

Metropolitan council group

This fact sheet uses graphs and other data to show whether there have been any significant changes in services, infrastructure and financial outcomes for the metropolitan group of councils since the introduction of rate capping — a system that restricts the amount a council can increase its general rates and municipal charges in each financial year.

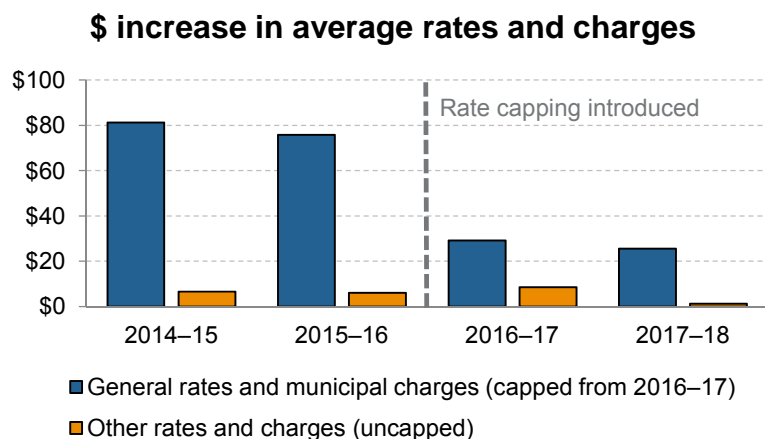
A reader's guide is available to help you understand the terms used in this fact sheet. You can compare your council's data against its 'group' by looking at this fact sheet. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



Key Facts (average metropolitan council)	
Population:	142,462
Size (km ²):	66.1
Length of local roads (km):	504
Population per km of roads:	283
Council employees (FTE, 2017–18):	751
Number of applications for a higher cap for 2016–17 or 2017–18	0 applications

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Minister's cap
2014–15	\$1,745	n/a
2015–16	\$1,827	n/a
2016–17	\$1,865	2.50%
2017–18	\$1,892	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

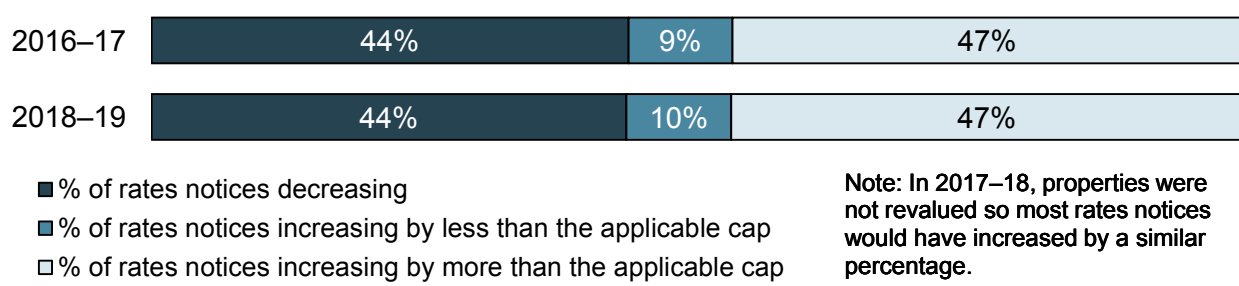
How many metropolitan councils complied with the applicable rate caps?

	2016–17	2017–18	2018–19
Councils with an approved higher cap	0 of 22	0 of 22	1 of 22
Councils complying with applicable cap	22 of 22	22 of 22	21 of 22

How have rates changed for individual ratepayers?

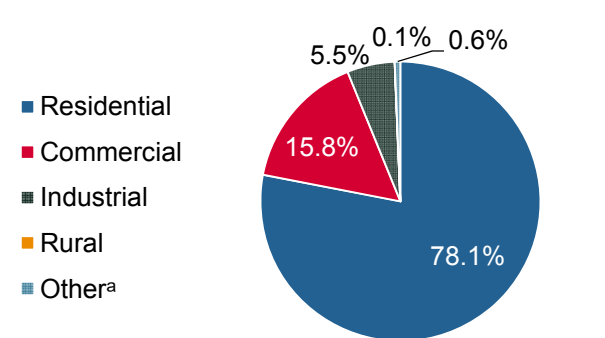
Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to each council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

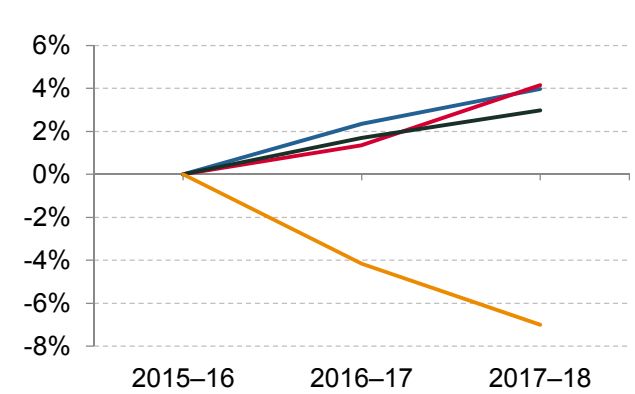


Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



Percentage change in average rates and charges since 2015–16



^a Category has been omitted from the line chart

Source: Victoria Grants Commission (unaudited data). Includes both capped and uncapped rates and charges.

Residential ratepayers pay the majority of the average metropolitan council's rates and charges. This group of ratepayers experienced an average 4.0 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rates increases can be due to relative changes in property valuations, and changes in property numbers, councils' rating structures, and uncapped rates and charges. For the group as a whole, average rates and charges (a combination of all classes) increased from \$1,827 to \$1,892 (3.5 per cent) over the same period.

Revenue

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

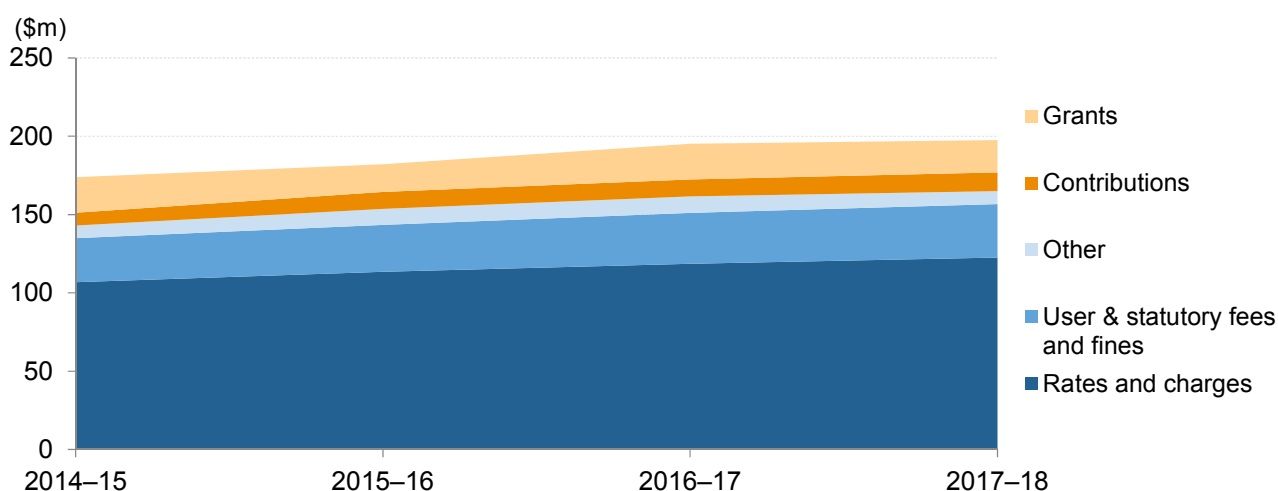
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	110.2	62	120.5	61
Grants	20.2	11	21.7	11
User fees and statutory fees and fines	29.0	16	33.3	17
Contributions	9.5	5	11.4	6
Other	9.1	5	9.4	5
Total	178.0	100	196.3	100

The average revenue for metropolitan councils across Victoria from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The changes in the composition of the average interface council's revenue were a decrease in the proportion of revenue from rates and charges and increases in the proportions of revenue from user fees and statutory fees and fines and contributions over the two years after rate capping commenced. The proportions of revenue from the other sources remained the same.

Note: Revenue from grants may have been affected by the advance payment of annual Commonwealth grant allocations in 2014–15, 2016–17 and 2017–18.

Revenue growth by source



Expenditure

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

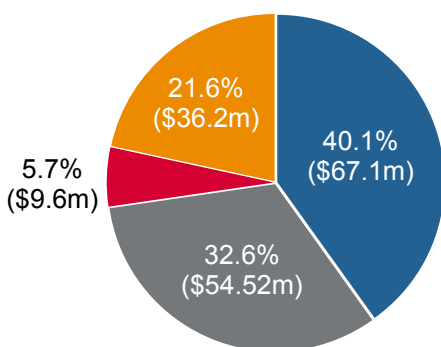
Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$129.2m	\$34.9m	\$963	\$260
2015–16	\$133.2m	\$37.4m	\$975	\$274
2016–17	\$137.3m	\$37.5m	\$984	\$269
2017–18	\$144.6m	\$40.1m	\$1,015	\$281

Operating expenses for the average metropolitan council trended upward in recent years, driven by increases in average employee costs and spending on materials and services (particularly contract payments for a number of metropolitan councils). Capital expenditure also trended upward, reflecting increased spending on asset renewal.

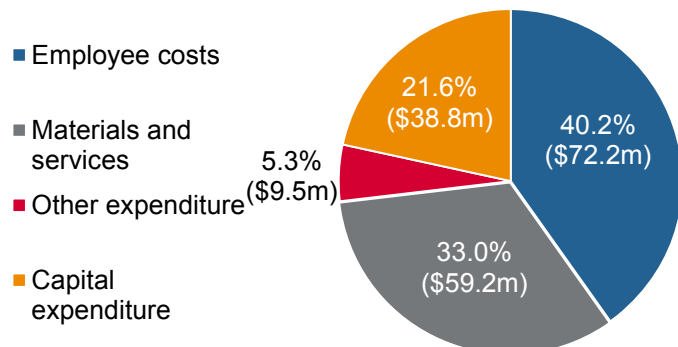
The ratio of capital expenditure to operating expenditure remained relatively stable.

How is the average metropolitan council spending its money?

Average expenditure by category in the 2 years before rate capping

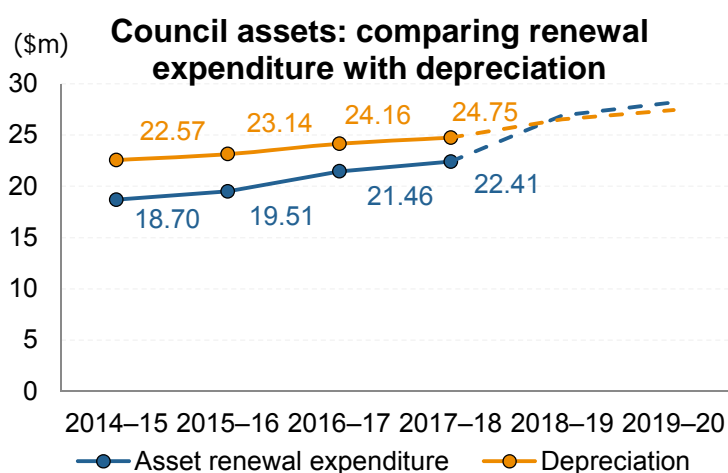


Average expenditure by category in the 2 years after rate capping



There were small changes in the composition of expenditure for the average metropolitan council, reflecting an increase in average employee costs and spending on materials and services in the two years after rate capping was introduced. Capital expenditure remained at the same proportion of total expenditure over the same period, and 'other' expenditure decreased as a proportion of total expenditure, despite both capital and 'other' expenditure increasing in terms of average dollars spent.

Is the average metropolitan council renewing its assets?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	83
2015-16	84
2016-17	89
2017-18	91
2018-19	101 (forecast data)
2019-20	103 (forecast data)

Spending on asset renewal for the average metropolitan council has trended upward in recent years, while remaining below the average amount of depreciation (the decline in value of council assets caused by age and use) for metropolitan councils. The average renewal expenditure is planned to increase above average depreciation in 2018-19 and 2019-20.

This means asset renewal expenditure as a percentage of depreciation (asset renewal ratio) for the metropolitan council group as a whole is projected to be slightly above 100 per cent in 2018-19 and 2019-20.

Note: Asset renewal ratio figures are for the metropolitan group as a whole, not the average asset renewal ratio amongst metropolitan councils.

Has the average metropolitan council's capital expenditure pattern changed?

Capital expenditure

	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)	
	\$m	% of total	\$m	% of total
Renewal	19.1	53	21.9	57
New	9.6	27	9.0	23
Upgrade	5.6	16	5.6	15
Expansion	1.6	5	2.0	5
Total	35.9	100	38.5	100

The average spending on asset renewal and expansion projects in the two years after rate capping was introduced has increased for the average metropolitan council. Average spending on new assets decreased, while upgrade projects remained at a similar level.

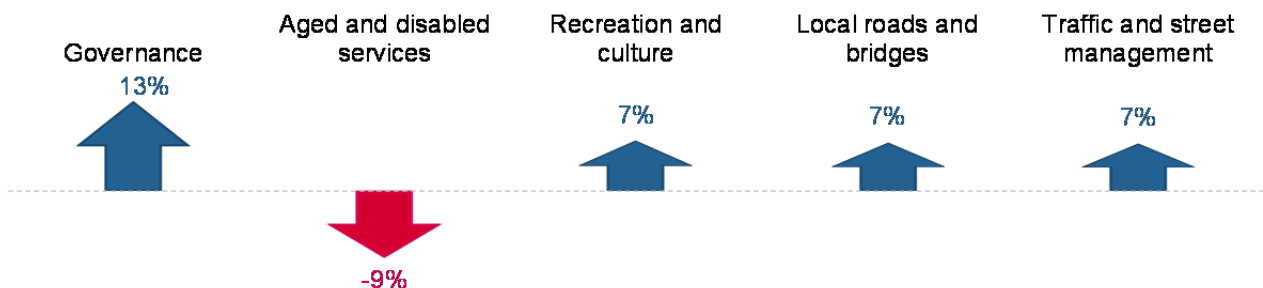
Services

See the reader's guide for data sources and useful information.
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Which service areas is the average metropolitan council spending its money in?

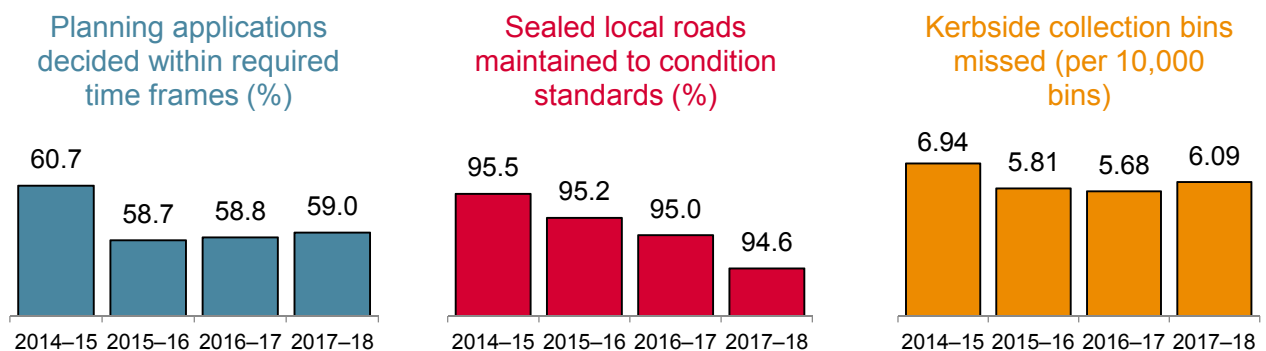
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	231	19.5	247	20.2
Governance	211	17.8	238	19.4
Business and economic services	171	14.4	170	13.9
Traffic and street management	128	10.8	137	11.1
Family and community services	109	9.2	110	9.0
Waste management	89	7.5	94	7.7
Local roads and bridges	85	7.1	91	7.4
Aged and disabled services	95	8.0	86	7.0
Environment	43	3.6	43	3.5
Other	24	2.0	10	0.8

Which service areas have experienced the biggest changes in spending?



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

Has there been a change in service quality? (selected services only)

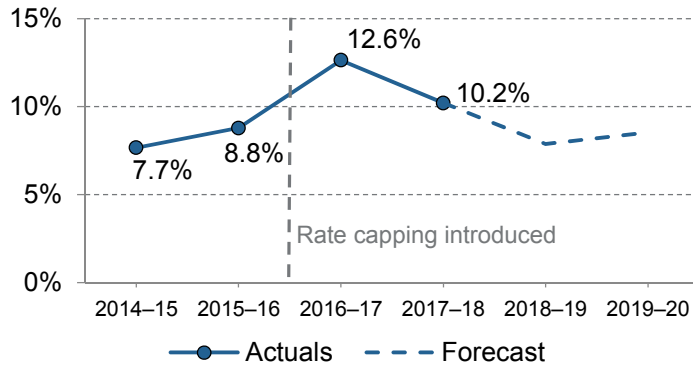


Financial position

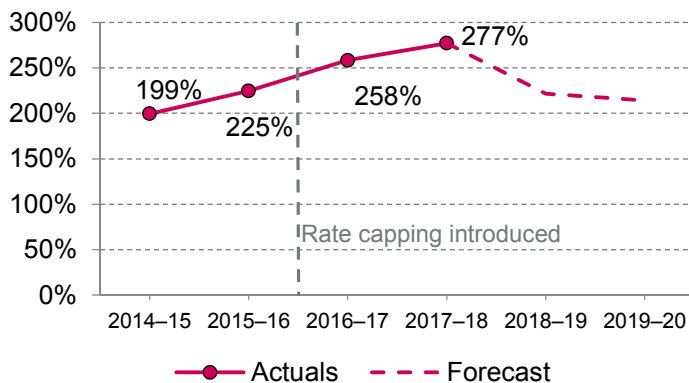
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Is the average metropolitan council operating sustainably?

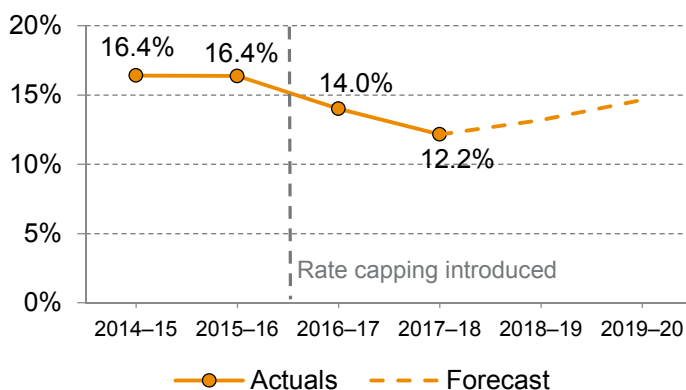
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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



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



Between 2014–15 and 2017–18, the metropolitan council group reported an average **adjusted underlying result** of 9.8 per cent. A positive result indicates that there is enough ongoing revenue to continue to fund the current level of service provision.

Working capital for the average metropolitan council trended upward between 2014–15 and 2017–18. This was due to a number of councils building up cash reserves to fund future capital works. Overall, the high ratio indicates that councils are well placed to fund their short term obligations.

The falling **indebtedness** ratio reflects metropolitan councils repaying some of their borrowings. In 2014–15, 20 metropolitan councils had \$424.4 million in long term borrowings on their balance sheets. In 2017–18, this figure for 16 councils was \$390.1 million.

Note: Some of the year on year change in the adjusted underlying result and the working capital ratio may be due to the timing of Commonwealth grant payments.

Metropolitan councils

Councils in this group	
Banyule City Council	Manningham City Council
Bayside City Council	Maribyrnong City Council
Boroondara City Council	Maroondah City Council
Brimbank City Council	Melbourne City Council
Darebin City Council	Monash City Council
Frankston City Council	Moonee Valley City Council
Glen Eira City Council	Moreland City Council
Greater Dandenong City Council	Port Phillip City Council
Hobsons Bay City Council	Stonnington City Council
Kingston City Council	Whitehorse City Council
Knox City Council	Yarra City Council