

Regional city council group

This fact sheet uses graphs and data to examine revenue, expenditure and financial sustainability for the regional city group of councils over recent years.

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. You can compare your council's data against its 'group' by looking at the relevant fact sheet. Unless otherwise indicated, the averages presented in this fact sheet are for the regional city group as a whole, not the average of the results for individual councils.



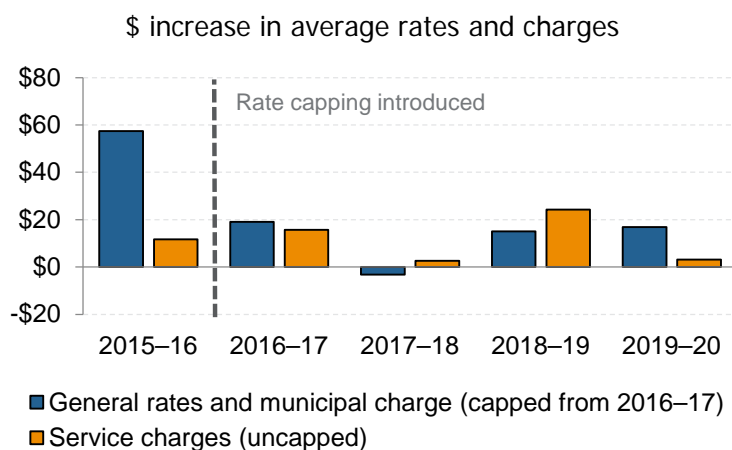
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Key facts

Population (June 2019, average):	81,074
Size (km ² , average):	3,938
Length of local roads (km, average):	2,210
Population per km of roads:	37
Council employees (FTE, 2019–20, average):	601
Number of applications for a higher cap for any year between 2016–17 and 2019–20	3 applications from 3 councils (1 unsuccessful)

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Minister's rate cap
2015–16	\$1,982	n/a
2016–17	\$2,016	2.50%
2017–18	\$2,016	2.00%
2018–19	\$2,055	2.25%
2019–20	\$2,075	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.

How many regional city councils complied with the applicable rate caps?

	2018–19	2019–20	2020–21
Councils complying with applicable cap	10 of 10	10 of 10	10 of 10
Councils with an approved higher cap	0 of 10	1 of 10	1 of 10

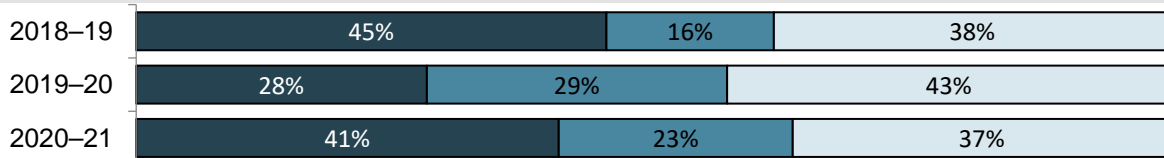
How have rates changed for different ratepayers?

Council rating strategies 2020–21

Information about councils' differential rate categories and charges can be found in their adopted budgets.

Distribution of rates increases and decreases

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 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
	89% of ratepayers	5% of ratepayers	2% of ratepayers	4% of ratepayers
	\$64m (74%) of rates and charges revenue in 2019–20	\$13.4m (15%) of rates and charges revenue in 2019–20	\$4.7m (5%) of rates and charges revenue in 2019–20	\$4.4m (5%) of rates and charges revenue in 2019–20
	1.0% average annual increase between 2016–17 and 2019–20	3.0% average annual increase between 2016–17 and 2019–20	-1.2% average annual increase between 2016–17 and 2019–20	1.6% average annual increase between 2016–17 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.
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Where are councils in the regional city group getting their money from?

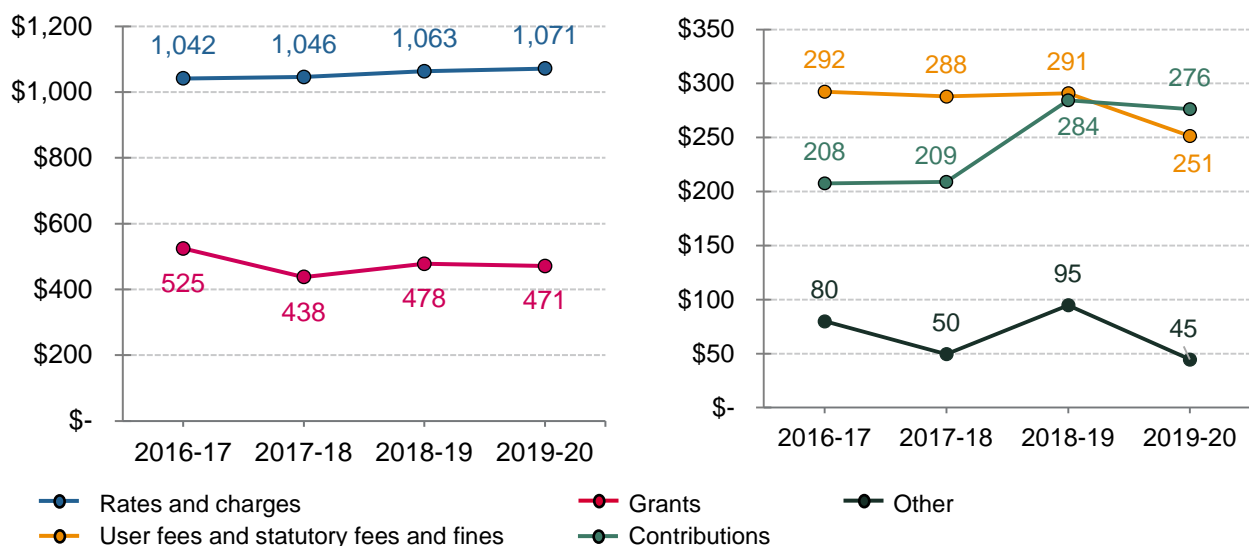
Average revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	80.5	(49%)	82.1	(52%)	84.8	(48%)	86.9	(51%)
User fees and statutory fees and fines	22.6	(14%)	22.6	(14%)	23.2	(13%)	20.4	(12%)
Grants	40.5	(24%)	34.3	(22%)	38.1	(22%)	38.2	(22%)
Contributions	16.0	(10%)	16.4	(10%)	22.7	(13%)	22.4	(13%)
Other	6.2	(4%)	3.9	(2%)	7.6	(4%)	3.6	(2%)
Total	165.8		159.3		176.4		171.4	

In real terms, the regional city council group's average total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions. In 2019–20, revenue from user fees and statutory fees and fines decreased in real terms due to the closure of leisure facilities and the refund of some fees and charges during the coronavirus pandemic.

Rates and charges was the largest source of revenue for the group, accounting for 50 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), revenue from contributions trended upwards in real terms between 2016–17 and 2019–20. Revenue per person from user fees and statutory fees and fines was stable in real terms until a decrease in 2019–20.

Expenditure



See the reader's guide for data sources and useful information.
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How much money are councils in the regional city group spending?

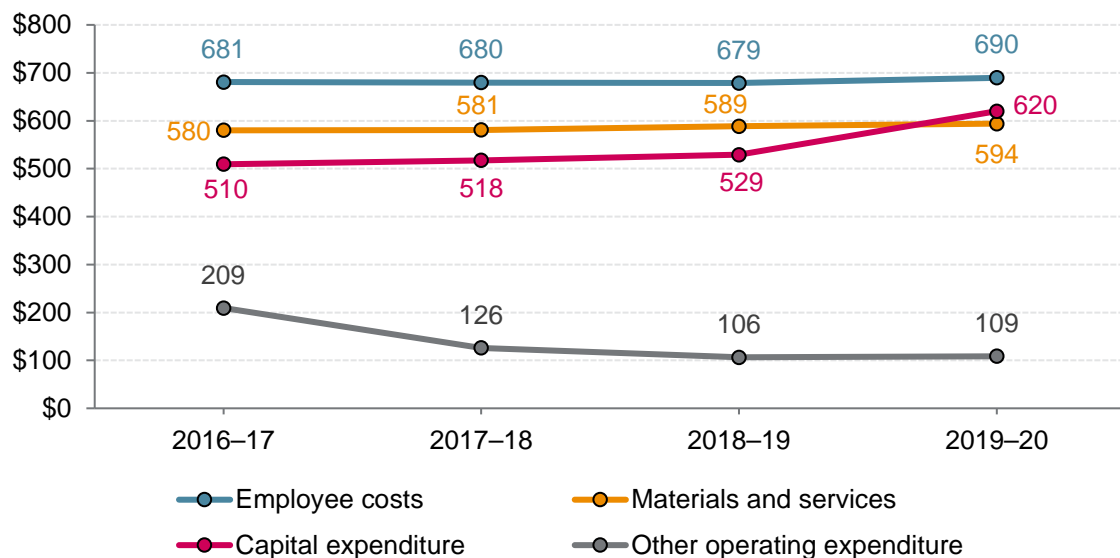
Average expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	113.6 (74%)	108.9 (73%)	109.6 (72%)	112.9 (69%)
Employee costs	52.6 (34%)	53.4 (36%)	54.1 (36%)	55.9 (34%)
Materials and services	44.8 (29%)	45.6 (31%)	46.9 (31%)	48.1 (30%)
Other operating expenditure	16.2 (11%)	9.9 (7%)	8.5 (6%)	8.8 (5%)
Capital expenditure	39.4 (26%)	40.6 (27%)	42.2 (28%)	50.3 (31%)
Total	152.9	149.5	151.8	163.2

In real terms, the regional city council group's average total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure (except 'other operating expenditure'), particularly capital expenditure in 2019–20.

Employee costs was the group's largest area of expenditure, accounting for 35 per cent of total 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 the regional city council group's expenditure (except 'other operating expenditure') trended upwards between 2016–17 and 2019–20.



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Has the capital expenditure pattern changed?

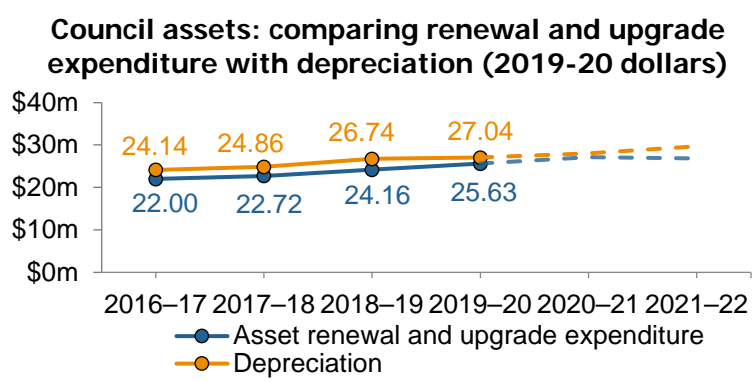
Average capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	18.2	(46%)	17.7	(44%)	18.9	(45%)	18.5	(37%)
Upgrade	3.8	(10%)	5.0	(12%)	5.3	(12%)	7.1	(14%)
Expansion	2.1	(5%)	0.3	(1%)	0.6	(1%)	0.8	(2%)
New	15.3	(39%)	17.6	(43%)	17.4	(41%)	23.8	(47%)
Total	39.3		40.6		42.2		50.3	

In real terms, the regional city council group's average spending on asset renewal fluctuated year on year between 2016–17 and 2019–20. Spending on new assets and asset upgrades trended upwards between 2016–17 and 2019–20, with a jump in new asset spending in 2019–20. Spending on asset expansion trended upwards following a drop in 2017–18.

Asset renewal was the highest share of capital expenditure between 2016–17 and 2018–19, however, this was overtaken by spending on new assets in 2019–20.

Are councils in the regional city group renewing their assets (such as roads, parks and buildings)?



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	91%
2017–18	91%
2018–19	90%
2019–20	95%
2020–21	97% (forecast data)
2021–22	90% (forecast data)

Average spending by councils in the regional city council group on the renewal and upgrade of assets trended upwards in real terms between 2016–17 and 2019–20. This spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use).

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

Services



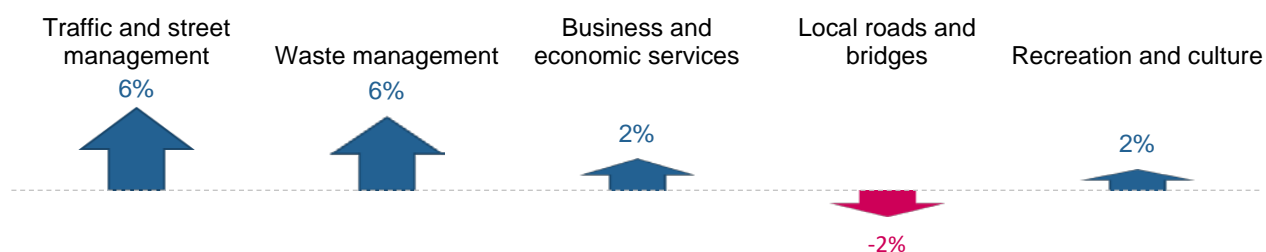
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Which service areas are councils in the regional city group spending their money in?

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

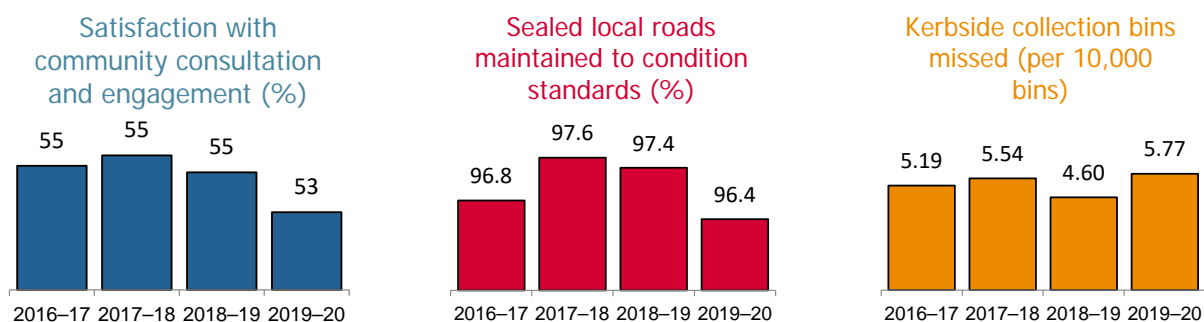
	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Aged and disabled services	6.7	(5%)	6.6	(5%)	6.4	(5%)	6.3	(5%)
Business and economic services	12.1	(9%)	11.6	(9%)	12.7	(9%)	13.0	(9%)
Environment	4.2	(3%)	4.8	(4%)	5.8	(4%)	5.3	(4%)
Family and community services	11.6	(9%)	11.7	(9%)	12.1	(9%)	12.1	(9%)
Governance	28.4	(22%)	28.7	(22%)	26.1	(19%)	29.2	(21%)
Local roads and bridges	21.2	(16%)	20.1	(15%)	21.1	(16%)	19.9	(14%)
Recreation and culture	26.7	(20%)	27.0	(21%)	27.7	(21%)	28.1	(20%)
Traffic and street management	7.2	(5%)	7.7	(6%)	8.0	(6%)	8.7	(6%)
Waste management	12.8	(10%)	12.4	(9%)	14.1	(11%)	15.2	(11%)
Other	0.2	(0%)	0.2	(0%)	0.1	(0%)	0.7	(1%)
Total	131.1		130.8		134.1		138.5	

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?



Note: These group results are an average of individual council results.

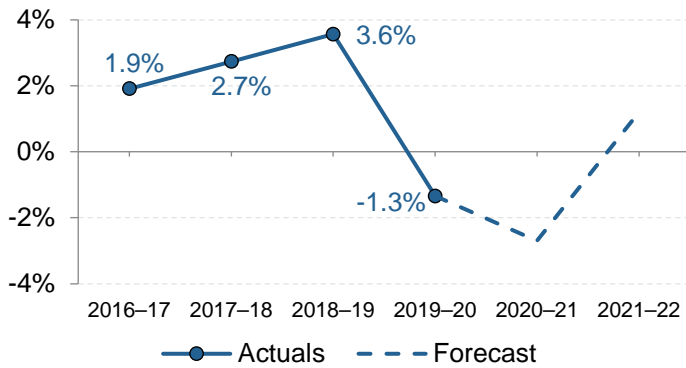
Financial position



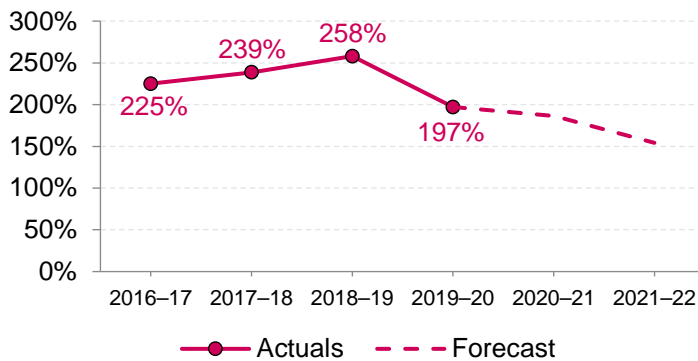
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Are councils in the regional city group operating sustainably?

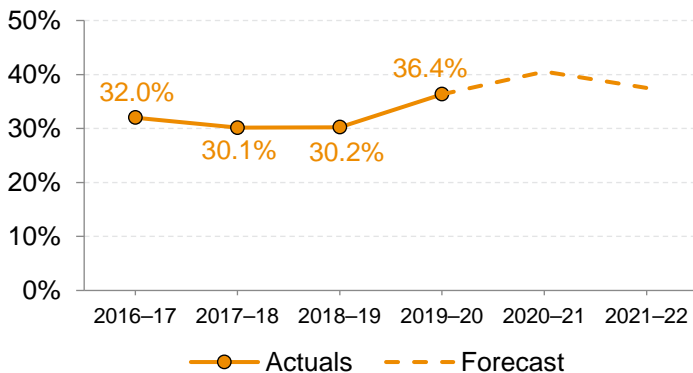
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, the regional city council group had an average **adjusted underlying result** of 1.7 per cent.

The regional city council group had an average **working capital ratio** of 230 per cent between 2016–17 and 2019–20.

Between 2016–17 and 2019–20, the regional city council group had an average **indebtedness ratio** of 32.2 per cent.

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.

Regional city councils

Councils in this group	
Ballarat City Council	Latrobe City Council
Greater Bendigo City Council	Mildura Rural City Council
Greater Geelong City Council	Wangaratta Rural City Council
Greater Shepparton Council	Warrnambool City Council
Horsham Rural City Council	Wodonga City Council