

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. The information aims to help readers understand the impacts of rate capping. This was introduced in 2016–17 to restrict the amount councils can increase their general rates and municipal charges 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>. You'll find an interactive version of this fact sheet, a reader's guide to help you understand key terms and information about the sector as a whole.

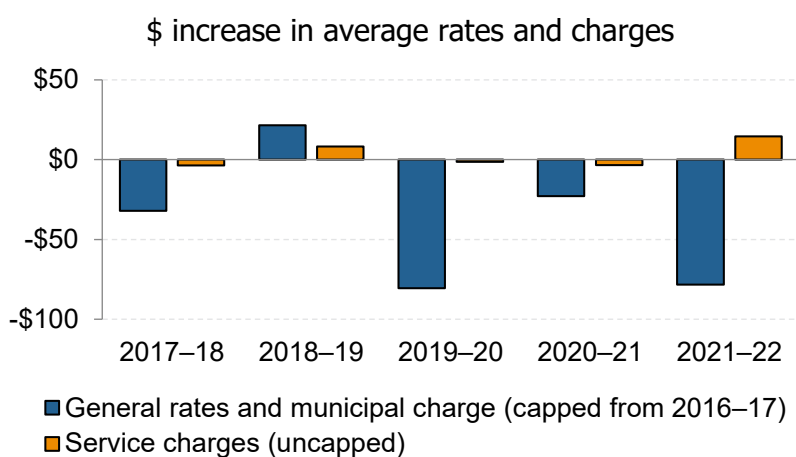


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Key facts	
Population (June 2021):	181,223
Size (km ²):	528
Length of local roads (km):	1,388
Population per km of roads:	131
Council employees (FTE, 2021–22):	576
Higher cap approved for any year between 2016–17 and 2021–22	No

Rates

What did happen to average rates and charges (2021–22 dollars)?



Year	Average rates and charges	Applicable rate cap
2016–17	\$1,997	2.50%
2017–18	\$1,962	2.00%
2018–19	\$1,991	2.25%
2019–20	\$1,910	2.50%
2020–21	\$1,883	2.00%
2021–22	\$1,820	1.50%

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 2021–22 dollars.

Did council's average rates comply with the applicable rate caps?

2020–21 (2.00%)	2021–22 (1.50%)	2022–23 (1.75%)
Yes	Yes	Yes

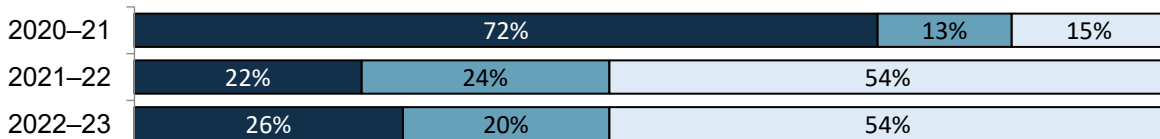
How did rates change for different ratepayers?

Council's rating strategy 2022–23

Council applies 9 differential rates for different types of property, a municipal charge and recovers the cost of waste services using service charges. The adopted budget contains more information about rate categories and charges.

Distribution of rates increases and decreases

The applicable rate cap is applied to council's average rate. So, 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 (2021–22 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	94% of ratepayers in 2021–22	2% of ratepayers in 2021–22	3% of ratepayers in 2021–22	1% of ratepayers in 2021–22
	\$127.8m (86%) of rates and charges revenue in 2021–22	\$6.5m (4%) of rates and charges revenue in 2021–22	\$8.3m (6%) of rates and charges revenue in 2021–22	\$5.3m (4%) of rates and charges revenue in 2021–22
	-0.8% average annual change between 2017–18 and 2021–22	-1.7% average annual change between 2017–18 and 2021–22	-2.1% average annual change between 2017–18 and 2021–22	1.8% average annual change between 2017–18 and 2021–22

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



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Revenue

Where did council's money come from?

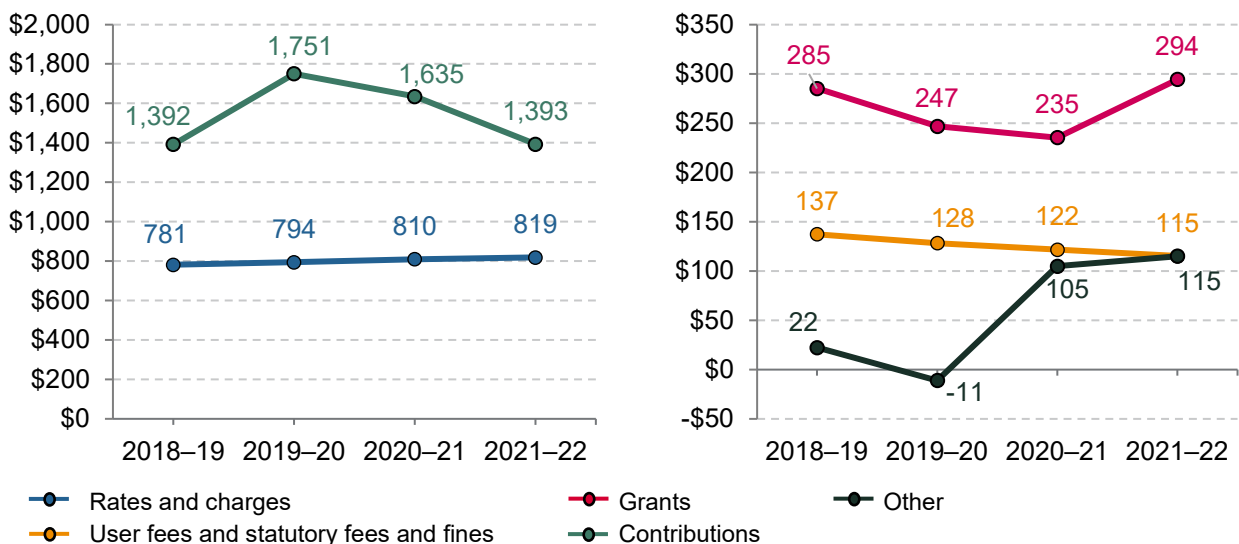
Revenue (2021–22 \$m and % of total revenue)

	2018–19		2019–20		2020–21		2021–22	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	122.5	(30%)	131.2	(27%)	140.3	(28%)	148.3	(30%)
User fees and statutory fees and fines	21.5	(5%)	21.2	(4%)	21.1	(4%)	20.9	(4%)
Grants	44.7	(11%)	40.8	(8%)	40.8	(8%)	53.3	(11%)
Contributions	218.4	(53%)	289.4	(60%)	283.3	(56%)	252.4	(51%)
Other	3.6	(1%)	-1.8	(0%)	18.2	(4%)	20.8	(4%)
Total	410.7		480.8		503.6		495.8	

Melton Shire Council's total revenue increased in real terms between 2018–19 and 2021–22, reflecting increases in revenue from contributions, rates and charges, and 'other' revenue.

Contributions and rates and charges were the largest sources of revenue, accounting for 84 per cent of total revenue between 2018–19 and 2021–22.

Revenue per person (2021–22 dollars)



In terms of revenue per person (which adjusts for changes in population), revenue from rates and charges, and 'other' revenue increased between 2018–19 and 2021–22. This compares with a downward trend in revenue per person from user fees and statutory fees and fines. Grants and contributions fluctuated during this period.



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Expenditure

How much money did council spend?

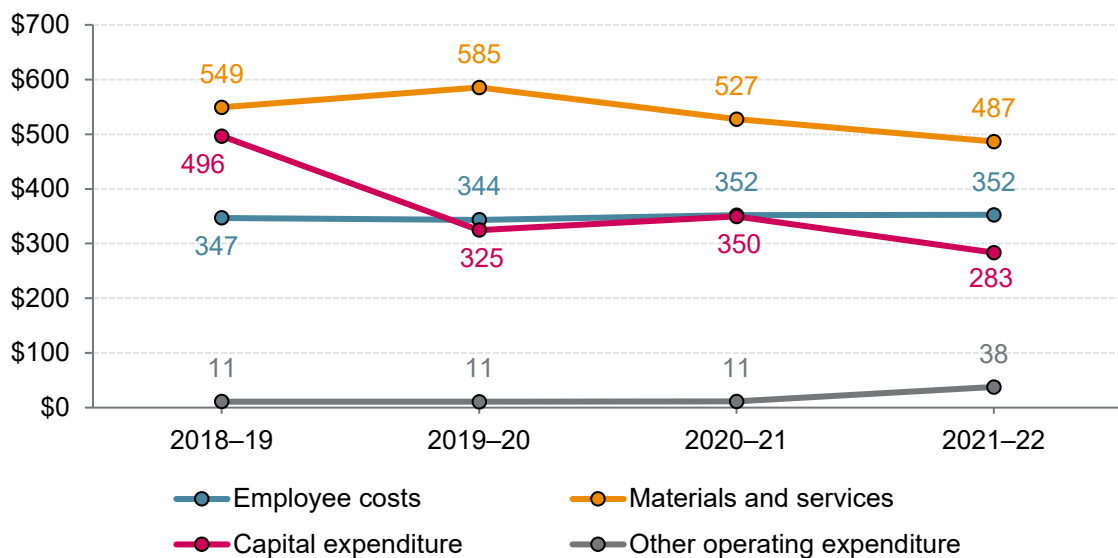
Expenditure (2021–22 \$m and % of total expenditure)

	2018–19		2019–20		2020–21		2021–22	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	142.3	(65%)	155.3	(74%)	154.3	(72%)	158.9	(76%)
Employee costs	54.4	(25%)	56.8	(27%)	61.0	(28%)	63.9	(30%)
Materials and services	86.1	(39%)	96.8	(46%)	91.4	(43%)	88.2	(42%)
Other operating expenditure	1.7	(1%)	1.8	(1%)	2.0	(1%)	6.8	(3%)
Capital expenditure	77.9	(35%)	53.7	(26%)	60.6	(28%)	51.3	(24%)
Total	220.1		209.0		214.9		210.2	

Melton Shire Council's total expenditure decreased in real terms between 2018–19 and 2021–22, reflecting a decrease in capital expenditure.

Materials and services was the largest area of expenditure, accounting for 42 per cent of total expenditure between 2018–19 and 2021–22.

Expenditure per person (2021–22 dollars)



In terms of expenditure per person (which adjusts for changes in population), council's expenditure on materials and services and capital expenditure decreased between 2018–19 and 2021–22. This compares with an upward trend in expenditure on employee costs and 'other operating expenditure' per person.

Infrastructure



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

Capital expenditure (2021–22 \$m and % of total capital expenditure)

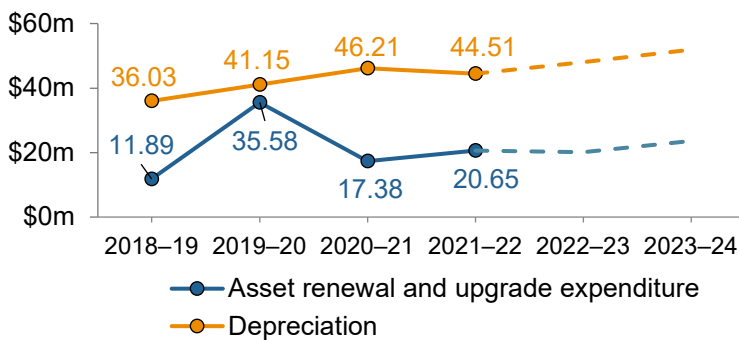
	2018–19		2019–20		2020–21		2021–22	
	\$m		\$m		\$m		\$m	
Renewal	10.2	(13%)	8.8	(16%)	7.2	(12%)	13.6	(27%)
Upgrade	1.7	(2%)	26.8	(50%)	10.2	(17%)	7.0	(14%)
Expansion	8.4	(11%)	2.3	(4%)	3.1	(5%)	6.4	(12%)
New	57.5	(74%)	15.7	(29%)	40.1	(66%)	24.3	(47%)
Total	77.9		53.7		60.6		51.3	

Melton Shire Council's spending on new assets trended downwards in real terms, despite fluctuating between 2018–19 and 2021–22. New assets accounted for the highest share of capital expenditure over this period (57 per cent).

Council's spending on asset renewal increased in real terms between 2018–19 and 2021–22, while spending on asset expansion declined and asset upgrade spending fluctuated.

Did council renew assets (such as roads, parks and buildings)?

Council assets: comparing renewal and upgrade expenditure with depreciation (2021–22 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2018–19	33%
2019–20	86%
2020–21	38%
2021–22	46%
2022–23	42% (forecast data)
2023–24	46% (forecast data)

Council's spending on renewing and upgrading assets trended upwards in real terms, despite fluctuating between 2018–19 and 2021–22. Renewal and upgrade expenditure remained below the amount of depreciation (the decline in value of council's assets caused by age and use) between 2018–19 and 2021–22. It was forecast to remain below the amount of depreciation in 2022–23 and 2023–24.



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Services

Which service areas did council spend its money on?

Expenditure by function (2021–22 \$m and % of total services expenditure)

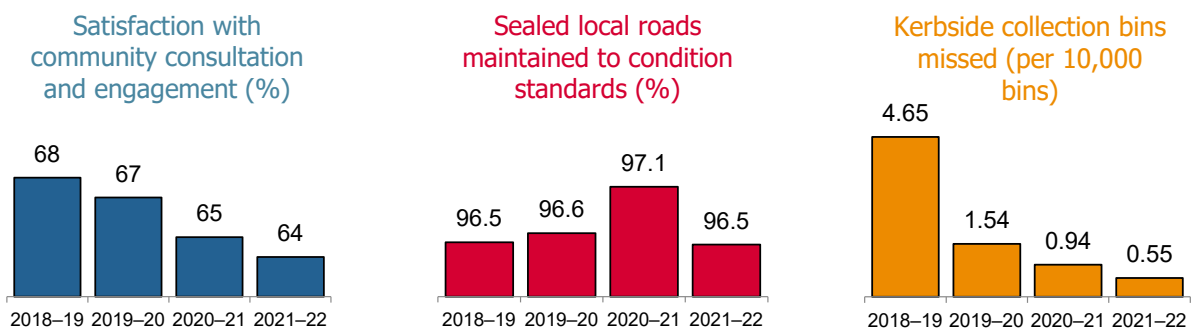
	2018–19	2019–20	2020–21	2021–22
	\$m	\$m	\$m	\$m
Aged and disabled services	7.3 (4%)	8.5 (4%)	6.8 (3%)	7.0 (3%)
Business and economic services	14.0 (8%)	15.2 (8%)	14.1 (7%)	16.5 (8%)
Environment	6.6 (4%)	6.9 (4%)	8.1 (4%)	8.0 (4%)
Family and community services	18.3 (10%)	18.1 (9%)	17.7 (9%)	18.1 (9%)
Governance	47.3 (26%)	40.2 (20%)	40.8 (20%)	41.8 (20%)
Local roads and bridges	17.9 (10%)	25.6 (13%)	27.6 (14%)	28.0 (14%)
Recreation and culture	23.2 (13%)	41.2 (21%)	43.0 (21%)	41.6 (20%)
Traffic and street management	17.1 (10%)	17.5 (9%)	18.2 (9%)	17.2 (8%)
Waste management	21.1 (12%)	23.4 (12%)	24.9 (12%)	26.2 (13%)
Other	5.9 (3%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	178.7	196.6	201.2	204.4

Which areas experienced the biggest changes from 2018–19 to 2021–22?



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

Did service quality or community satisfaction change?



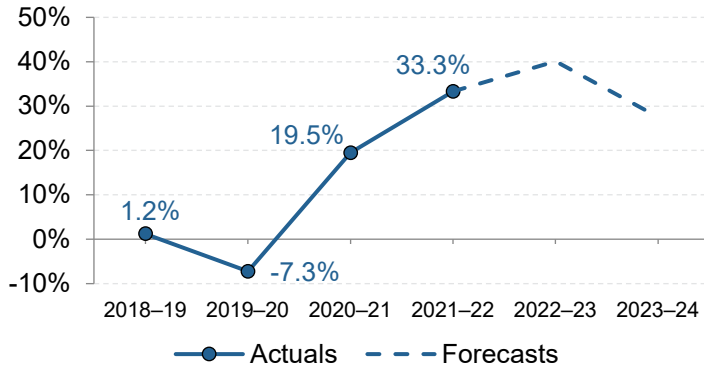


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Financial position

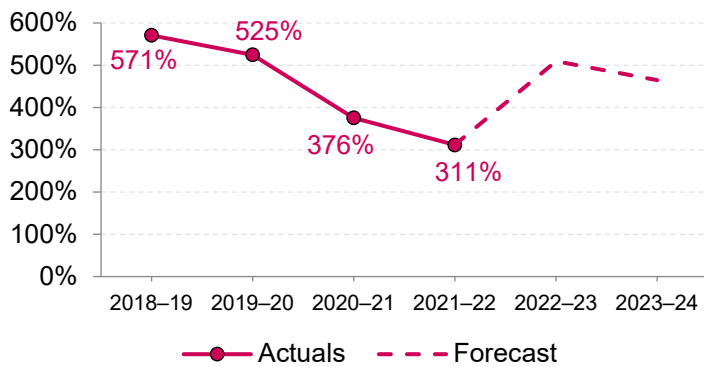
Did council operate sustainably?

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



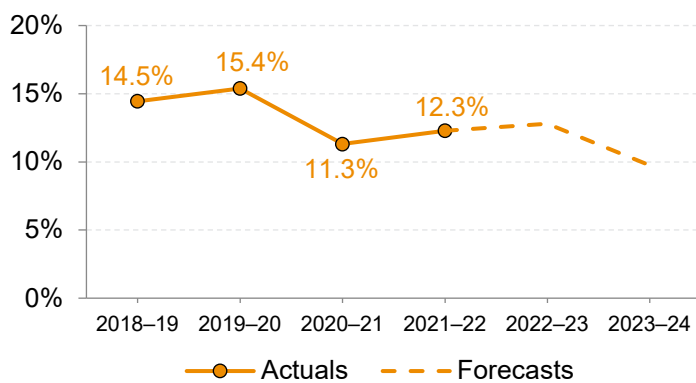
Between 2018–19 and 2021–22, Melton Shire Council reported an average **adjusted underlying result** of 11.7 per cent. An ongoing positive result suggests ongoing revenue can fund the current level of service provision.

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



Council could meet its current financial obligations with a reported average **working capital ratio** of 446 per cent between 2018–19 and 2021–22.

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



Between 2018–19 and 2021–22, council reported an average **indebtedness ratio** of 13.4 per cent. The lower the percentage, the greater a council's ability is to repay debt from revenue it controls.

Note: Some of the year-on-year changes in these financial indicators may be due to changes to accounting standards or the impact of coronavirus. See the reader's guide for more information.