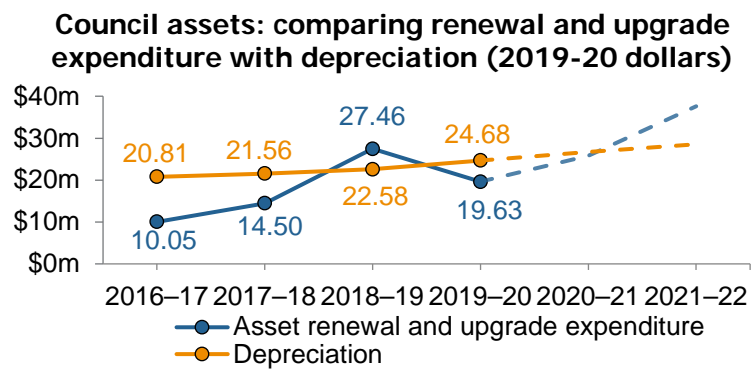
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Renewal	6.6 (26%)	10.3 (24%)	9.2 (15%)	17.3 (24%)
Upgrade	3.5 (14%)	4.2 (10%)	18.2 (30%)	2.4 (3%)
Expansion	0.0 (0%)	0.0 (0%)	0.0 (0%)	11.0 (16%)
New	14.9 (60%)	27.4 (65%)	33.6 (55%)	40.1 (57%)
Total	24.9	41.9	61.0	70.7

Cardinia Shire Council's capital expenditure trended upwards in real terms between 2016–17 and 2019–20, with a focus on new assets (accounting for 55 to 65 per cent of capital expenditure in each of these years), which is typical of interface councils.

In real terms, council's spending on asset upgrades in 2018–19 and asset expansion in 2019–20 was higher than the historical trend in each of these categories, while spending on asset renewal fluctuated between 2016–17 and 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	48%
2017–18	67%
2018–19	122%
2019–20	80%
2020–21	97% (forecast data)
2021–22	132% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, prior to a decrease in 2019–20. This spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2018–19, before falling below in 2019–20.

Renewal and upgrade expenditure was forecast to trend upwards in 2020–21 and 2021–22, increasing above 100 per cent of depreciation in 2021–22.

Services



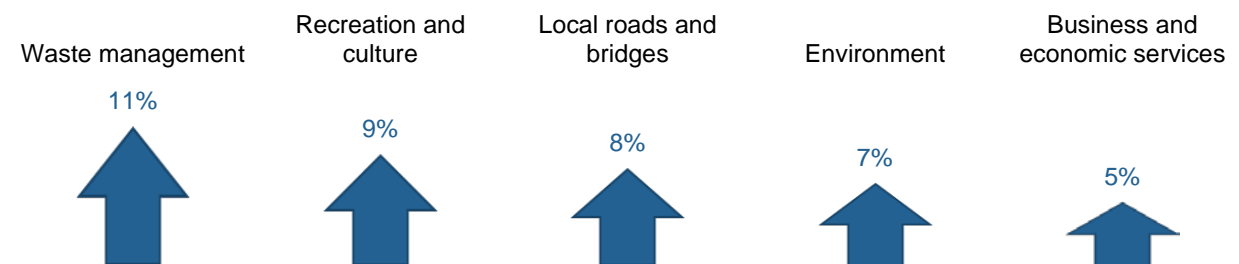
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Which service areas is council spending its money in?

Expenditure by function (2019–20 \$m and % of total services expenditure)

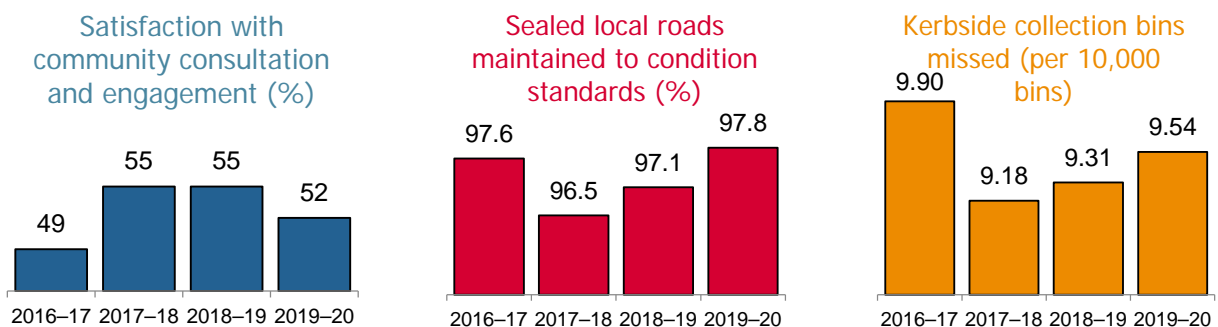
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	0.4	(0%)	0.3	(0%)	0.6	(1%)	0.6	(0%)
Business and economic services	6.9	(6%)	7.4	(7%)	8.8	(7%)	8.0	(6%)
Environment	7.5	(7%)	7.7	(7%)	8.3	(7%)	9.2	(7%)
Family and community services	8.2	(8%)	7.9	(7%)	8.4	(7%)	9.1	(7%)
Governance	32.3	(30%)	33.3	(31%)	38.5	(32%)	35.8	(27%)
Local roads and bridges	18.0	(17%)	17.3	(16%)	17.8	(15%)	22.8	(17%)
Recreation and culture	18.6	(17%)	16.8	(15%)	17.8	(15%)	24.2	(19%)
Traffic and street management	5.8	(5%)	6.3	(6%)	7.0	(6%)	6.5	(5%)
Waste management	10.6	(10%)	11.4	(10%)	12.0	(10%)	14.7	(11%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	108.2		108.5		119.2		130.8	

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality and community satisfaction?



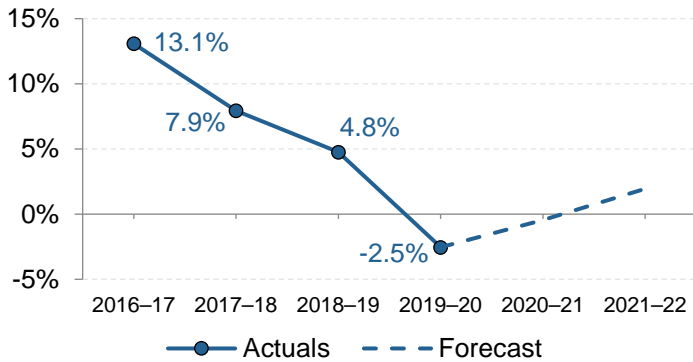
Financial position



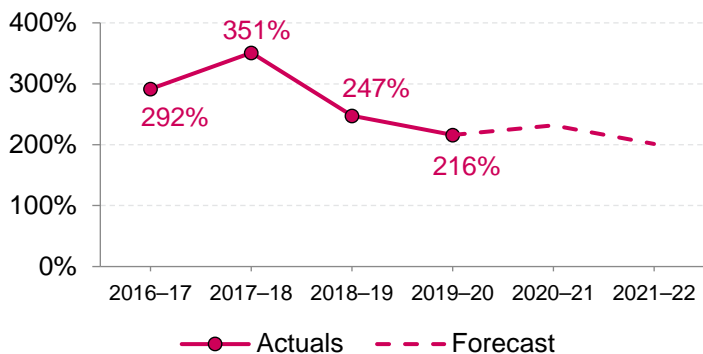
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Is council operating sustainably?

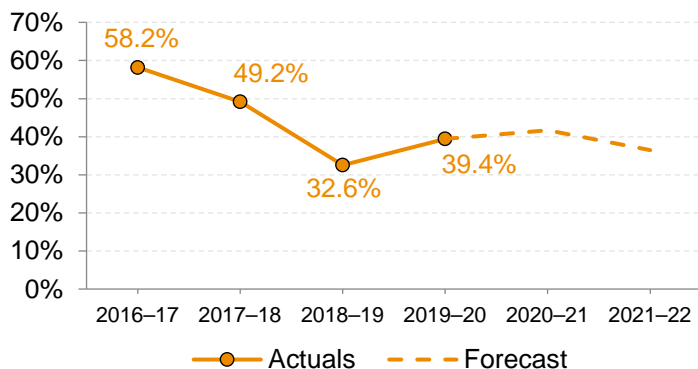
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2016–17 and 2019–20, Cardinia Shire Council reported an average **adjusted underlying result** of 5.8 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decrease in 2019–20 reflects both changed accounting standards (relating to the recognition of grant revenue) and increased expenditure on materials and services.

Council could meet its current financial obligations with a reported average **working capital ratio** of 276 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 44.9 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General's medium risk category for this indicator, which means there is some concern over council's ability to repay debt from the revenue it controls. The decrease in 2018–19 reflects both lower loan balances and higher revenue from non-cash contributions.

Note: Some of the year-on-year changes in these financial indicators may be due to the advance payment of Commonwealth grants (particularly in 2016–17) and changes to accounting standards or the impact of coronavirus (in 2019–20). See the reader's guide for more information.