

Melton City 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.



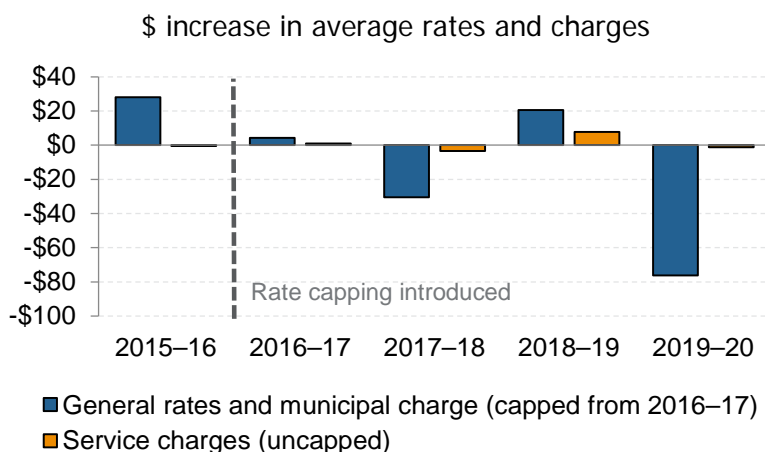
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Key facts

Population (June 2019):	164,895
Size (km ²):	528
Length of local roads (km):	1,252
Population per km of roads:	132
Council employees (FTE, 2019–20):	639
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	\$1,888	n/a
2016–17	\$1,893	2.50%
2017–18	\$1,859	2.00%
2018–19	\$1,887	2.25%
2019–20	\$1,809	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

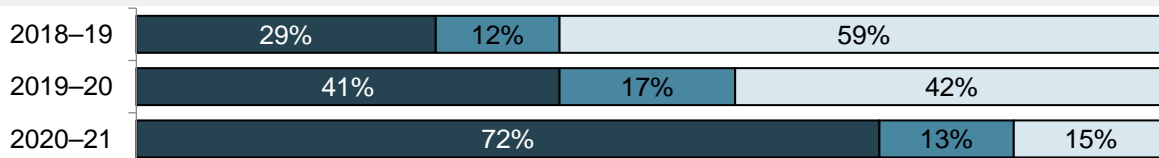
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 9 differential rates (for different types of property), 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
	94% of ratepayers	2% of ratepayers	3% of ratepayers	2% of ratepayers
	\$105.3m (85%) of rates and charges revenue in 2019–20	\$6.1m (5%) of rates and charges revenue in 2019–20	\$6.7m (5%) of rates and charges revenue in 2019–20	\$5.4m (4%) of rates and charges revenue in 2019–20
	-0.1% average annual increase between 2015–16 and 2019–20	-2.1% average annual increase between 2015–16 and 2019–20	-1.5% average annual increase between 2015–16 and 2019–20	4.3% 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?

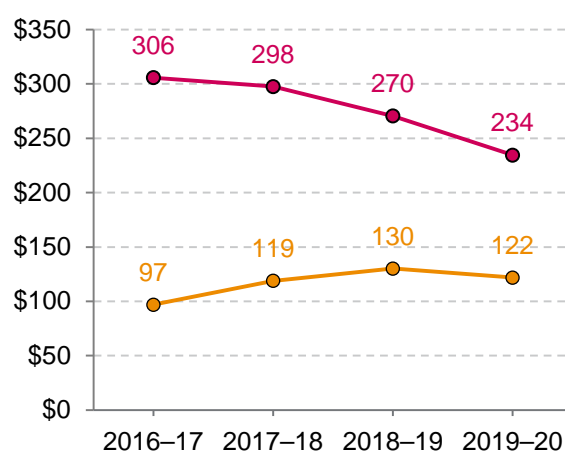
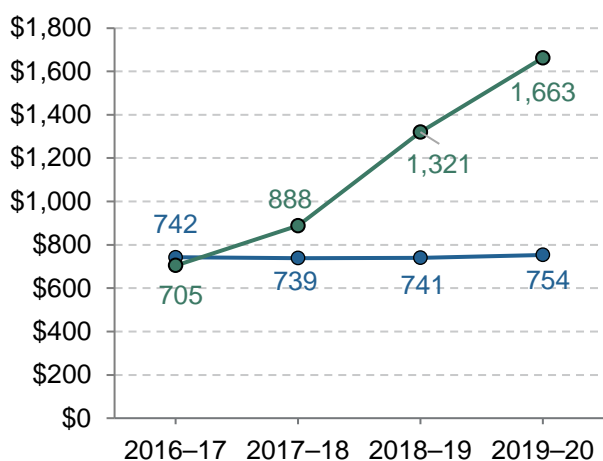
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	105.0	(37%)	109.8	(33%)	116.1	(30%)	124.3	(27%)
User fees and statutory fees and fines	13.7	(5%)	17.7	(5%)	20.4	(5%)	20.1	(4%)
Grants	43.2	(15%)	44.2	(13%)	42.4	(11%)	38.7	(8%)
Contributions	99.7	(35%)	132.0	(39%)	207.0	(53%)	274.2	(60%)
Other	20.6	(7%)	32.9	(10%)	3.3	(1%)	-1.7	(0%)
Total	282.2		336.5		389.1		455.5	

In real terms, Melton City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from contributions (due to higher levels of development activity). In 2016–17 and 2017–18, 'other' revenue was higher due to proceeds from the sale of land.

Rates and charges, and contributions were the largest sources of council's revenue, and together these sources accounted for between 72 and 87 per cent of total revenue between 2016–17 and 2019–20. With revenue from contributions increasing in real terms between 2016–17 and 2019–20, the proportion of revenue council received through rates and charges decreased.

Revenue per person (2019–20 dollars)



- Rates and charges
- User fees and statutory fees and fines
- Grants
- Contributions

Note: 'Other' Category has been omitted from the line chart

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

Expenditure



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

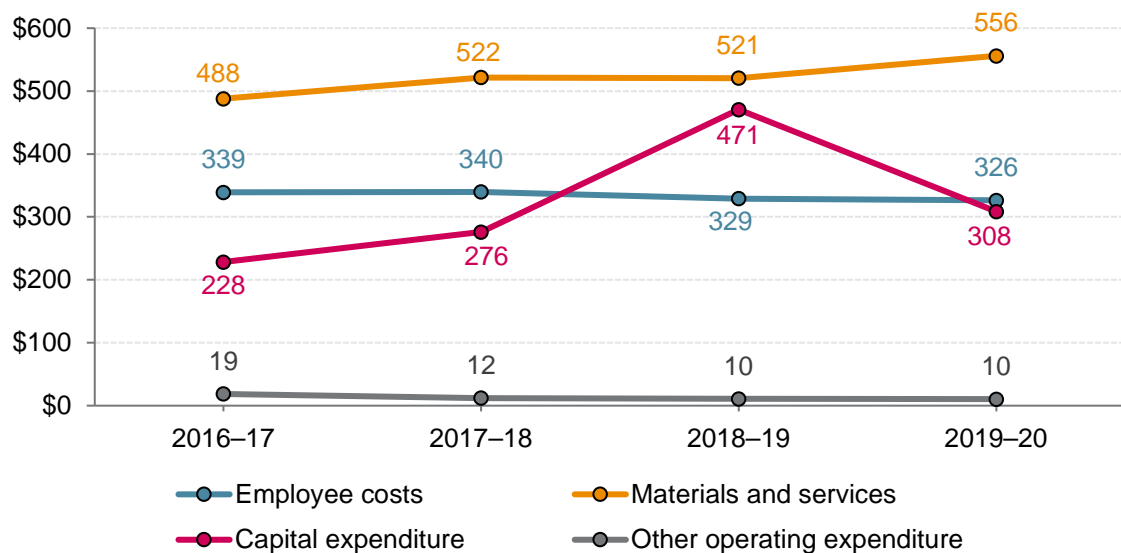
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	119.5 (79%)	129.8 (76%)	134.8 (65%)	147.2 (74%)
Employee costs	47.9 (32%)	50.5 (30%)	51.6 (25%)	53.8 (27%)
Materials and services	69.0 (45%)	77.5 (45%)	81.6 (39%)	91.7 (46%)
Other operating expenditure	2.6 (2%)	1.8 (1%)	1.6 (1%)	1.7 (1%)
Capital expenditure	32.3 (21%)	41.0 (24%)	73.8 (35%)	50.8 (26%)
Total	151.8	170.8	208.6	198.0

In real terms, Melton City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure except 'other operating expenditure'. Capital expenditure spiked in 2018–19.

Materials and services was council's largest area of expenditure, accounting for 44 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), capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, with a spike in capital expenditure in 2018–19. Employee costs per person trended downwards in real terms between 2016–17 and 2019–20.



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Has council's capital expenditure pattern changed?

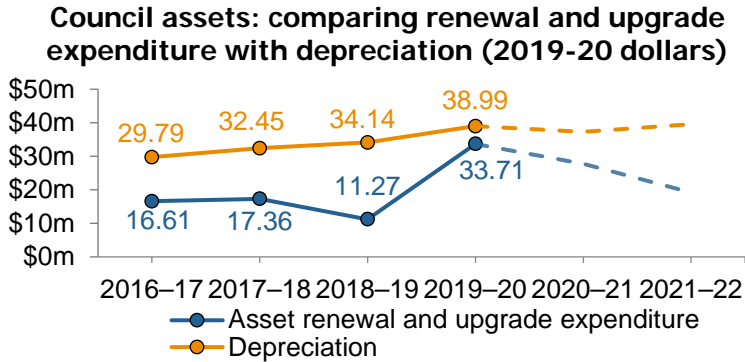
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	12.6	(39%)	12.7	(31%)	9.7	(13%)	8.3	(16%)
Upgrade	4.0	(12%)	4.6	(11%)	1.6	(2%)	25.4	(50%)
Expansion	4.4	(14%)	3.4	(8%)	8.0	(11%)	2.2	(4%)
New	11.3	(35%)	20.3	(49%)	54.5	(74%)	14.9	(29%)
Total	32.3		41.0		73.8		50.8	

Melton City Council's spending on new assets trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20. Council's spending on asset renewal trended downwards in real terms between 2017–18 and 2019–20.

The percentage of total capital expenditure spent on each category varied each year between 2016–17 and 2019–20, however across the four years council spent the highest share on new assets, which is typical of interface councils.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	56%
2017–18	53%
2018–19	33%
2019–20	86%
2020–21	74% (forecast data)
2021–22	49% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, despite a dip in 2018–19. However, this spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade expenditure was forecast to remain below 100 per cent of depreciation in 2020–21 and 2021–22. 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.



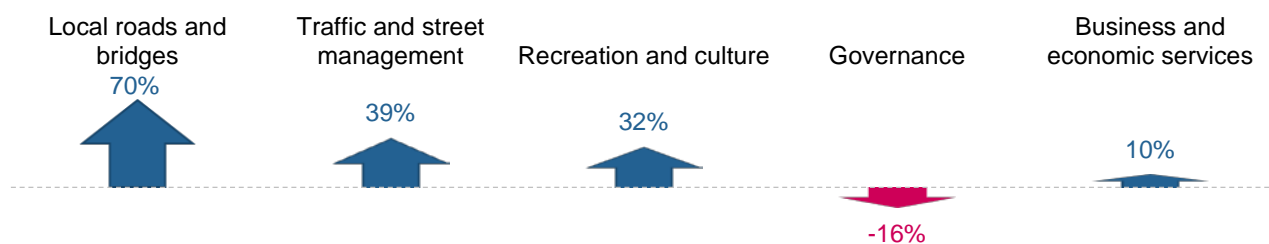
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Which service areas is council spending its money in?

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

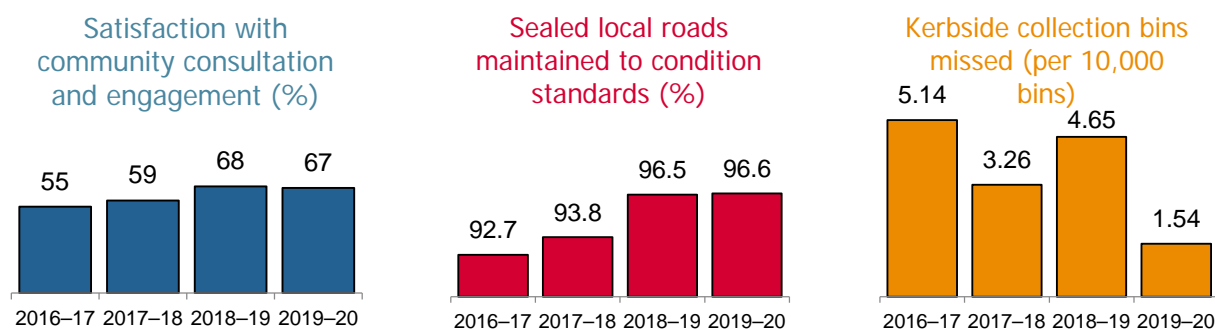
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	7.1	(5%)	7.3	(4%)	6.9	(4%)	8.0	(4%)
Business and economic services	10.7	(7%)	13.0	(8%)	13.3	(8%)	14.4	(8%)
Environment	1.5	(1%)	1.6	(1%)	6.2	(4%)	6.6	(4%)
Family and community services	16.9	(11%)	17.1	(11%)	17.3	(10%)	17.2	(9%)
Governance	63.6	(43%)	68.9	(43%)	44.8	(26%)	38.1	(20%)
Local roads and bridges	4.9	(3%)	6.7	(4%)	17.0	(10%)	24.3	(13%)
Recreation and culture	16.8	(11%)	18.0	(11%)	22.0	(13%)	39.0	(21%)
Traffic and street management	6.1	(4%)	6.6	(4%)	16.2	(10%)	16.6	(9%)
Waste management	16.4	(11%)	17.4	(11%)	20.0	(12%)	22.1	(12%)
Other	5.2	(3%)	5.4	(3%)	5.6	(3%)	0.0	(0%)
Total	149.3		162.0		169.3		186.3	

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?

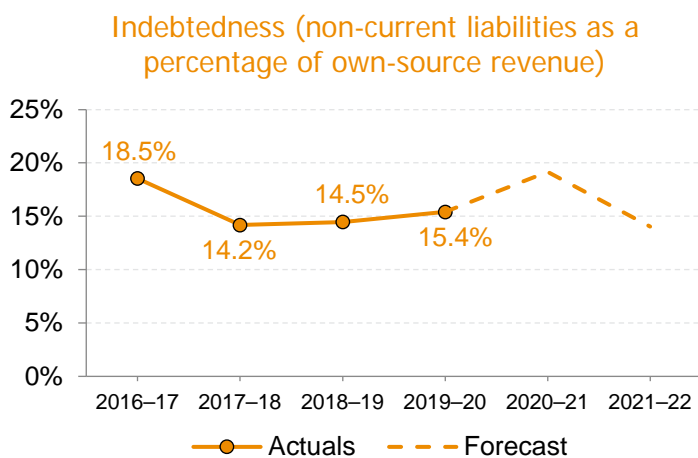
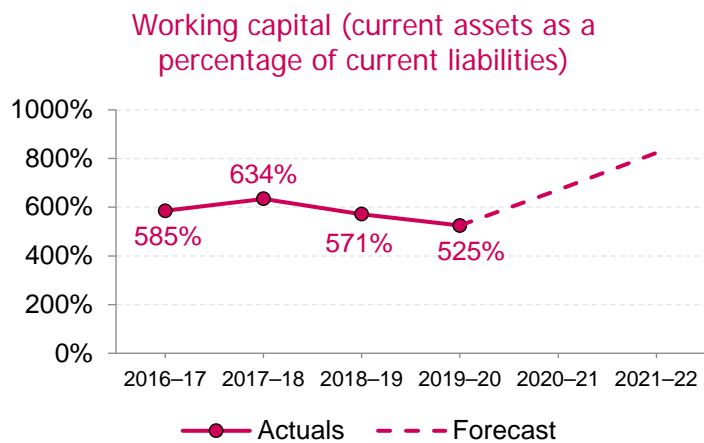
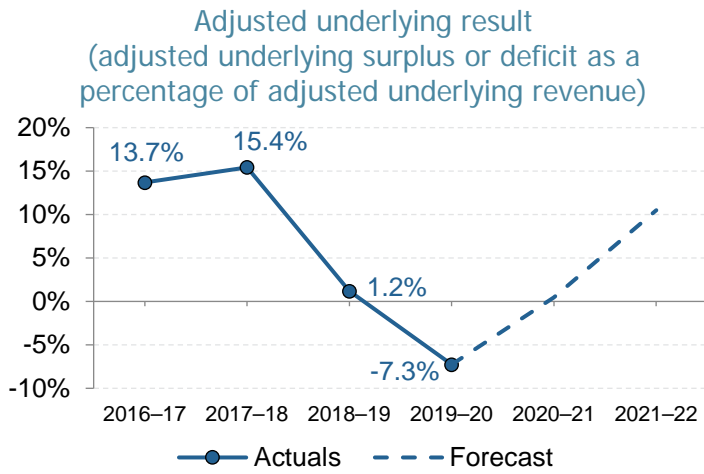


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Melton City 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 decreases in 2018–19 and 2019–20 reflect a loss from the write-down of road infrastructure assets and a reduction in revenue from the sale of land (which was impacted by coronavirus in 2019–20).

Council could meet its current financial obligations with a reported average **working capital ratio** of 579 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 15.6 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.