

# Moreland 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.



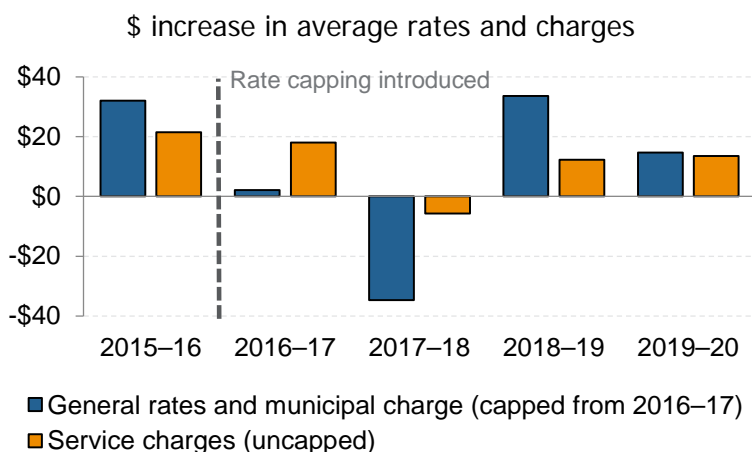
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## Key facts

Population (June 2019):	185,767
Size (km <sup>2</sup> ):	51
Length of local roads (km):	521
Population per km of roads:	357
Council employees (FTE, 2019–20):	897
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	\$1,836	n/a
2016–17	\$1,856	2.50%
2017–18	\$1,815	2.00%
2018–19	\$1,861	2.25%
2019–20	\$1,889	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

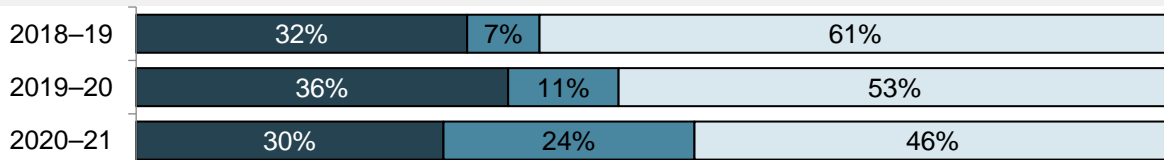
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all 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
	<b>93%</b> of ratepayers	<b>4%</b> of ratepayers	<b>3%</b> of ratepayers	<b>0%</b> of ratepayers
	<b>\$146.1m</b> (92%) of rates and charges revenue in 2019–20	<b>\$8.4m</b> (5%) of rates and charges revenue in 2019–20	<b>\$4.8m</b> (3%) of rates and charges revenue in 2019–20	<b>\$0m</b> (0%) of rates and charges revenue in 2019–20
	<b>1.9%</b> average annual increase between 2015–16 and 2019–20	<b>0.2%</b> average annual increase between 2015–16 and 2019–20	<b>1.9%</b> average annual increase between 2015–16 and 2019–20	<b>0.0%</b> 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.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Where is council's money coming from?

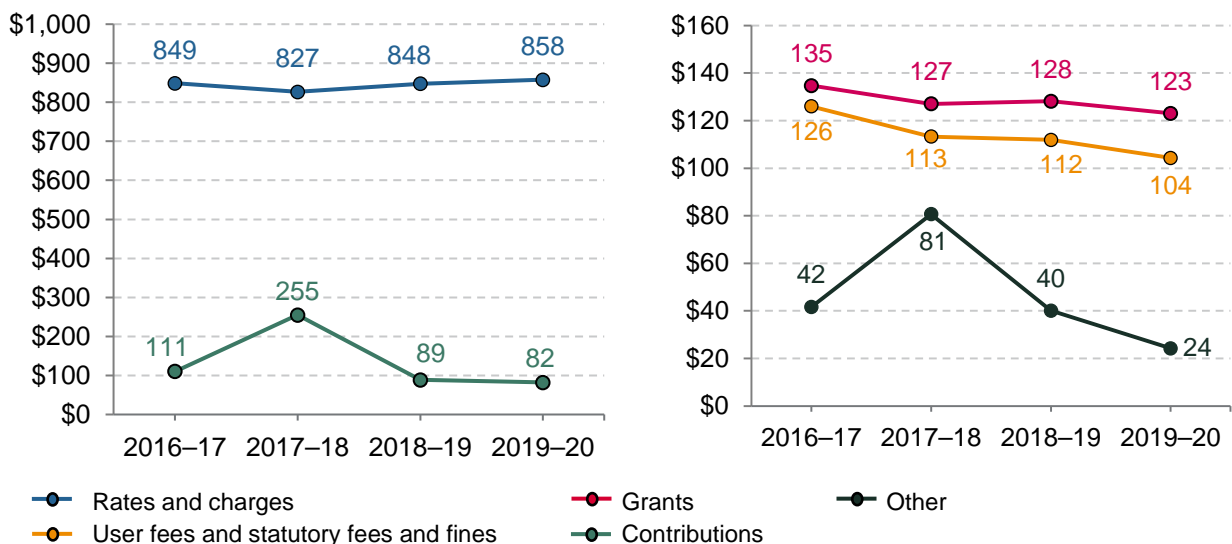
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	146.2	(67%)	146.3	(59%)	154.1	(70%)	159.3	(72%)
User fees and statutory fees and fines	21.7	(10%)	20.0	(8%)	20.3	(9%)	19.4	(9%)
Grants	23.2	(11%)	22.5	(9%)	23.3	(11%)	22.9	(10%)
Contributions	19.0	(9%)	45.1	(18%)	16.1	(7%)	15.2	(7%)
Other	7.2	(3%)	14.3	(6%)	7.3	(3%)	4.5	(2%)
<b>Total</b>	<b>217.4</b>		<b>248.2</b>		<b>221.1</b>		<b>221.3</b>	

In real terms, Moreland City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges. In 2017–18, total revenue was inflated with higher levels of contributions (relating to the recognition of government assets) and 'other' revenue (due to the revaluation of council-owned properties).

Rates and charges was the largest source of council's revenue, accounting for between 59 and 72 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 contributions, and 'other' revenue peaked in real terms in 2017–18.

# Expenditure



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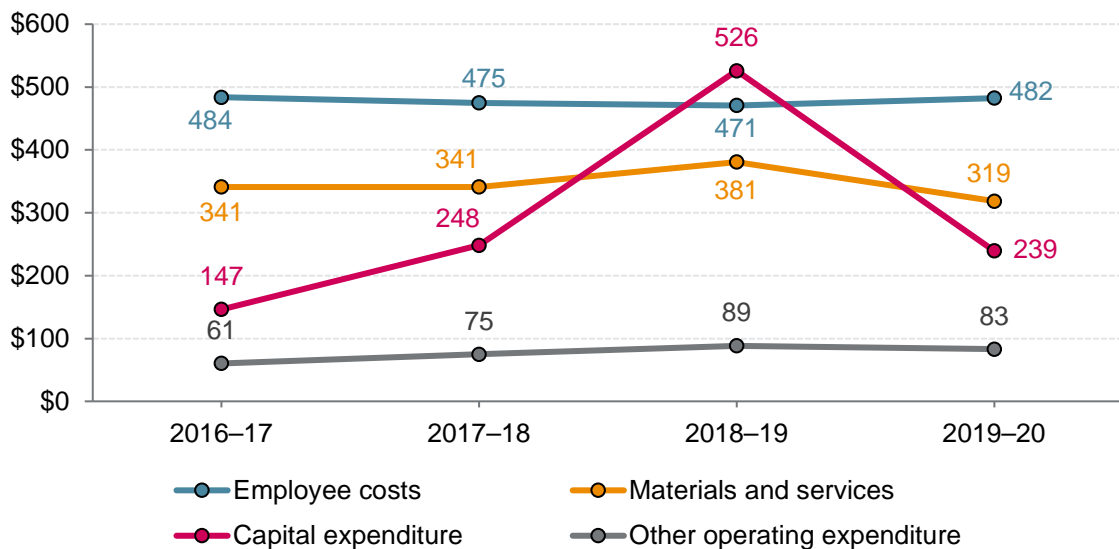
## How much money is council spending?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Operating expenditure	152.5	(86%)	157.7	(78%)	170.9	(64%)	164.2	(79%)
Employee costs	83.3	(47%)	84.0	(42%)	85.6	(32%)	89.6	(43%)
Materials and services	58.8	(33%)	60.4	(30%)	69.2	(26%)	59.2	(28%)
Other operating expenditure	10.4	(6%)	13.3	(7%)	16.1	(6%)	15.4	(7%)
Capital expenditure	25.2	(14%)	44.0	(22%)	95.6	(36%)	44.5	(21%)
<b>Total</b>	<b>177.8</b>		<b>201.6</b>		<b>266.5</b>		<b>208.7</b>	

In real terms, Moreland City Council's total expenditure increased between 2016–17 and 2019–20, with a spike in 2018–19 reflecting increases in capital expenditure and expenditure on materials and services. Employee costs increased in real terms between 2016–17 and 2019–20. Employee costs was council's largest area of expenditure between 2016–17 and 2019–20, except in 2018–19 when council's capital expenditure was higher.

## Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), capital expenditure trended upwards in real terms between 2016–17 and 2019–20, with a spike in 2018–19. Employee costs per person remained relatively stable in real terms between 2016–17 and 2019–20, while expenditure per person on materials and services fluctuated.



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)

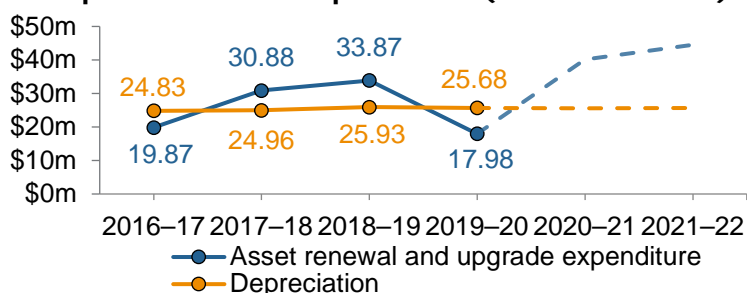
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	13.0	(52%)	20.2	(46%)	30.8	(32%)	16.8	(38%)
Upgrade	6.9	(27%)	10.6	(24%)	3.1	(3%)	1.1	(3%)
Expansion	0.5	(2%)	0.0	(0%)	5.8	(6%)	3.5	(8%)
New	4.9	(19%)	13.1	(30%)	56.0	(59%)	23.0	(52%)
<b>Total</b>	<b>25.2</b>		<b>44.0</b>		<b>95.6</b>		<b>44.5</b>	

In real terms, Moreland City Council's spending on asset renewal and new assets trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. Spending on asset upgrades trended downwards in real terms between 2017–18 and 2019–20, after increasing in 2017–18. There was a jump in spending on asset expansion in 2018–19 and 2019–20.

Asset renewal was the highest share of capital expenditure in 2016–17 and 2017–18, before being overtaken by spending on new assets in 2018–19 and 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	80%
2017–18	124%
2018–19	131%
2019–20	70%
2020–21	157% (forecast data)
2021–22	173% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. This 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 falling below 100 per cent of depreciation in 2019–20.

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

# Services



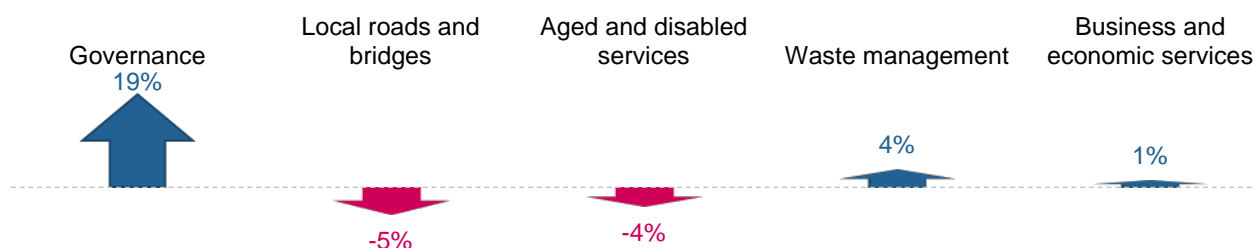
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## Which service areas is council spending its money in?

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

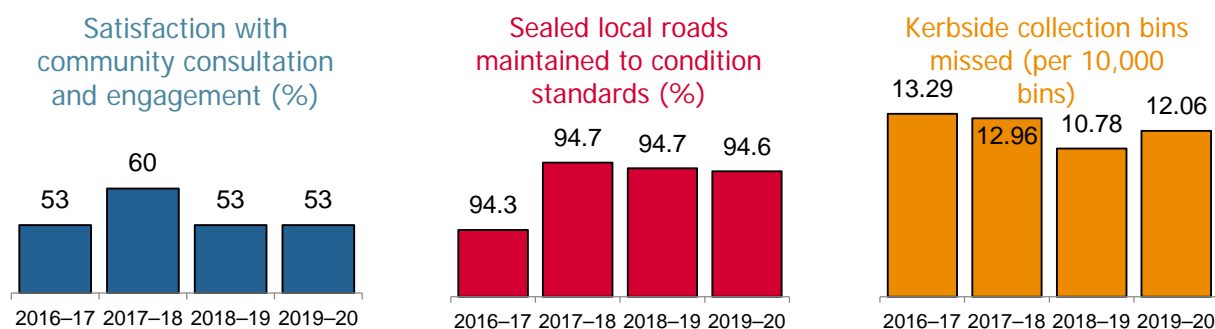
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	17.2	(10%)	16.5	(9%)	15.1	(8%)	15.4	(8%)
Business and economic services	14.9	(9%)	16.4	(9%)	16.1	(9%)	15.6	(8%)
Environment	6.2	(4%)	6.5	(4%)	5.4	(3%)	5.6	(3%)
Family and community services	15.9	(9%)	16.7	(10%)	16.1	(9%)	15.6	(8%)
Governance	23.0	(13%)	30.4	(17%)	36.8	(20%)	38.5	(21%)
Local roads and bridges	11.3	(7%)	9.9	(6%)	9.3	(5%)	9.6	(5%)
Recreation and culture	38.4	(22%)	36.5	(21%)	43.5	(23%)	38.1	(21%)
Traffic and street management	27.3	(16%)	26.1	(15%)	27.5	(15%)	27.3	(15%)
Waste management	16.6	(10%)	16.1	(9%)	16.0	(9%)	18.4	(10%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>170.9</b>		<b>175.0</b>		<b>185.8</b>		<b>184.0</b>	

## 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?



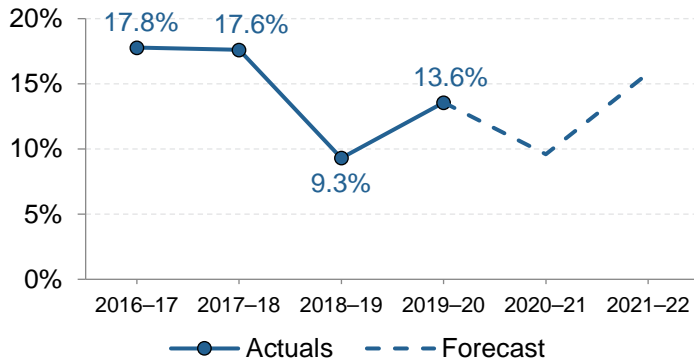
# Financial position



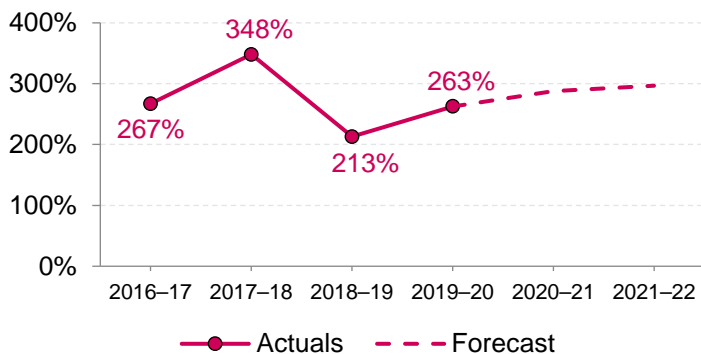
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## Is council operating sustainably?

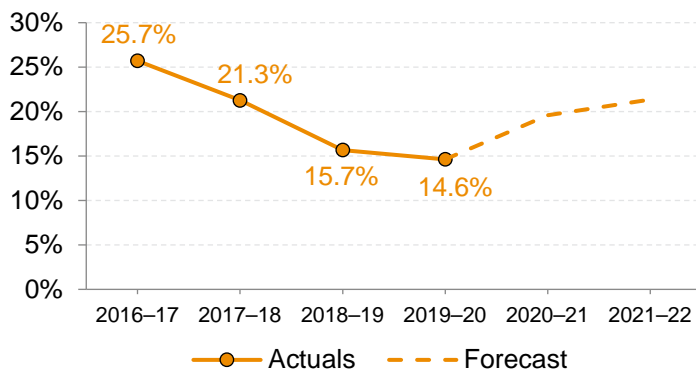
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Moreland City Council reported an average **adjusted underlying result** of 14.6 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 reflects fewer non-monetary contributions, a fall in value of investment properties and increased cost of materials and services. The increase in 2019–20 reflects higher rates and charges and significantly lower expenditure on materials and services.

Council could meet its current financial obligations with a reported average **working capital ratio** of 273 per cent between 2016–17 and 2019–20. The increase in 2017–18 reflects lower than expected expenses, and repayment of a loan.

The reported average **indebtedness ratio** of 19.3 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.