

Greater Geelong 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 <http://www.esc.vic.gov.au/outcomes-reports>.



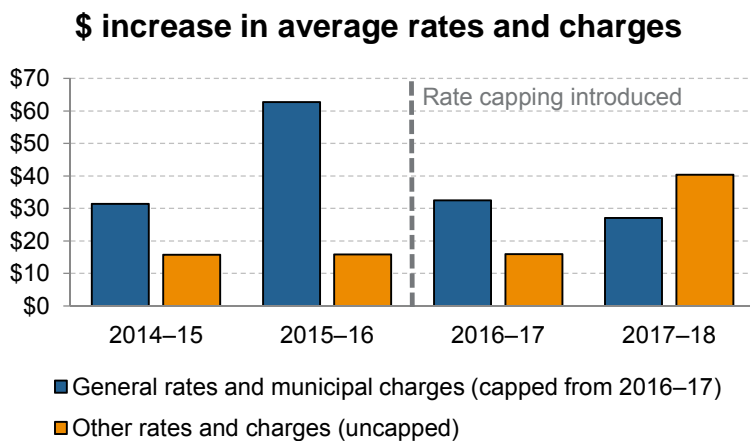
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Key facts

Population:	245,751
Size (km ²):	1,252
Length of local roads (km):	2,200
Population per km of roads:	110
Council employees (FTE, 2017–18):	1,577
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	\$1,588	n/a
2015–16	\$1,667	n/a
2016–17	\$1,715	2.50%
2017–18	\$1,783	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.

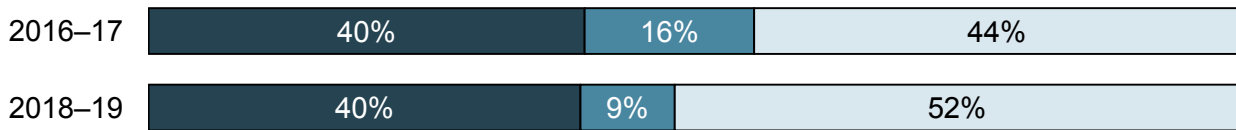
Have council's average rates complied with the applicable rate caps?

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).

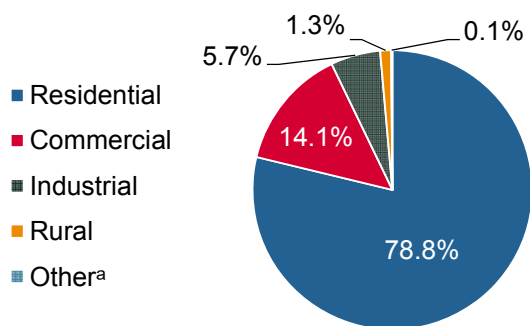


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

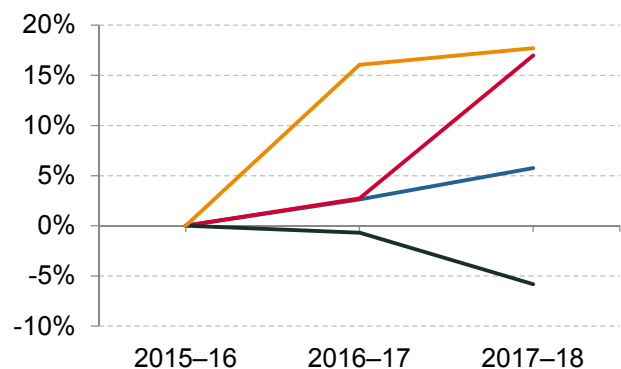
Ratepayers by property class

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 Greater Geelong City Council's rates and charges. This group of ratepayers, on average, experienced a 5.7 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 \$1,667 to \$1,783 (7 per cent) over the same period.

Revenue

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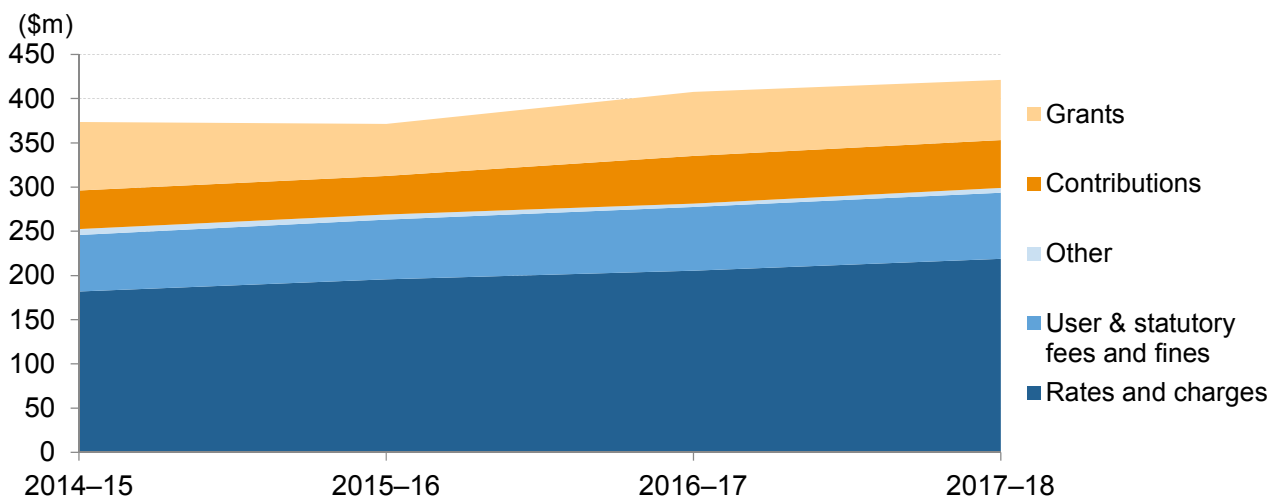
Where is council's money coming from?

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	188.8	51	212.1	51
Grants	68.1	18	70.2	17
User fees and statutory fees and fines	65.7	18	73.5	18
Contributions	43.7	12	54.1	13
Other	6.2	2	4.6	1
Total	372.5	100	414.5	100

Greater Geelong City Council's average revenue from all sources (except 'other') increased in the two years following the introduction of rate capping compared to the two years before rate capping. The proportion 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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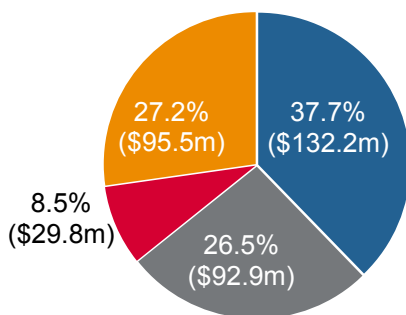
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$247.9m	\$106.7m	\$1,088	\$469
2015–16	\$261.9m	\$84.2m	\$1,125	\$361
2016–17	\$306.8m	\$76.9m	\$1,281	\$321
2017–18	\$297.6m	\$113.3m	\$1,211	\$461

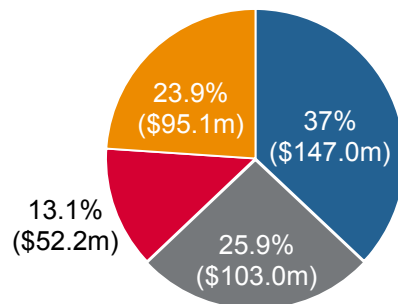
Greater Geelong City Council's operating expenses have been trending upward over time, driven largely by increased 'other' expenditure (including an adjustment relating to asset value in 2016–17) and employee costs in the two years after rate capping was introduced. Capital expenditure has been more varied over the same period, reflecting fluctuations in spending on new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping



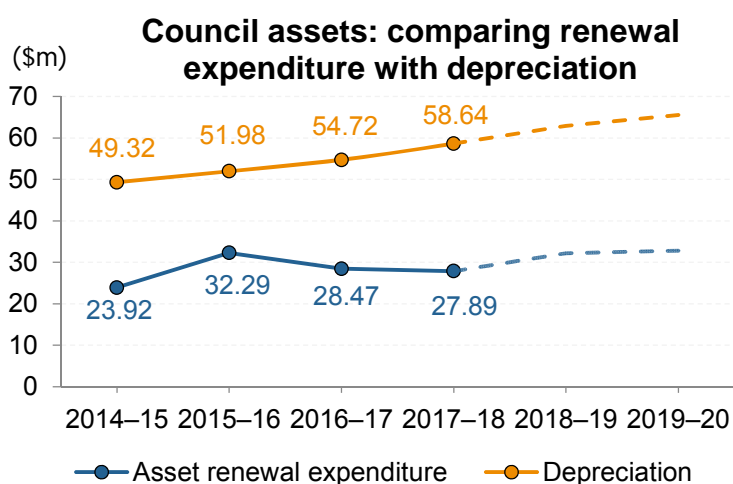
Average expenditure by category in the 2 years after rate capping



- Employee costs
- Materials and services
- Other expenditure
- Capital expenditure

There was a change in the composition of Greater Geelong City Council's expenditure, reflecting an increase in average 'other' expenditure in the two years after rate capping was introduced. Average capital expenditure decreased as a share of total expenditure, despite remaining at a similar level in terms of average dollars spent, while employee costs and spending on materials and services decreased as a share of total expenditure over the same period, despite increasing in terms of average dollars spent.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	48
2015-16	62
2016-17	52
2017-18	48
2018-19	51 (forecast data)
2019-20	50 (forecast data)

Greater Geelong City Council's spending on the renewal of its assets has been relatively stable in recent years, but remains 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 and 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

	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	28.1	29	28.2	30
New	56.9	60	55.7	59
Upgrade	10.5	11	11.2	12
Expansion	0.0	0	0.0	0
Total	95.5	100	95.1	100

Council's average capital expenditure across each category remained similar in the two years before and after rate capping was introduced, despite spending on new assets fluctuating year on year.

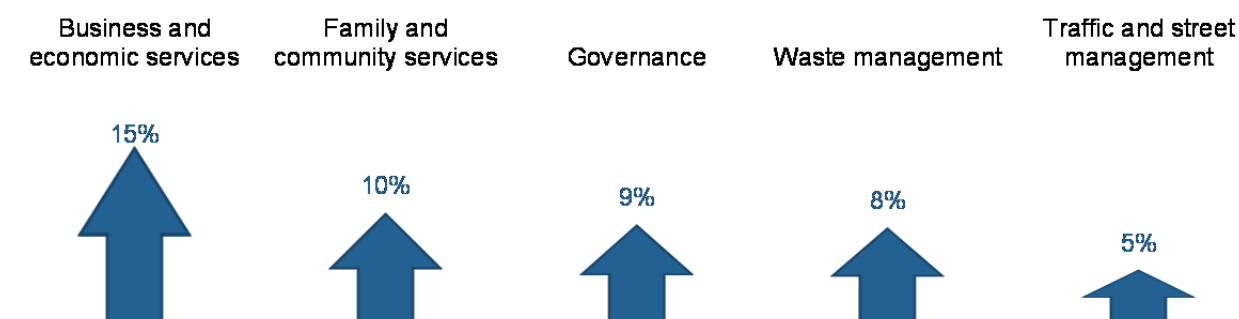
Services

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

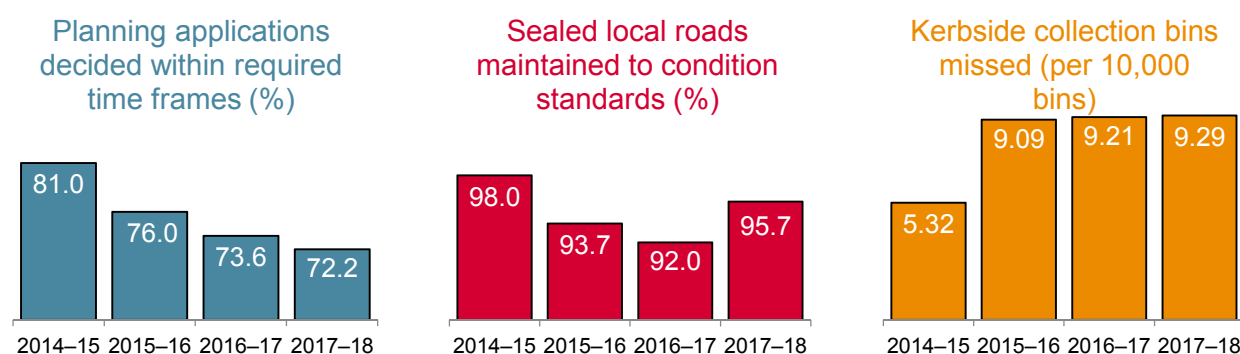
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	325	24.9	329	24.0
Governance	268	20.5	291	21.2
Waste management	144	11.0	156	11.3
Family and community services	126	9.6	138	10.0
Traffic and street management	105	8.1	110	8.0
Local roads and bridges	104	8.0	107	7.8
Business and economic services	84	6.4	97	7.1
Aged and disabled services	83	6.4	80	5.8
Environment	56	4.3	55	4.0
Other	12	0.9	9	0.7

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)

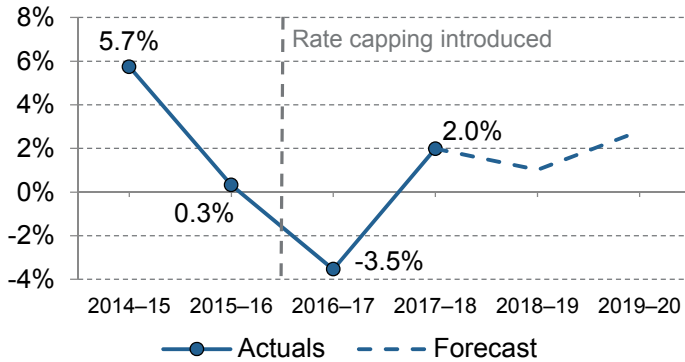


Financial position

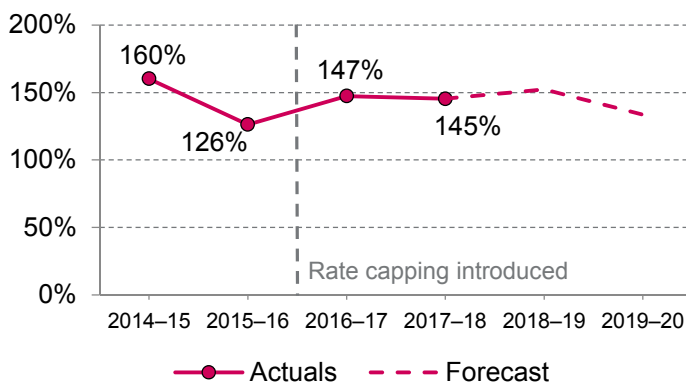
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Is council operating sustainably?

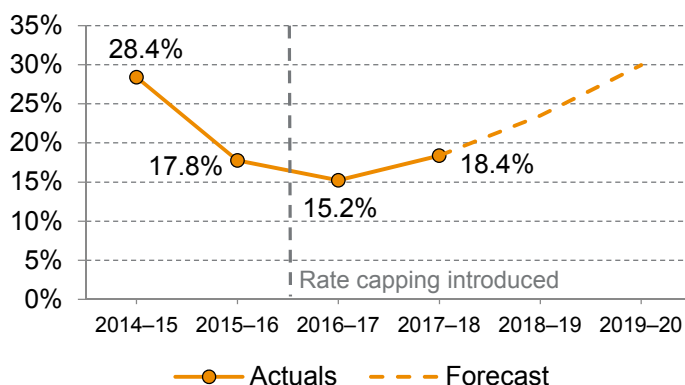
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2014–15 and 2017–18, Greater Geelong 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. The negative result in 2016–17 reflects an adjustment to revenue for the transfer of assets to an external trust.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 145 per cent between 2014–15 and 2017–18. The fall in the ratio in 2015–16 relates to council using cash reserves to fund capital works.

The falling **indebtedness ratio** reflects council repaying some of its borrowings.

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.