

Latrobe City Council

Group: Regional City

This fact sheet uses graphs and other data to show whether there have been any significant changes in this council's services, infrastructure and financial outcomes 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 this council's data against its 'group' by looking at the fact sheet for regional cities. View the reader's guide, all available fact sheets and information for the sector as a whole at <http://www.esc.vic.gov.au/outcomes-reports>.



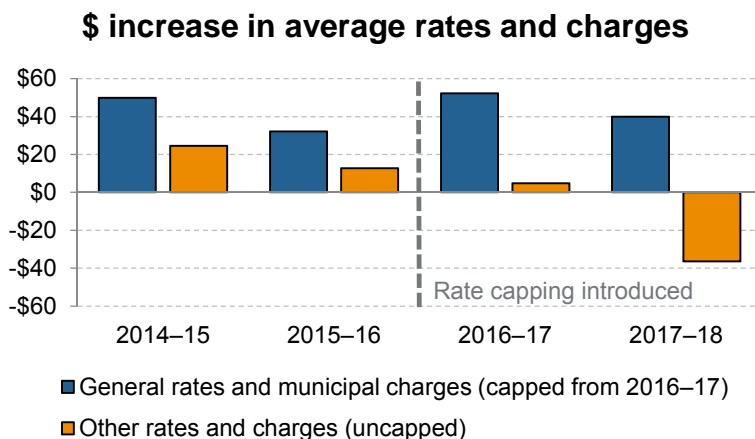
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Key facts

Population:	74,921
Size (km ²):	1,425
Length of local roads (km):	1,587
Population per km of roads:	47.2
Council employees (FTE, 2017–18):	587
Submitted an application for a higher cap for 2016–17 or 2017–18?	No

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,846	n/a
2015–16	\$1,891	n/a
2016–17	\$1,948	2.50%
2017–18	\$1,951	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.

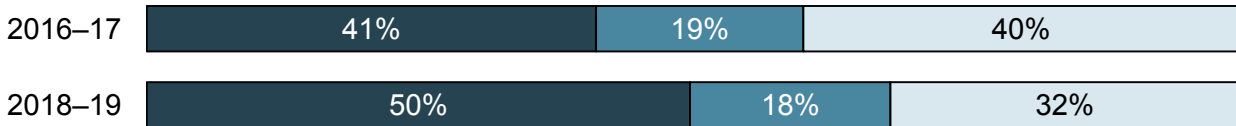
Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Yes

How have rates changed for individual ratepayers?

Distribution of rates increases and decreases in revaluation years

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

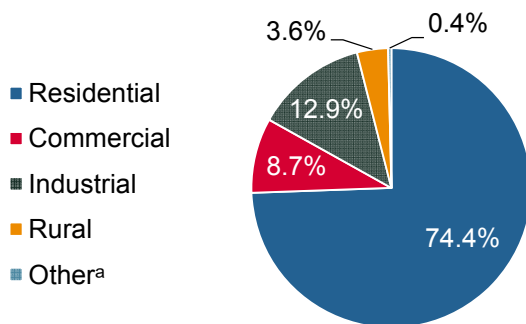


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

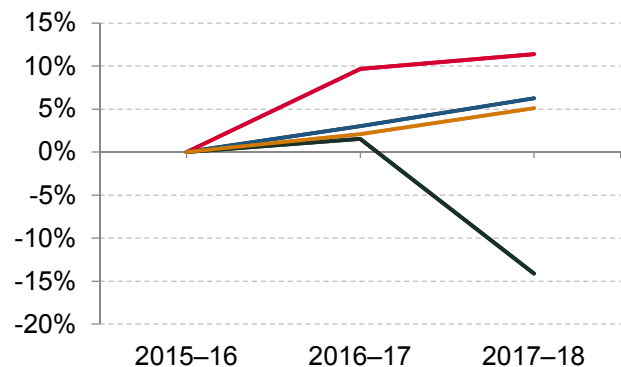
Ratepayers by property class

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



^a Category has been omitted from the line chart

Percentage change in average rates and charges since 2015–16



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

Residential ratepayers pay the majority of Latrobe City Council's rates and charges. This group of ratepayers, on average, experienced a 6.2 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rate increases can be due to relative changes in property valuations, and changes in property numbers, the council's rating structure, and uncapped rates and charges. Council's average rates and charges (a combination of all classes) increased from \$1,891 to \$1,951 (3.2 per cent) over the same period.

Revenue

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

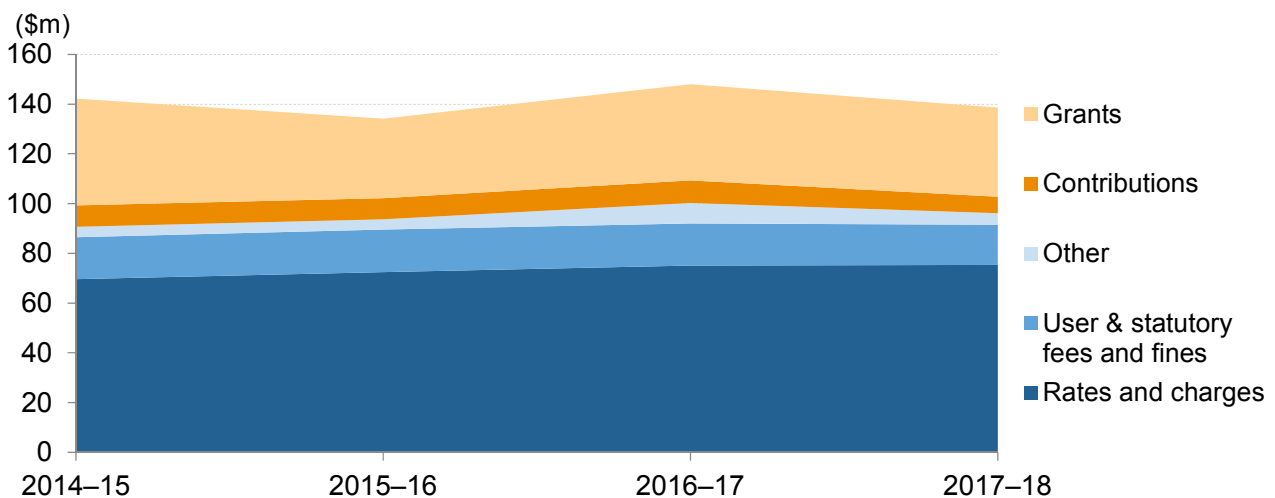
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	71.0	51	75.2	52
Grants	37.5	27	37.3	26
User fees and statutory fees and fines	17.0	12	16.5	12
Contributions	8.5	6	7.9	5
Other	4.2	3	6.4	4
Total	138.2	100	143.3	100

Latrobe City Council's average revenue from grants, user fees and statutory fees and fines and contributions decreased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportions of council's revenue from each source remained relatively stable after the introduction of rate capping.

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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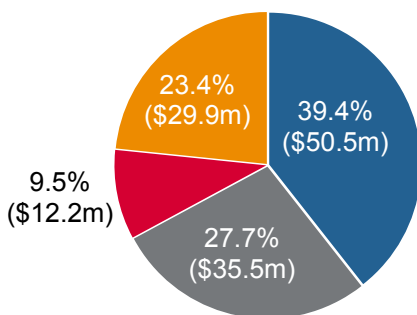
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$97.6m	\$29.5m	\$1,316	\$398
2015–16	\$98.8m	\$30.4m	\$1,331	\$409
2016–17	\$90.7m	\$26.2m	\$1,216	\$351
2017–18	\$115.3m	\$25.9m	\$1,539	\$345

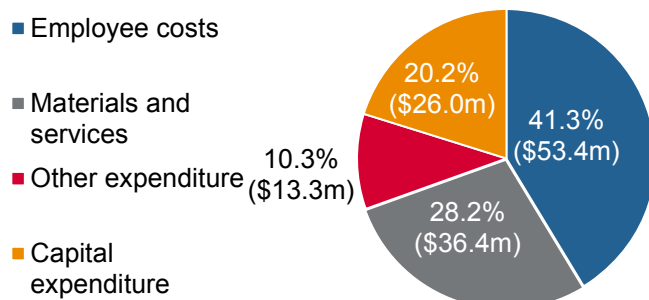
Latrobe City Council's operating expenses have been trending upward over time, with variation in recent years driven by changes in 'other' expenditure (largely from adjustments relating to asset values and land rehabilitation), and an increase in employee costs in 2017–18. Capital expenditure has fluctuated over the same period, reflecting higher than usual spending on new assets in the two years before rate capping was introduced.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

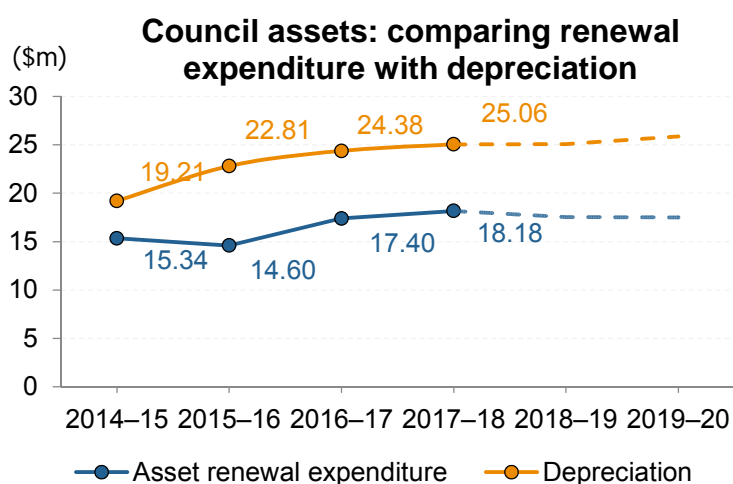


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Latrobe City Council's expenditure, reflecting a reduction in average capital expenditure (with spending on new assets returning to more usual levels) and an increase in average employee costs in the two years after rate capping was introduced. Average spending on materials and services and 'other' expenditure also increased over the same period.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	80
2015-16	64
2016-17	71
2017-18	73
2018-19	70 (forecast data)
2019-20	68 (forecast data)

Latrobe City Council's spending on the renewal of its assets has been relatively stable over time, trending upward in recent years, but remaining less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain at similar levels, below 100 per cent of depreciation in 2018-19 and 2019-20. 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.

Has council's capital expenditure pattern changed?

Capital expenditure					Council's average spending on asset renewal in the two years after rate capping was introduced has increased. Spending on new, upgrade and expansion projects shows peaks and troughs, with a return to lower spending on new assets after a spike in 2015-16.
	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	15.0	50	17.8	68	
New	10.3	34	4.1	16	
Upgrade	2.2	7	3.7	14	
Expansion	2.5	8	0.5	2	
Total	29.9	100	26.0	100	

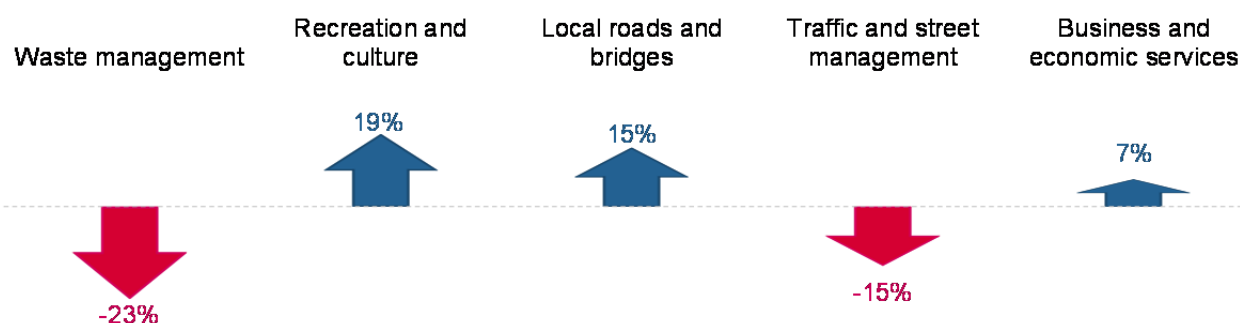
Services

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

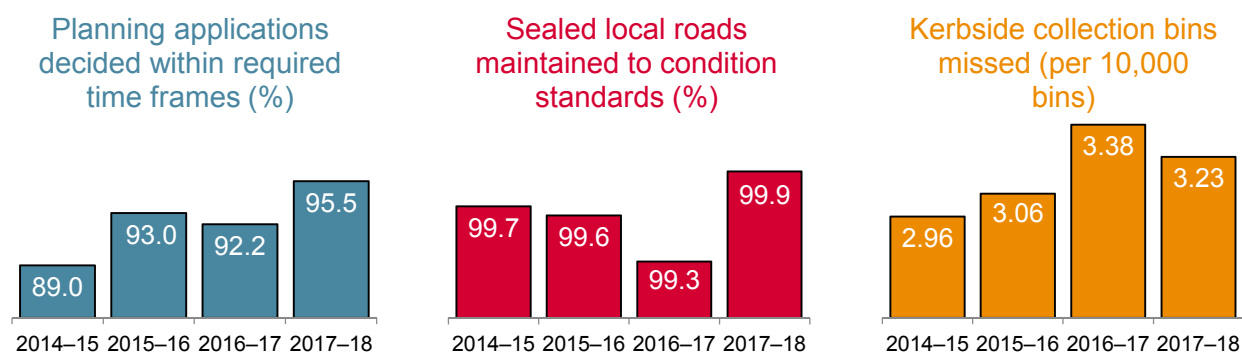
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	273	17.5	324	20.3
Governance	298	19.0	288	18.0
Local roads and bridges	215	13.8	248	15.5
Family and community services	192	12.3	199	12.4
Waste management	185	11.9	142	8.9
Business and economic services	101	6.5	109	6.8
Traffic and street management	117	7.5	99	6.2
Aged and disabled services	97	6.2	96	6.0
Environment	64	4.1	70	4.4
Other	19	1.2	23	1.4

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.

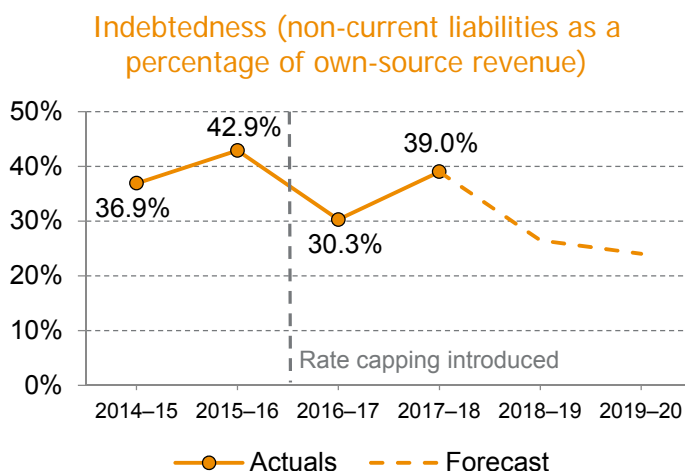
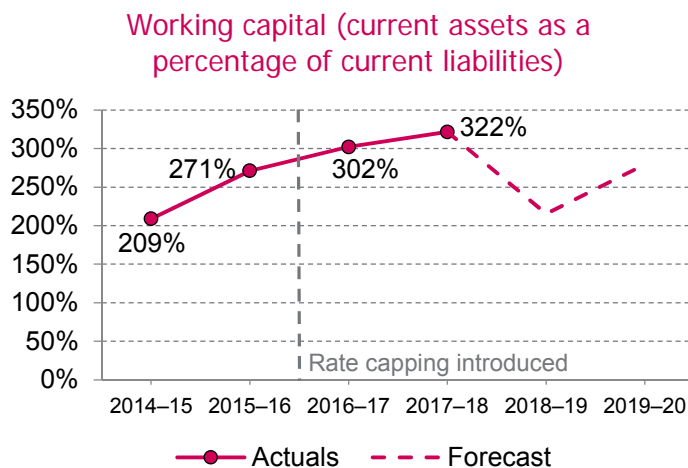
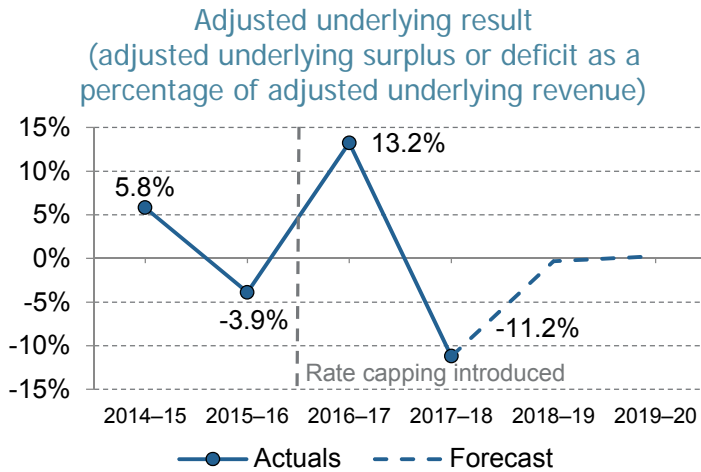
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2014–15 and 2017–18, Latrobe City Council reported an average **adjusted underlying result** of 1 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 276 per cent between 2014–15 and 2017–18.

The changes in the **indebtedness ratio** reflect changes in provisions for landfill rehabilitation.

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.