

Frankston City Council

Group: metropolitan

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 metropolitan 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.



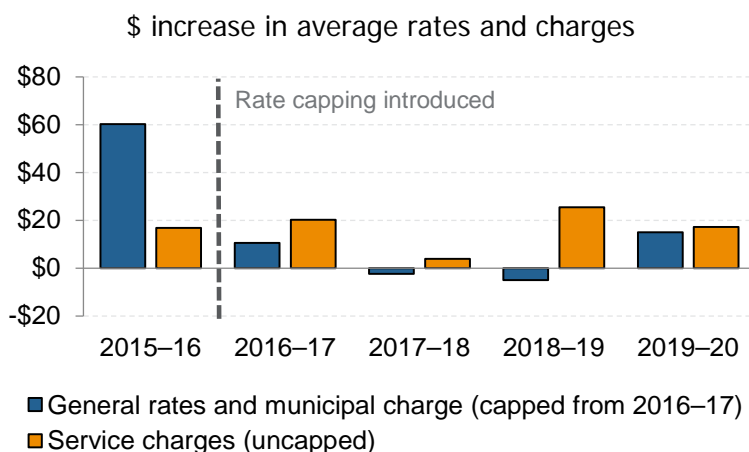
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Key facts

Population (June 2019):	142,643
Size (km ²):	130
Length of local roads (km):	702
Population per km of roads:	203
Council employees (FTE, 2019–20):	850
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	\$1,892	n/a
2016–17	\$1,923	2.50%
2017–18	\$1,924	2.00%
2018–19	\$1,945	2.25%
2019–20	\$1,977	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	Immaterially non-compliant (0.04 above the cap)

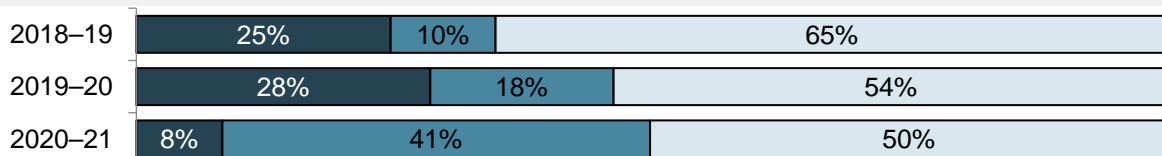
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property), a municipal charge 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
	92% of ratepayers	3% of ratepayers	5% of ratepayers	<1% of ratepayers
	\$113.3m (88%) of rates and charges revenue in 2019–20	\$8.8m (7%) of rates and charges revenue in 2019–20	\$6.1m (5%) of rates and charges revenue in 2019–20	<\$0.1m (<1%) of rates and charges revenue in 2019–20
	2.4% average annual increase between 2015–16 and 2019–20	1.1% average annual increase between 2015–16 and 2019–20	-4.9% average annual increase between 2015–16 and 2019–20	26.3% 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?

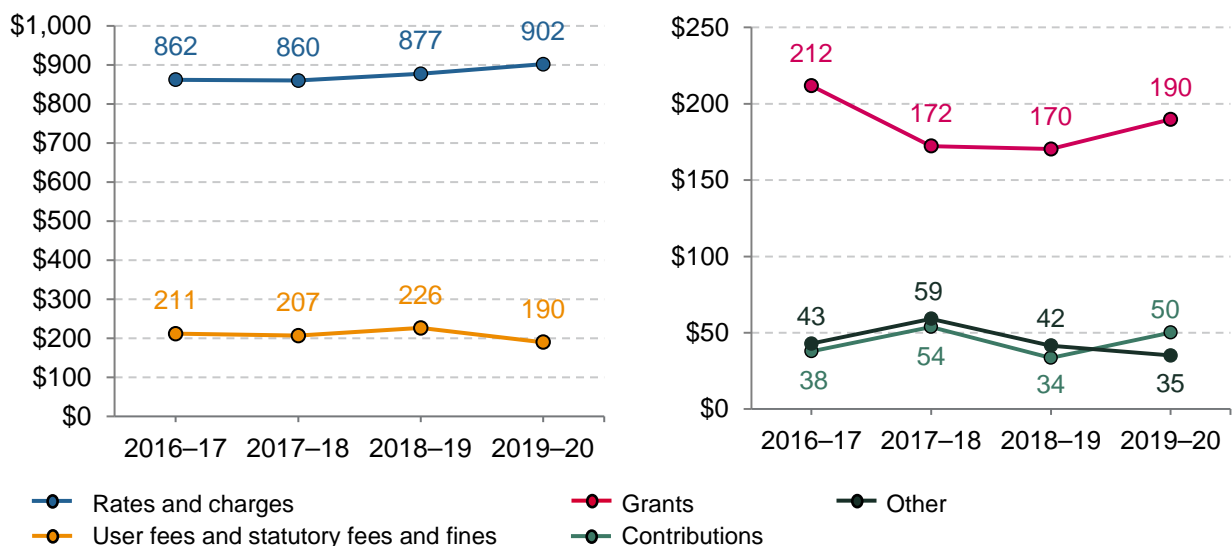
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	120.3	(63%)	121.0	(64%)	124.5	(65%)	128.7	(66%)
User fees and statutory fees and fines	29.5	(15%)	29.1	(15%)	32.1	(17%)	27.1	(14%)
Grants	29.5	(15%)	24.2	(13%)	24.2	(13%)	27.1	(14%)
Contributions	5.3	(3%)	7.6	(4%)	4.8	(2%)	7.1	(4%)
Other	6.0	(3%)	8.3	(4%)	5.9	(3%)	5.0	(3%)
Total	190.6		190.2		191.4		195.0	

In real terms, Frankston City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions. In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the closure of leisure facilities during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for 64 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 grants decreased in real terms between 2016–17 and 2019–20. 'Other' revenue per person peaked in 2017–18, while revenue per person from user fees and statutory fees and fines fluctuated in real terms.

Expenditure



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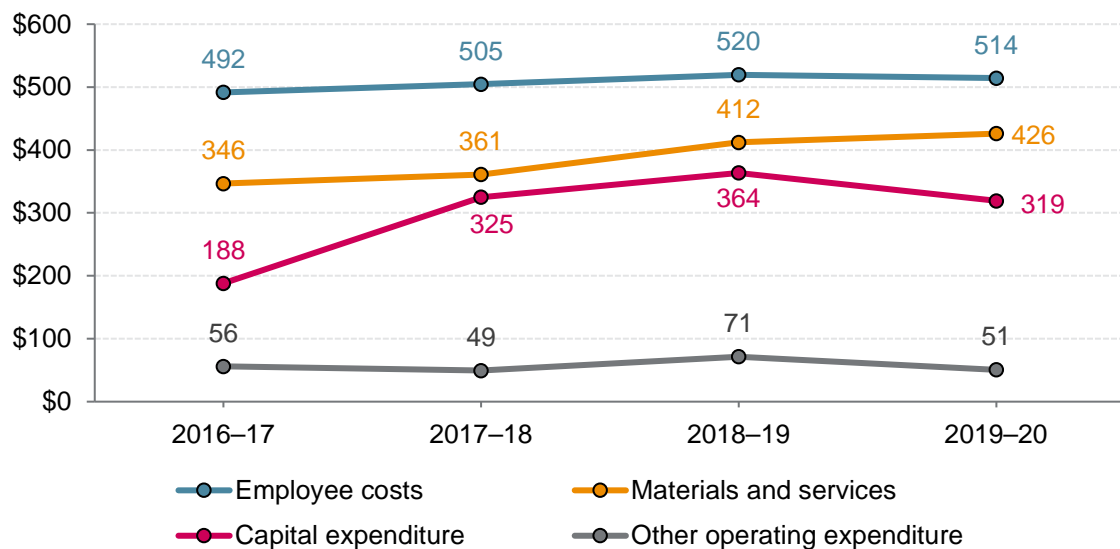
How much money is council spending?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	124.7	(83%)	128.7	(74%)	142.3	(73%)	141.4	(76%)
Employee costs	68.6	(45%)	71.0	(41%)	73.7	(38%)	73.4	(39%)
Materials and services	48.3	(32%)	50.8	(29%)	58.5	(30%)	60.8	(33%)
Other operating expenditure	7.8	(5%)	6.9	(4%)	10.1	(5%)	7.2	(4%)
Capital expenditure	26.2	(17%)	45.7	(26%)	51.6	(27%)	45.5	(24%)
Total	151.0		174.5		193.9		186.9	

In real terms, Frankston City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure (except 'other operating expenditure'). Employee costs was council's largest area of expenditure, accounting for 41 per cent of total expenditure between 2016–17 and 2019–20.

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 in real terms between 2016–17 and 2019–20.



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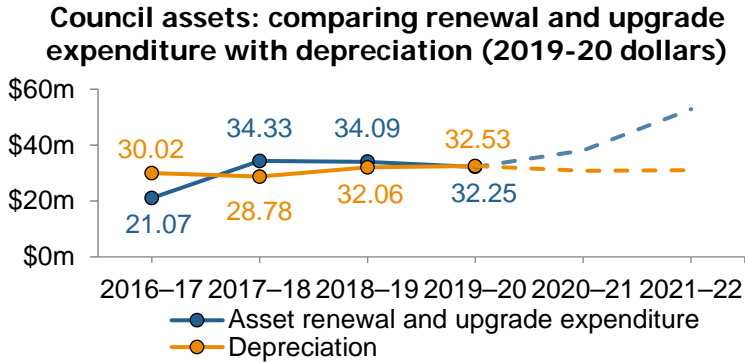
Has council's capital expenditure pattern changed?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	18.1	(69%)	26.4	(58%)	25.8	(50%)	23.0	(51%)
Upgrade	3.0	(11%)	8.0	(17%)	8.3	(16%)	9.2	(20%)
Expansion	1.1	(4%)	0.5	(1%)	0.9	(2%)	0.0	(0%)
New	4.1	(16%)	11.0	(24%)	16.6	(32%)	13.3	(29%)
Total	26.2		45.7		51.6		45.5	

In real terms, Frankston City Council's spending on asset renewal trended downwards between 2017–18 and 2019–20 (following an increase in 2017–18). Spending on new assets and asset upgrades trended upwards in real terms between 2016–17 and 2019–20. However, asset renewal remained the highest share of capital expenditure, accounting for more than 50 per cent each year.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	70%
2017–18	119%
2018–19	106%
2019–20	99%
2020–21	124% (forecast data)
2021–22	170% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms between 2017–18 and 2019–20, following an increase in 2017–18.

Renewal and upgrade spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2017–18 and 2018–19, before decreasing below 100 per cent of depreciation in 2019–20.

Renewal and upgrade expenditure was forecast to increase back above 100 per cent of depreciation in 2020–21 and 2021–22.



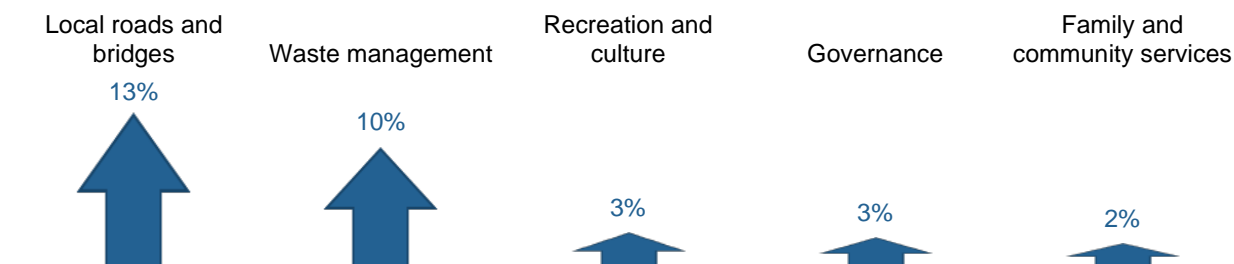
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Which service areas is council spending its money in?

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

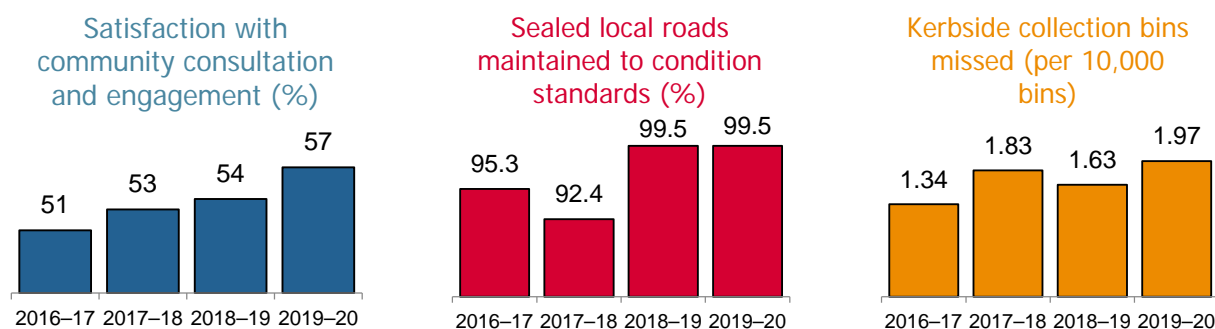
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	9.3 (6%)	9.6 (6%)	9.0 (5%)	9.3 (5%)
Business and economic services	5.5 (4%)	6.1 (4%)	6.4 (4%)	6.2 (4%)
Environment	6.8 (4%)	6.9 (4%)	7.0 (4%)	7.2 (4%)
Family and community services	10.7 (7%)	11.4 (7%)	11.5 (7%)	11.3 (6%)
Governance	41.8 (27%)	39.9 (25%)	44.4 (25%)	45.1 (26%)
Local roads and bridges	12.8 (8%)	12.8 (8%)	16.8 (10%)	18.3 (10%)
Recreation and culture	34.2 (22%)	36.2 (23%)	39.2 (22%)	37.2 (21%)
Traffic and street management	13.4 (9%)	13.4 (8%)	13.6 (8%)	13.4 (8%)
Waste management	15.3 (10%)	17.2 (11%)	19.0 (11%)	20.3 (12%)
Other	4.8 (3%)	5.1 (3%)	8.4 (5%)	7.3 (4%)
Total	154.5	158.4	175.4	175.6

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?



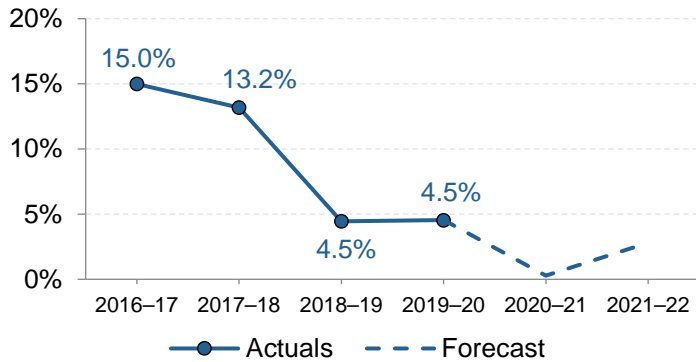
Financial position



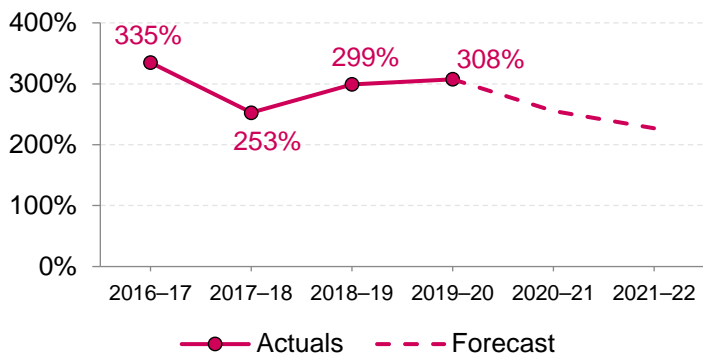
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Is council operating sustainably?

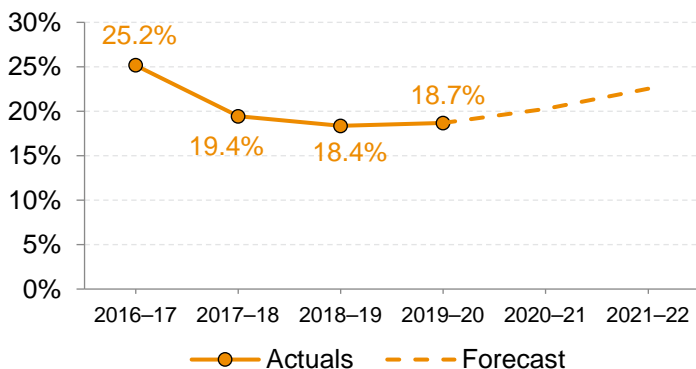
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Frankston City Council reported an average **adjusted underlying result** of 9.3 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The lower results in 2018–19 and 2019–20 reflect an increase in waste-management costs, reduced grant revenue, increased asset depreciation and the impacts of coronavirus (in 2019–20).

Council could meet its current financial obligations with a reported average **working capital ratio** of 299 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 20.4 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor–General’s low risk category for this indicator, which means there is no concern over council’s ability to repay debt from the revenue it controls.

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.