

# Melbourne 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.

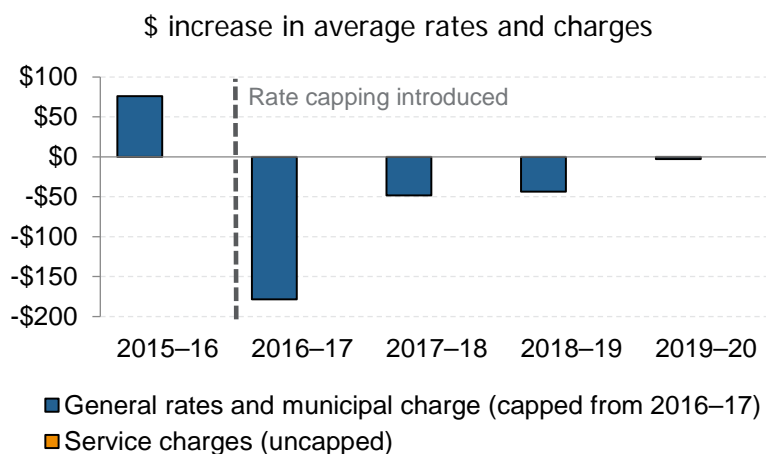


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Key facts	
Population (June 2019):	178,955
Size (km <sup>2</sup> ):	37
Length of local roads (km):	243
Population per km of roads:	736
Council employees (FTE, 2019–20):	1,456
Submitted an application for a higher cap for any year between 2016–17 and 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	\$2,690	n/a
2016–17	\$2,512	2.50%
2017–18	\$2,463	2.00%
2018–19	\$2,420	2.25%
2019–20	\$2,417	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

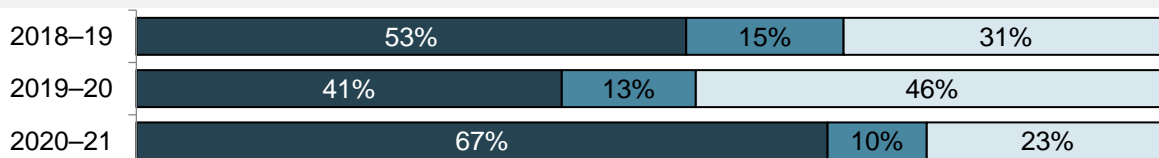
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 2 differential rates (for different types of property). 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 & Industrial ratepayers	Rural ratepayers
	<b>83%</b> of ratepayers	<b>17%</b> of ratepayers	<b>0%</b> of ratepayers
	<b>\$126.7m</b> (42%) of rates and charges revenue in 2019–20	<b>\$174.4m</b> (58%) 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>1.1%</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?

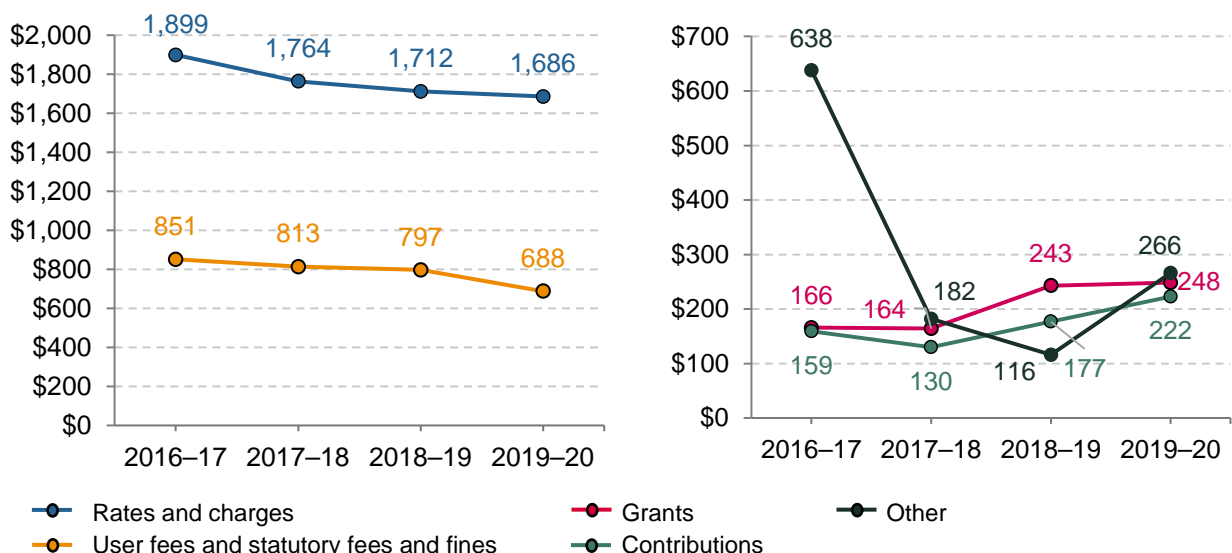
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	277.4	(51%)	280.8	(58%)	291.6	(56%)	301.8	(54%)
User fees and statutory fees and fines	124.3	(23%)	129.4	(27%)	135.7	(26%)	123.0	(22%)
Grants	24.2	(4%)	26.1	(5%)	41.4	(8%)	44.4	(8%)
Contributions	23.3	(4%)	20.7	(4%)	30.1	(6%)	39.8	(7%)
Other	93.2	(17%)	28.9	(6%)	19.8	(4%)	47.6	(9%)
<b>Total</b>	<b>542.5</b>		<b>485.9</b>		<b>518.6</b>		<b>556.7</b>	

In real terms, Melbourne City Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in 'other' revenue, including the proceeds from the sale of City Square for the Metro Tunnel project in 2016–17 and 2019–20. The sale of City Square also increased revenue from grants in 2018–19 as council received compensation funding for the loss of car park revenue at City Square. Revenue from grants was higher in 2019–20 due to the receipt of grants related to coronavirus support.

Rates and charges was the largest source of council's revenue, accounting for between 51 and 58 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 'other' revenue decreased in real terms in 2017–18 and 2018–19 before increasing in 2019–20.

Revenue per person from rates and charges, and user fees and statutory fees and fines, decreased in real terms between 2016–17 and 2019–20.

# 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?

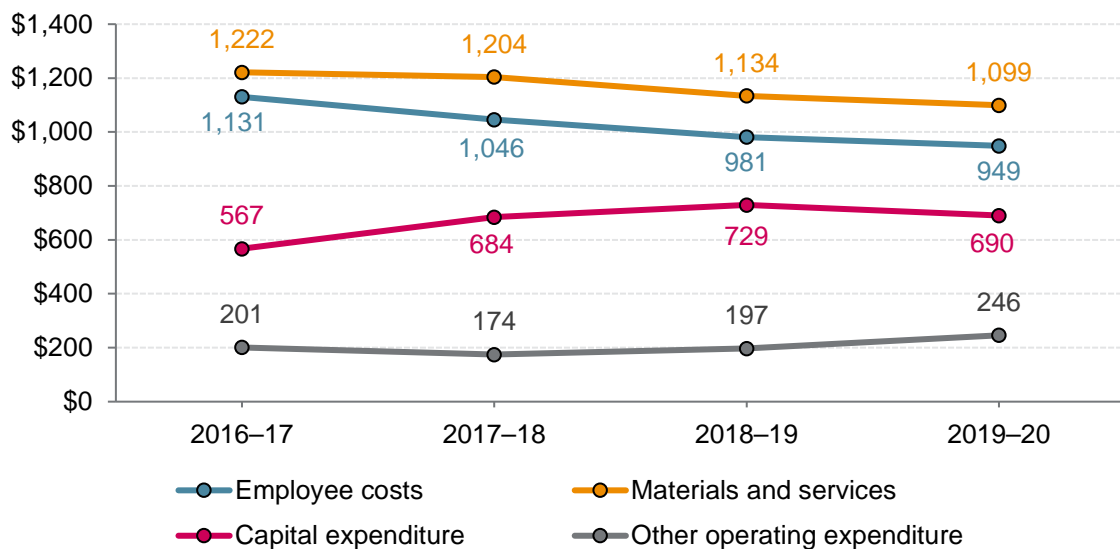
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	373.1	(82%)	385.8	(78%)	393.8	(76%)	410.6	(77%)
Employee costs	165.2	(36%)	166.4	(34%)	167.1	(32%)	169.8	(32%)
Materials and services	178.5	(39%)	191.6	(39%)	193.2	(37%)	196.7	(37%)
Other operating expenditure	29.4	(6%)	27.7	(6%)	33.5	(6%)	44.0	(8%)
Capital expenditure	82.8	(18%)	108.9	(22%)	124.2	(24%)	123.5	(23%)
<b>Total</b>	<b>455.9</b>		<b>494.6</b>		<b>518.0</b>		<b>534.1</b>	

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

Materials and services was council's largest area of expenditure, accounting for 38 per cent of the 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), employee costs and expenditure on materials and services trended downwards in real terms between 2016–17 and 2019–20. In real terms, capital expenditure per person increased in 2017–18 and 2018–19 before decreasing in 2019–20.



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)

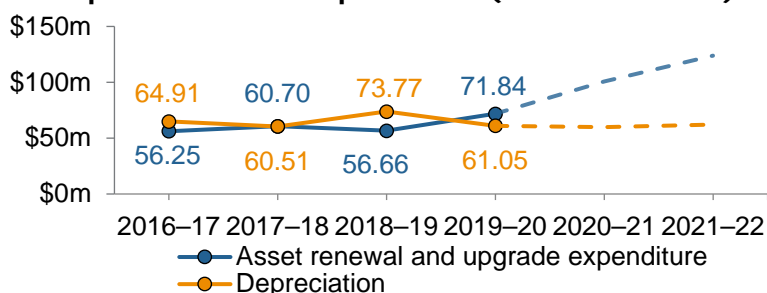
	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	48.5	(58%)	52.1	(48%)	48.2	(39%)	52.1	(42%)
Upgrade	7.8	(9%)	8.6	(8%)	8.4	(7%)	19.7	(16%)
Expansion	8.8	(11%)	10.8	(10%)	23.5	(19%)	13.6	(11%)
New	17.8	(22%)	37.4	(34%)	44.1	(35%)	38.1	(31%)
<b>Total</b>	<b>82.8</b>		<b>108.9</b>		<b>124.2</b>		<b>123.5</b>	

Melbourne City Council's spending on asset renewal was relatively consistent between 2016–17 and 2019–20, representing the largest proportion of total capital expenditure each year. Spending on new assets was the next highest share of capital expenditure over these years, with an increase in this spending from 2017–18 being more consistent with historical levels after a dip in 2016–17.

Spending on asset expansion fluctuated, with a spike in 2018–19, while there was a jump in spending on asset upgrades in 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	87%
2017–18	100%
2018–19	77%
2019–20	118%
2020–21	168% (forecast data)
2021–22	199% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated between 2016–17 and 2019–20, but broadly followed the historical upward trend in real terms. This spending also fluctuated above and 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 further above 100 per cent of depreciation in 2020–21 and 2021–22.

# Services



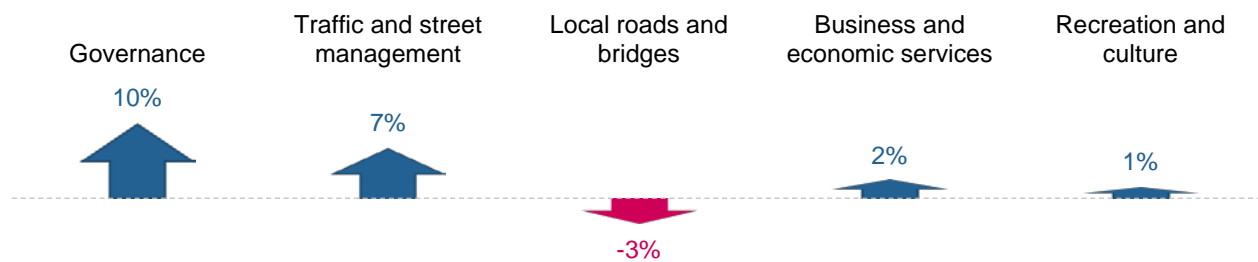
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## Which service areas is council spending its money in?

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

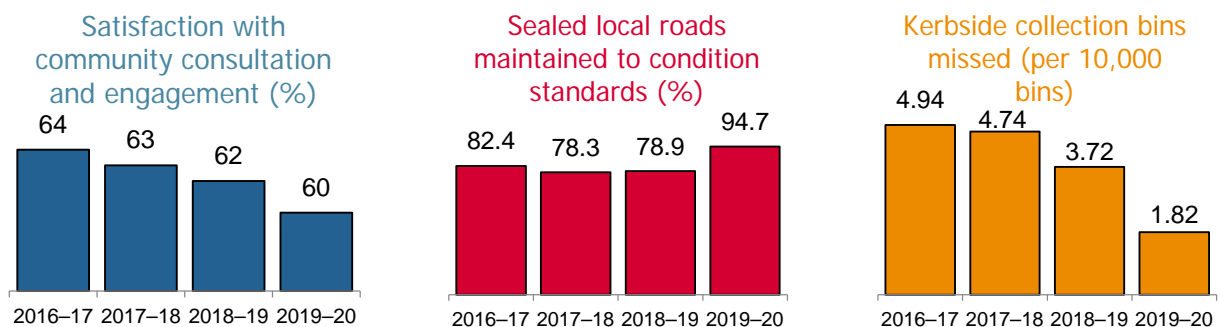
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	6.9	(1%)	6.9	(1%)	6.7	(1%)	8.5	(1%)
Business and economic services	308.3	(48%)	301.8	(47%)	303.8	(46%)	330.7	(48%)
Environment	3.5	(1%)	3.5	(1%)	3.1	(0%)	3.4	(0%)
Family and community services	29.6	(5%)	31.4	(5%)	28.8	(4%)	21.2	(3%)
Governance	84.6	(13%)	86.6	(13%)	97.8	(15%)	112.3	(16%)
Local roads and bridges	72.4	(11%)	79.8	(12%)	73.5	(11%)	65.5	(9%)
Recreation and culture	64.3	(10%)	65.2	(10%)	66.1	(10%)	67.2	(10%)
Traffic and street management	53.9	(8%)	55.7	(9%)	64.1	(10%)	65.3	(9%)
Waste management	14.1	(2%)	15.6	(2%)	15.7	(2%)	17.0	(2%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>637.6</b>		<b>646.6</b>		<b>659.6</b>		<b>691.0</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?

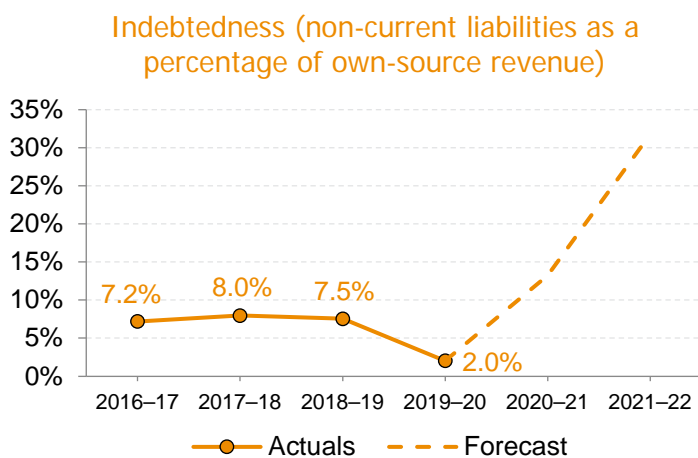
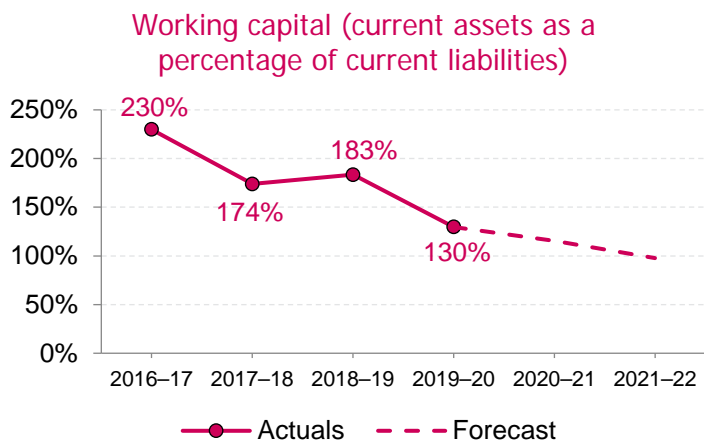
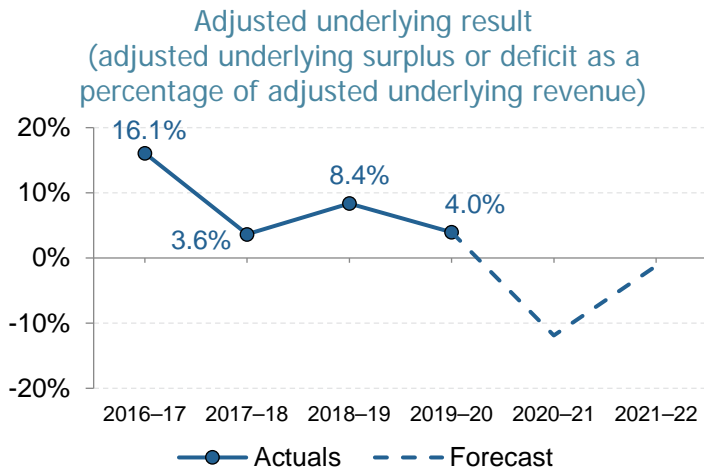


# Financial position



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



Between 2016–17 and 2019–20, Melbourne City Council reported an average **adjusted underlying result** of 8.0 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision.

Council could meet its current financial obligations with a reported average **working capital ratio** of 179 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects an increase in long-term investments (a decrease in current assets).

The reported average **indebtedness ratio** of 6.2 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 decrease in 2019–20 reflects loan repayment.

**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.