

Mornington Peninsula 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.

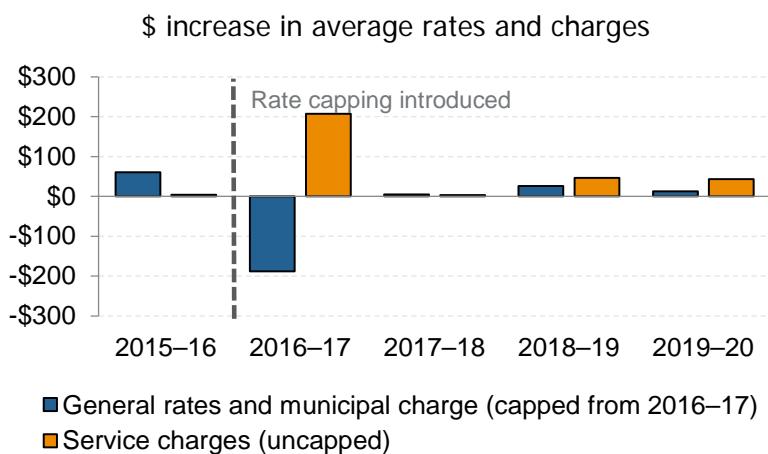


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Key facts	
Population (June 2019):	167,636
Size (km ²):	724
Length of local roads (km):	1,707
Population per km of roads:	98
Council employees (FTE, 2019–20):	713
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,608	n/a
2016–17	\$1,627	2.50%
2017–18	\$1,635	2.00%
2018–19	\$1,708	2.25%
2019–20	\$1,764	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

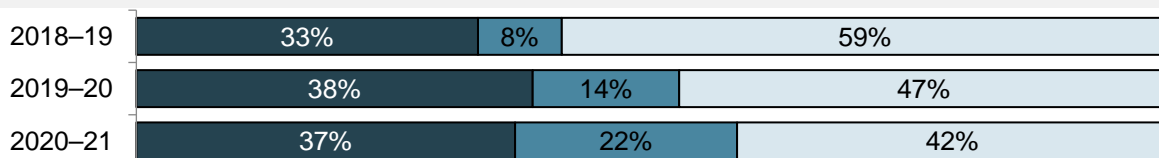
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 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
	93% of ratepayers	3% of ratepayers	2% of ratepayers	1% of ratepayers
	\$165.1m (93%) of rates and charges revenue in 2019–20	\$7.2m (4%) of rates and charges revenue in 2019–20	\$2.8m (2%) of rates and charges revenue in 2019–20	\$2.1m (1%) of rates and charges revenue in 2019–20
	2.3% average annual increase between 2015–16 and 2019–20	0.1% average annual increase between 2015–16 and 2019–20	0.4% average annual increase between 2015–16 and 2019–20	-2.4% 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?

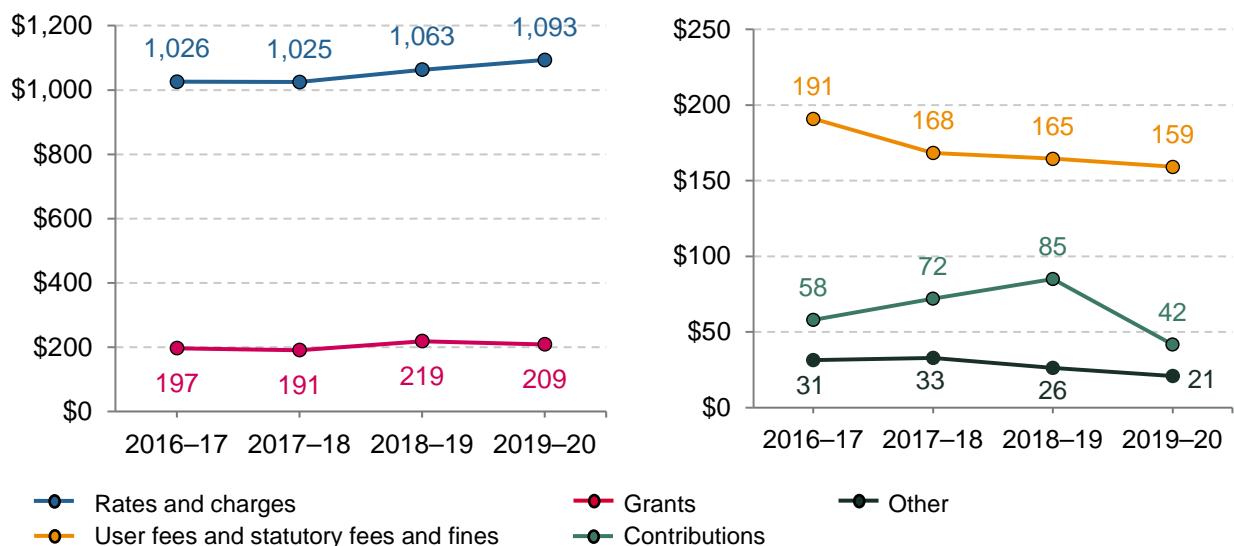
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	165.7	(68%)	167.9	(69%)	176.2	(68%)	183.3	(72%)
User fees and statutory fees and fines	30.8	(13%)	27.6	(11%)	27.3	(11%)	26.7	(10%)
Grants	31.8	(13%)	31.3	(13%)	36.3	(14%)	35.0	(14%)
Contributions	9.4	(4%)	11.8	(5%)	14.1	(5%)	7.0	(3%)
Other	5.1	(2%)	5.4	(2%)	4.4	(2%)	3.5	(1%)
Total	242.8		244.0		258.3		255.4	

In real terms, Mornington Peninsula Shire Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges. In 2019–20, council's revenue from contributions decreased in real terms due to lower levels of development activity during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for 69 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 user fees and statutory fees and fines trended downwards in real terms between 2016–17 and 2019–20. Revenue per person from contributions peaked in real terms in 2018–19.

Expenditure



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

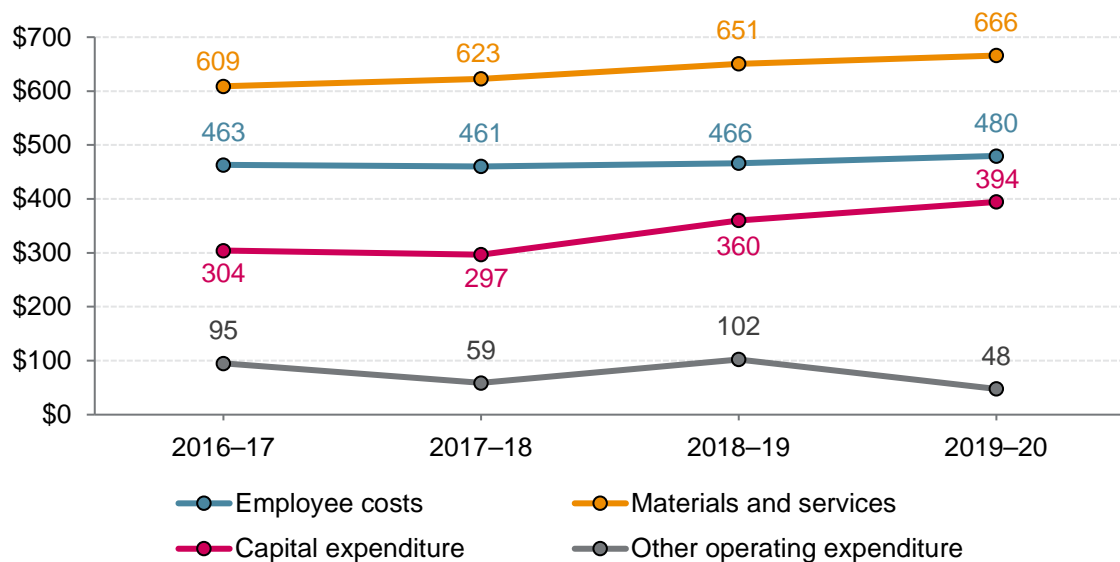
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	188.5 (79%)	187.1 (79%)	202.2 (77%)	200.0 (75%)
Employee costs	74.8 (31%)	75.5 (32%)	77.3 (30%)	80.4 (30%)
Materials and services	98.4 (41%)	102.0 (43%)	107.9 (41%)	111.7 (42%)
Other operating expenditure	15.3 (6%)	9.6 (4%)	17.0 (6%)	8.0 (3%)
Capital expenditure	49.1 (21%)	48.6 (21%)	59.7 (23%)	66.1 (25%)
Total	237.6	235.7	261.9	266.2

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

Materials and services was council's largest areas of expenditure, accounting for 42 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), expenditure on materials and services, employee costs and capital expenditure trended upwards in real terms 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)

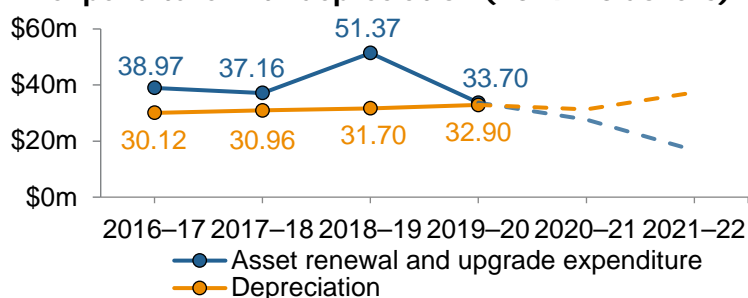
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	25.9	(53%)	21.8	(45%)	29.6	(50%)	26.9	(41%)
Upgrade	13.1	(27%)	15.3	(32%)	21.8	(37%)	6.8	(10%)
Expansion	1.9	(4%)	1.9	(4%)	1.2	(2%)	0.8	(1%)
New	8.3	(17%)	9.5	(20%)	7.1	(12%)	31.6	(48%)
Total	49.1		48.6		59.7		66.1	

In real terms, Mornington Peninsula Shire Council's spending on asset renewal fluctuated year on year between 2016–17 and 2019–20, however continued its historical upward trend. Asset renewal accounted for the highest share of council's capital expenditure, except in 2019–20, when there was an increase in spending on new assets.

Council's spending on asset upgrades also trended upwards in real terms before a decrease in 2019–20.

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

Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	129%
2017–18	120%
2018–19	162%
2019–20	102%
2020–21	88% (forecast data)
2021–22	45% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated year on year between 2016–17 and 2019–20, however remained above the amount of depreciation (the decline in value of council's assets caused by age and use).

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



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

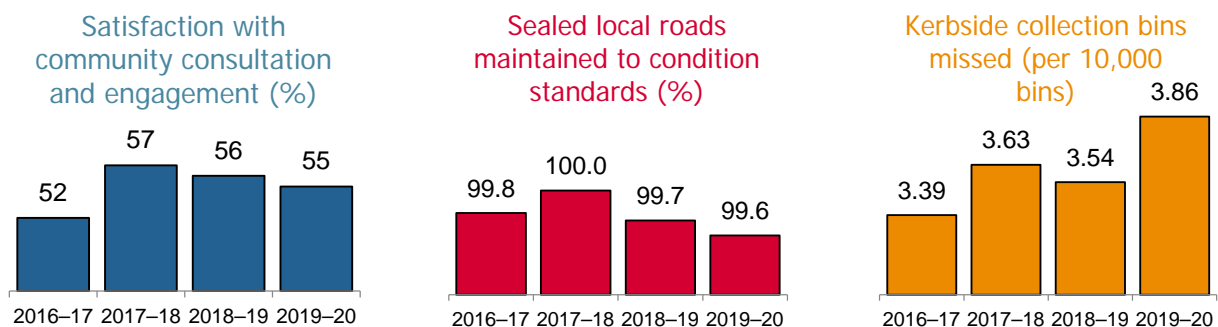
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	16.5	(8%)	17.7	(8%)	16.1	(7%)	15.4	(7%)
Business and economic services	19.5	(9%)	17.1	(8%)	21.6	(10%)	21.3	(9%)
Environment	27.0	(13%)	35.0	(16%)	38.4	(17%)	61.0	(26%)
Family and community services	12.1	(6%)	13.1	(6%)	11.7	(5%)	10.8	(5%)
Governance	39.3	(19%)	34.4	(16%)	41.0	(18%)	42.0	(18%)
Local roads and bridges	21.8	(10%)	24.8	(11%)	26.8	(12%)	13.9	(6%)
Recreation and culture	32.8	(16%)	31.0	(14%)	25.5	(11%)	22.1	(10%)
Traffic and street management	13.4	(6%)	16.9	(8%)	15.9	(7%)	11.6	(5%)
Waste management	27.7	(13%)	26.4	(12%)	26.4	(12%)	33.0	(14%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	210.1		216.5		223.3		231.2	

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?



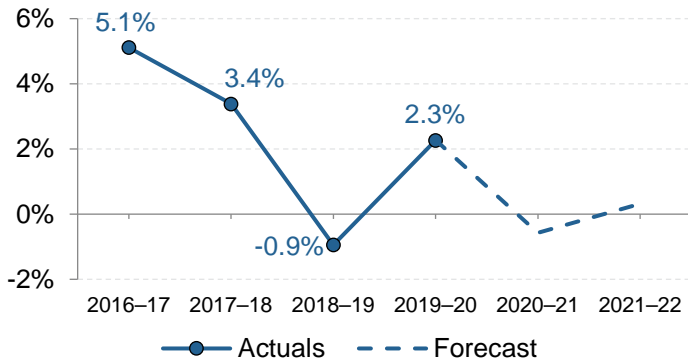
Financial position



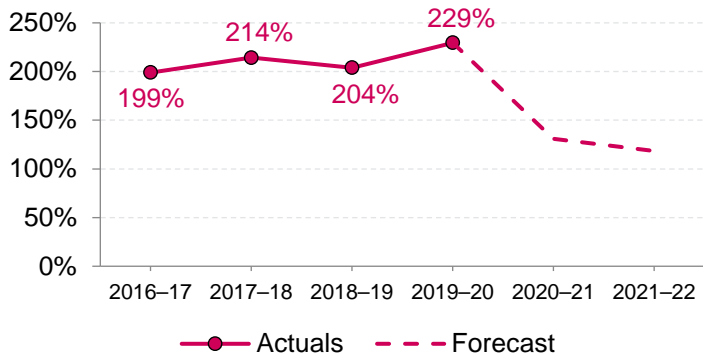
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Is council operating sustainably?

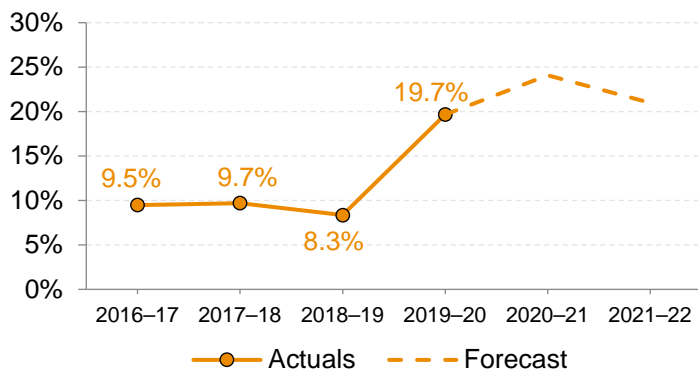
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Mornington Peninsula Shire Council reported an average **adjusted underlying result** of 2.5 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 2018–19 mainly reflects a one-off loss on disposal of drainage assets.

Council could meet its current financial obligations with a reported average **working capital ratio** of 212 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 11.8 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. The increase in 2019–20 reflects borrowing related to the construction of an aquatic centre.

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.