

# Knox 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.



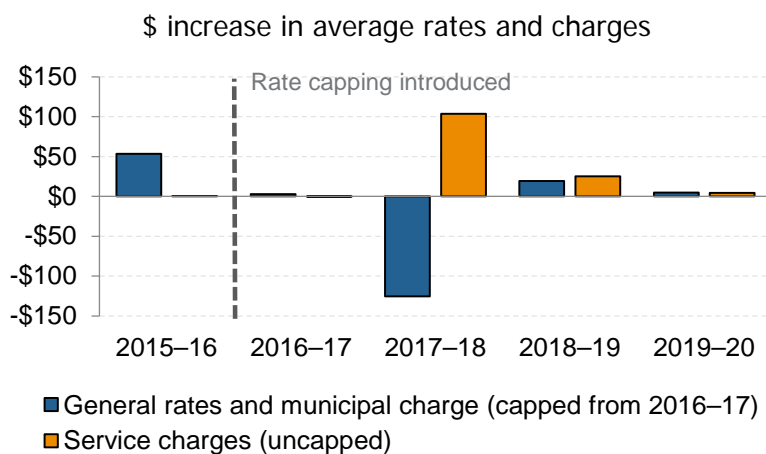
© OpenStreetMap contributors

## Key facts

Population (June 2019):	164,538
Size (km <sup>2</sup> ):	114
Length of local roads (km):	725
Population per km of roads:	227
Council employees (FTE, 2019–20):	729
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	\$1,684	n/a
2016–17	\$1,687	2.50%
2017–18	\$1,665	2.00%
2018–19	\$1,709	2.25%
2019–20	\$1,718	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 5 differential rates (for different 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).

Council did not provide data

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

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	<b>91%</b> of ratepayers	<b>4%</b> of ratepayers	<b>5%</b> of ratepayers	<b>0%</b> of ratepayers
	<b>\$90.8m</b> (75%) of rates and charges revenue in 2019–20	<b>\$14.3m</b> (12%) of rates and charges revenue in 2019–20	<b>\$16.7m</b> (14%) of rates and charges revenue in 2019–20	<b>\$0m</b> (0%) of rates and charges revenue in 2019–20
	<b>-0.6%</b> average annual increase between 2015–16 and 2019–20	<b>4.5%</b> average annual increase between 2015–16 and 2019–20	<b>3.2%</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?

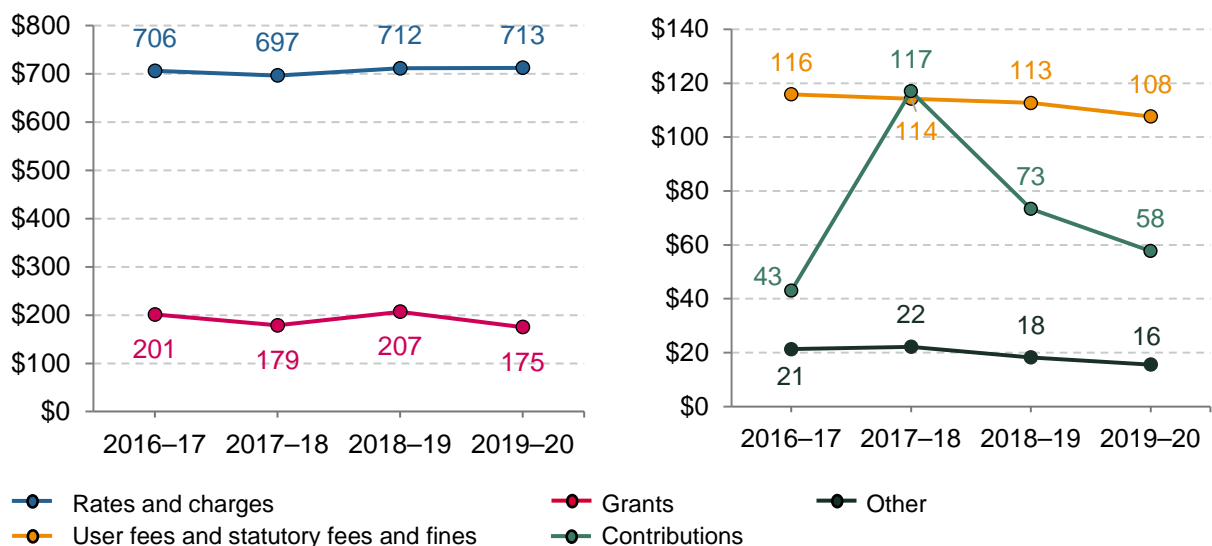
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	113.3	(65%)	112.7	(62%)	116.1	(63%)	117.2	(67%)
User fees and statutory fees and fines	18.6	(11%)	18.5	(10%)	18.4	(10%)	17.7	(10%)
Grants	32.3	(19%)	28.9	(16%)	33.8	(18%)	28.8	(16%)
Contributions	6.9	(4%)	18.9	(10%)	12.0	(7%)	9.5	(5%)
Other	3.4	(2%)	3.6	(2%)	3.0	(2%)	2.6	(1%)
<b>Total</b>	<b>174.4</b>		<b>182.7</b>		<b>183.3</b>		<b>175.8</b>	

In real terms, Knox City Council's total revenue increased between 2016–17 and 2018–19 reflecting an increase in revenue from contributions in 2017–18 and the receipt of one-off capital grants in 2018–19. In 2019–20, total revenue decreased in real terms due to a decrease in revenue from all sources, except rates and charges.

Rates and charges was the largest source of council's revenue, accounting for 64 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, and grants 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?

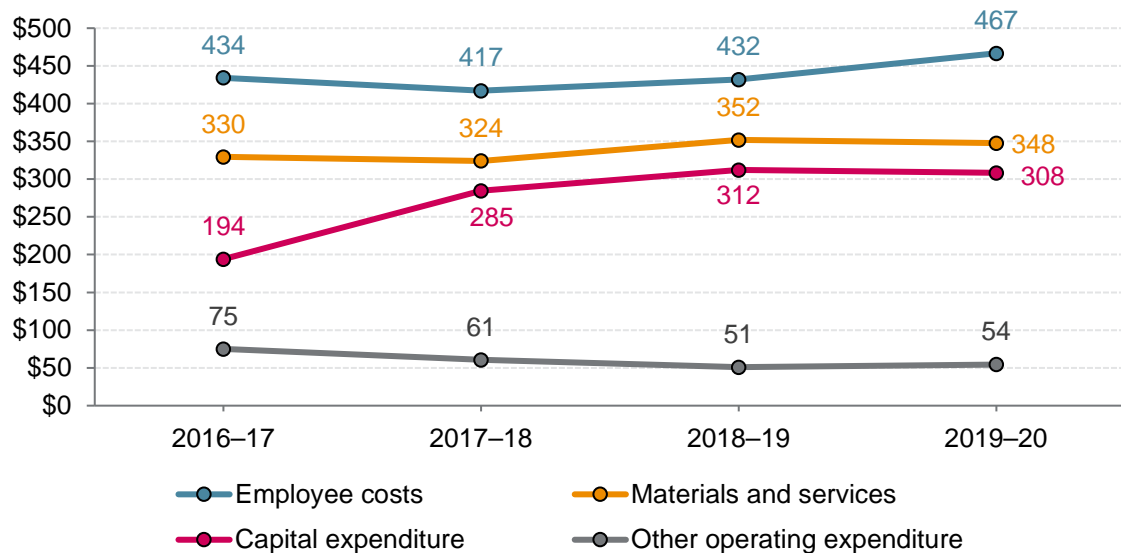
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Operating expenditure	134.5	(81%)	129.8	(74%)	136.2	(73%)	142.9	(74%)
Employee costs	69.6	(42%)	67.5	(38%)	70.5	(38%)	76.8	(40%)
Materials and services	52.8	(32%)	52.5	(30%)	57.4	(31%)	57.2	(30%)
Other operating expenditure	12.0	(7%)	9.8	(6%)	8.3	(4%)	8.9	(5%)
Capital expenditure	31.1	(19%)	46.1	(26%)	51.0	(27%)	50.7	(26%)
<b>Total</b>	<b>165.6</b>		<b>175.8</b>		<b>187.2</b>		<b>193.7</b>	

In real terms, Knox City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure (except 'other operating expenditure'), particularly increases in capital expenditure.

Employee costs was council's largest area of expenditure, accounting for 39 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 expenditure (except 'other operating 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)

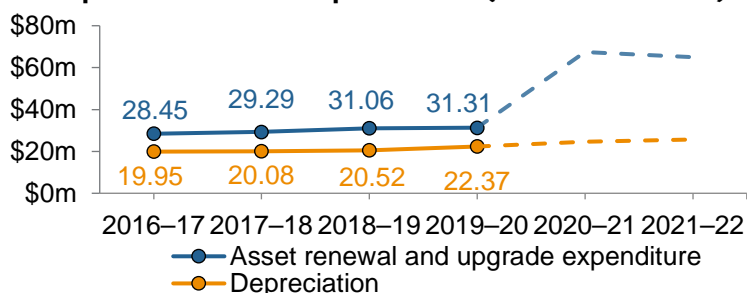
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	22.5	(72%)	22.6	(49%)	23.1	(45%)	22.7	(45%)
Upgrade	6.0	(19%)	6.7	(15%)	8.0	(16%)	8.6	(17%)
Expansion	0.4	(1%)	3.0	(7%)	8.2	(16%)	0.6	(1%)
New	2.2	(7%)	13.7	(30%)	11.7	(23%)	18.8	(37%)
<b>Total</b>	<b>31.1</b>		<b>46.1</b>		<b>51.0</b>		<b>50.7</b>	

Knox City Council's spending on new assets and asset upgrades trended upwards in real terms between 2016–17 and 2019–20, with a spike in new assets in 2017–18. Council's spending on asset renewal and asset expansion also trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20.

Spending on asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20. However, although spending on asset renewal remained relatively stable in real terms, it dropped from 72 per cent of capital expenditure in 2016–17 to 45 per cent in 2019–20 due to an increase in spending on new assets.

## 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	143%
2017–18	146%
2018–19	151%
2019–20	140%
2020–21	274% (forecast data)
2021–22	253% (forecast data)

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

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

# Services



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)

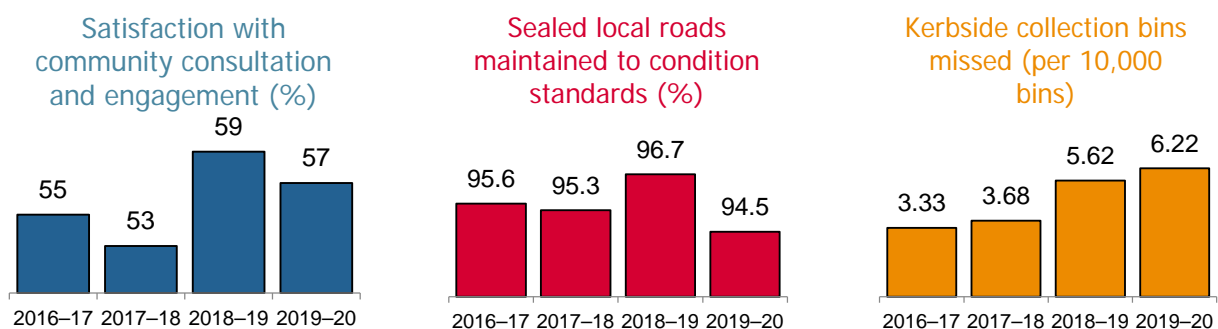
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	10.2	(7%)	9.4	(6%)	9.2	(6%)	9.3	(6%)
Business and economic services	9.7	(6%)	9.6	(6%)	9.9	(6%)	10.2	(6%)
Environment	13.1	(9%)	11.8	(8%)	11.9	(8%)	11.6	(7%)
Family and community services	27.3	(18%)	24.6	(17%)	26.5	(17%)	27.1	(17%)
Governance	30.9	(20%)	31.6	(21%)	34.2	(22%)	39.1	(24%)
Local roads and bridges	6.9	(5%)	7.3	(5%)	7.4	(5%)	8.1	(5%)
Recreation and culture	20.7	(14%)	23.9	(16%)	24.7	(16%)	26.9	(16%)
Traffic and street management	19.8	(13%)	16.1	(11%)	15.0	(10%)	15.9	(10%)
Waste management	14.0	(9%)	14.0	(9%)	18.2	(12%)	16.2	(10%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>152.6</b>		<b>148.4</b>		<b>156.8</b>		<b>164.4</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?



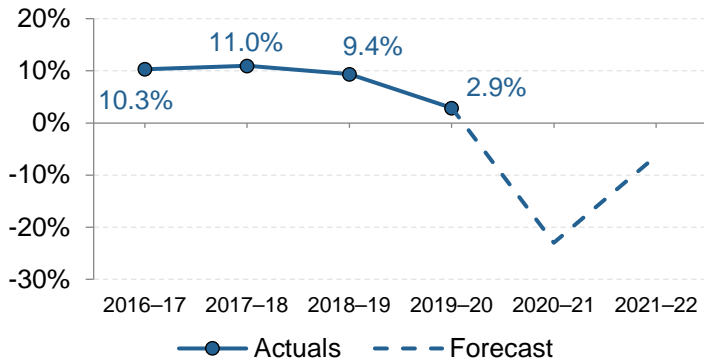
# Financial position



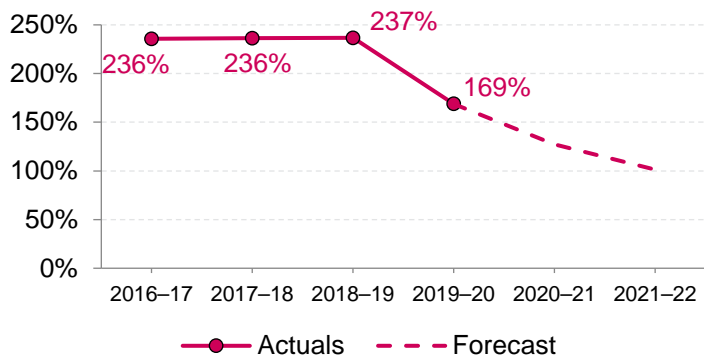
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Is council operating sustainably?

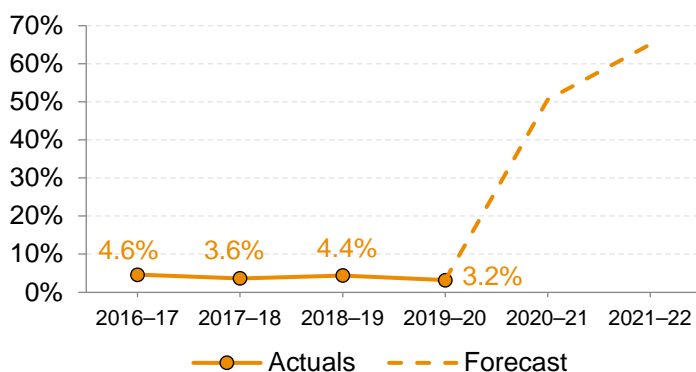
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Knox City Council reported an average **adjusted underlying result** of 8.4 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 both higher employee costs and depreciation, and lower capital grants.

Council could meet its current financial obligations with a reported average **working capital ratio** of 219 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 4.0 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.

**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.