

# Kingston 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.



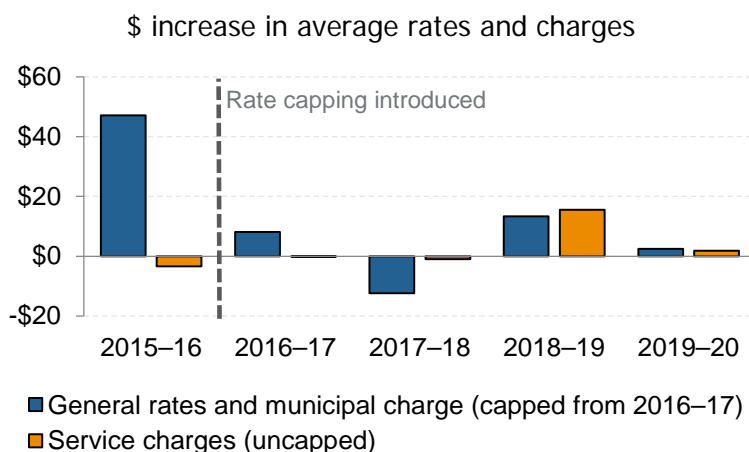
© OpenStreetMap contributors

## Key facts

Population (June 2019):	165,782
Size (km <sup>2</sup> ):	91
Length of local roads (km):	602
Population per km of roads:	275
Council employees (FTE, 2019–20):	850
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	\$1,851	n/a
2016–17	\$1,859	2.50%
2017–18	\$1,846	2.00%
2018–19	\$1,875	2.25%
2019–20	\$1,879	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 4 differential rates (for different types of property), a municipal charge 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).

Council did not provide data

### Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	<b>86%</b> of ratepayers	<b>5%</b> of ratepayers	<b>8%</b> of ratepayers	<b>&lt;1%</b> of ratepayers
	<b>\$124.5m</b> (86%) of rates and charges revenue in 2019–20	<b>\$7.5m</b> (5%) of rates and charges revenue in 2019–20	<b>\$12.7m</b> (9%) of rates and charges revenue in 2019–20	<b>\$0.2m</b> (<1%) of rates and charges revenue in 2019–20
	<b>1%</b> average annual increase between 2015–16 and 2019–20	<b>-4.7%</b> average annual increase between 2015–16 and 2019–20	<b>-1.6%</b> average annual increase between 2015–16 and 2019–20	<b>-38.9%</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?

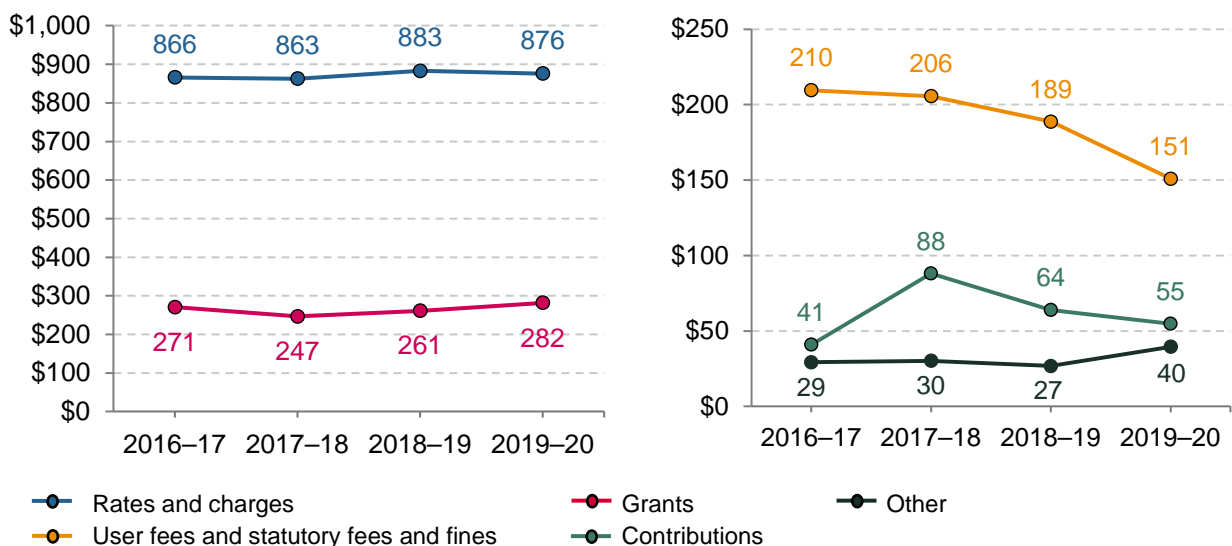
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	137.6	(61%)	138.9	(60%)	144.3	(62%)	145.2	(62%)
User fees and statutory fees and fines	33.3	(15%)	33.1	(14%)	30.9	(13%)	25.0	(11%)
Grants	43.0	(19%)	39.7	(17%)	42.7	(18%)	46.7	(20%)
Contributions	6.5	(3%)	14.2	(6%)	10.5	(4%)	9.1	(4%)
Other	4.6	(2%)	4.9	(2%)	4.4	(2%)	6.6	(3%)
<b>Total</b>	<b>225.1</b>		<b>230.8</b>		<b>232.7</b>		<b>232.6</b>	

In real terms, Kingston City Council's total revenue increased between 2016–17 and 2019–20, reflecting an increase in revenue from all sources except user fees and statutory fees and fines. In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the closure of leisure facilities and fewer parking fines during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for 61 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 2017–18.

# Expenditure



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.

## How much money is council spending?

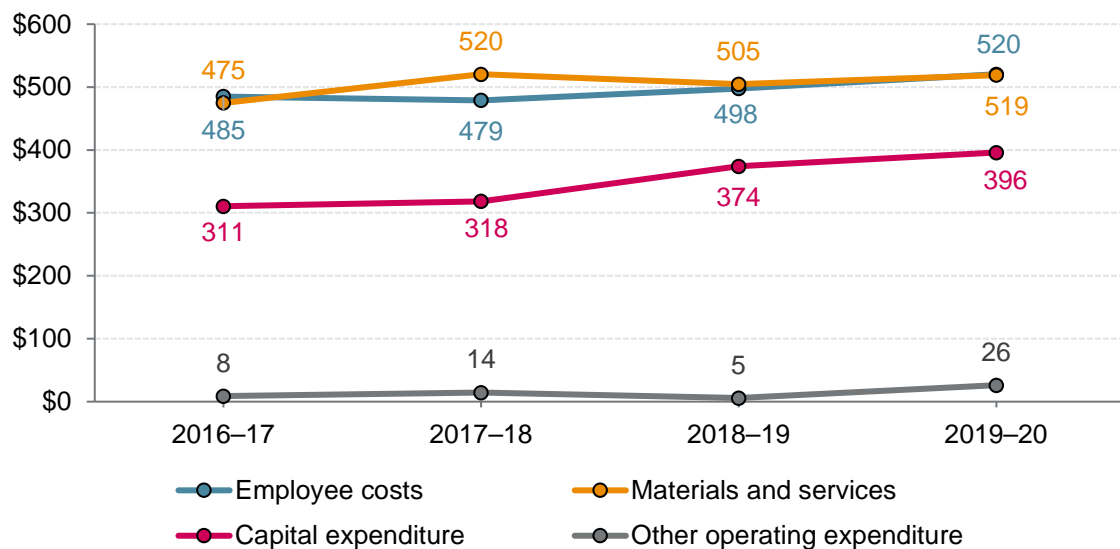
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	153.9 (76%)	163.3 (76%)	164.8 (73%)	176.6 (73%)
Employee costs	77.1 (38%)	77.2 (36%)	81.4 (36%)	86.3 (36%)
Materials and services	75.5 (37%)	83.8 (39%)	82.5 (37%)	86.1 (36%)
Other operating expenditure	1.3 (1%)	2.3 (1%)	0.9 (0%)	4.3 (2%)
Capital expenditure	49.4 (24%)	51.3 (24%)	61.2 (27%)	65.7 (27%)
<b>Total</b>	<b>203.3</b>	<b>214.5</b>	<b>225.9</b>	<b>242.3</b>

In real terms, Kingston City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, particularly capital expenditure.

Employee costs and materials and services were council's largest areas of expenditure between 2016–17 and 2019–20.

## Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), all areas of expenditure trended upwards in real terms between 2016–17 and 2019–20.



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.

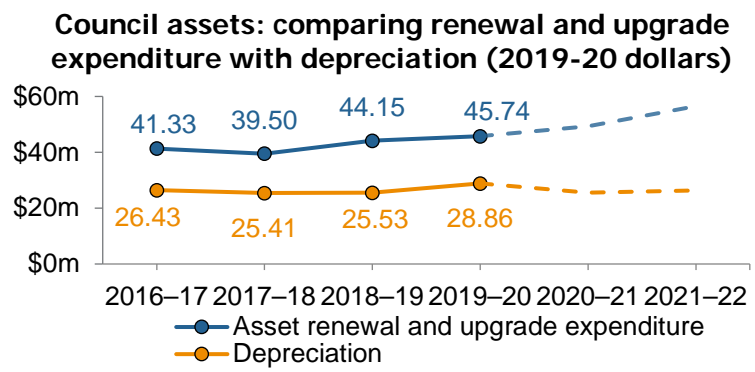
## Has council's capital expenditure pattern changed?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	28.9	(58%)	28.7	(56%)	29.9	(49%)	29.0	(44%)
Upgrade	12.5	(25%)	10.8	(21%)	14.3	(23%)	16.7	(25%)
Expansion	3.1	(6%)	4.7	(9%)	5.8	(9%)	4.7	(7%)
New	4.9	(10%)	7.1	(14%)	11.2	(18%)	15.2	(23%)
<b>Total</b>	<b>49.4</b>		<b>51.3</b>		<b>61.2</b>		<b>65.7</b>	

In real terms, Kingston City Council's spending on asset renewal fluctuated year on year between 2016–17 and 2019–20, however this spending remained the highest share of capital expenditure each year. Council's spending on the other categories trended upwards in real terms between 2016–17 and 2019–20, aside from decreases in asset upgrades in 2017–18 and asset expansion in 2019–20.

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



**Renewal & upgrade expenditure as a percentage of depreciation**

2016–17	156%
2017–18	155%
2018–19	173%
2019–20	158%
2020–21	193% (forecast data)
2021–22	215% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, following a decrease in 2017–18. This spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use) between 2016–17 and 2019–20.

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



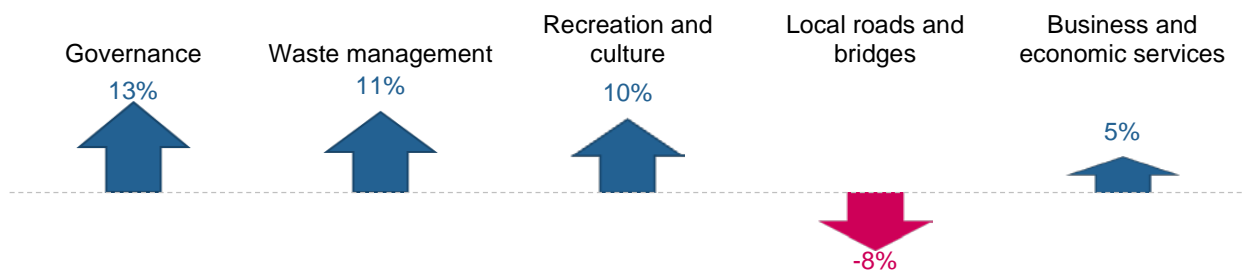
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

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

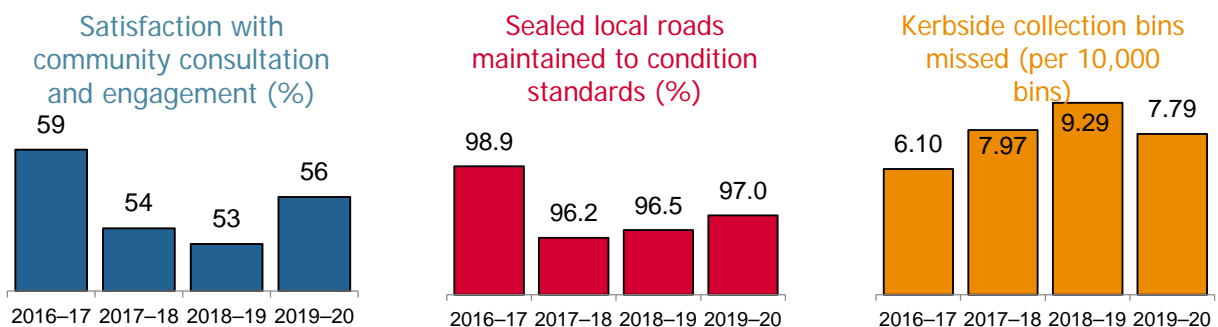
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	25.6	(14%)	24.1	(13%)	23.8	(12%)	25.2	(12%)
Business and economic services	15.2	(8%)	16.5	(9%)	13.7	(7%)	17.5	(8%)
Environment	5.8	(3%)	5.6	(3%)	3.8	(2%)	4.0	(2%)
Family and community services	23.0	(13%)	23.9	(13%)	24.0	(13%)	23.8	(11%)
Governance	30.4	(17%)	32.8	(17%)	39.8	(21%)	43.5	(21%)
Local roads and bridges	18.8	(10%)	23.8	(13%)	13.9	(7%)	14.6	(7%)
Recreation and culture	37.6	(21%)	38.2	(20%)	47.9	(25%)	50.6	(24%)
Traffic and street management	10.0	(6%)	10.3	(5%)	8.3	(4%)	10.0	(5%)
Waste management	13.0	(7%)	13.5	(7%)	15.3	(8%)	18.0	(9%)
Other	0.7	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>180.4</b>		<b>188.7</b>		<b>190.6</b>		<b>207.3</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?



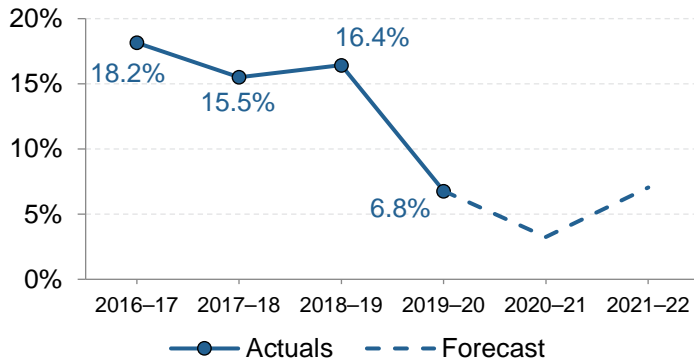
# Financial position



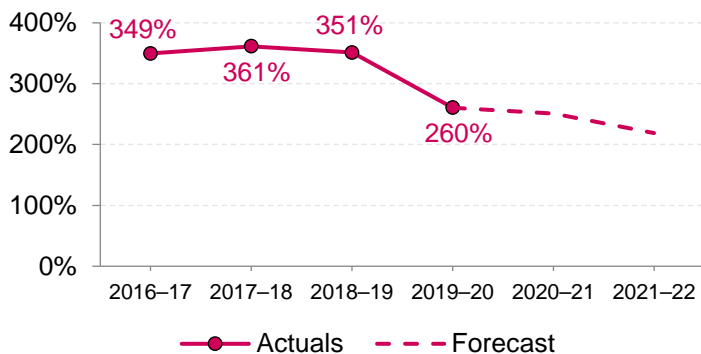
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Is council operating sustainably?

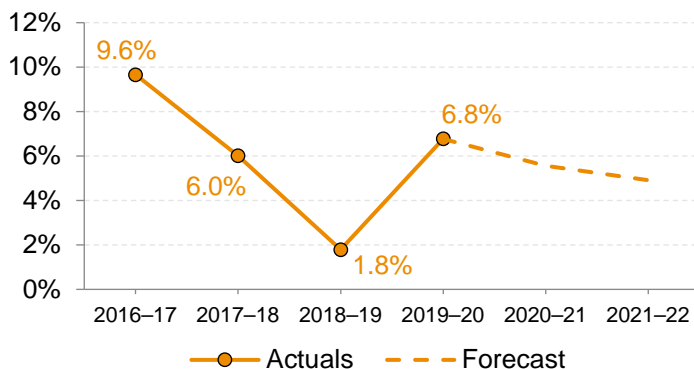
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Kingston City Council reported an average **adjusted underlying result** of 14.2 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 2019–20 reflects impacts of coronavirus on revenue, increases in depreciation, and higher than expected loss on disposal of assets.

Council could meet its current financial obligations with a reported average **working capital ratio** of 331 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects use of cash reserves for capital works, as well as changed accounting standards for leases and revenue.

The reported average **indebtedness ratio** of 6.0 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 changed accounting standards for leases.

**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.