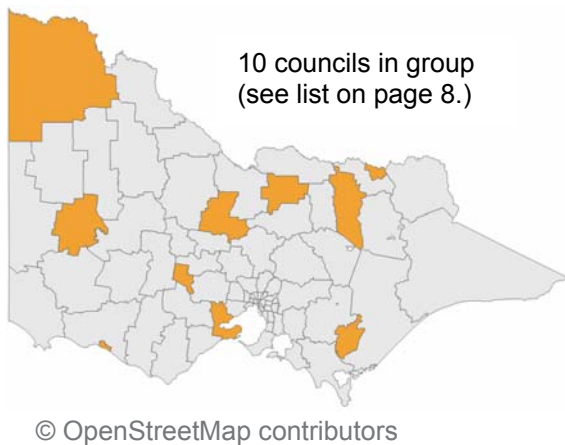


Regional city council group

This fact sheet uses graphs and other data to show whether there have been any significant changes in services, infrastructure and financial outcomes for the regional city group of councils 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.

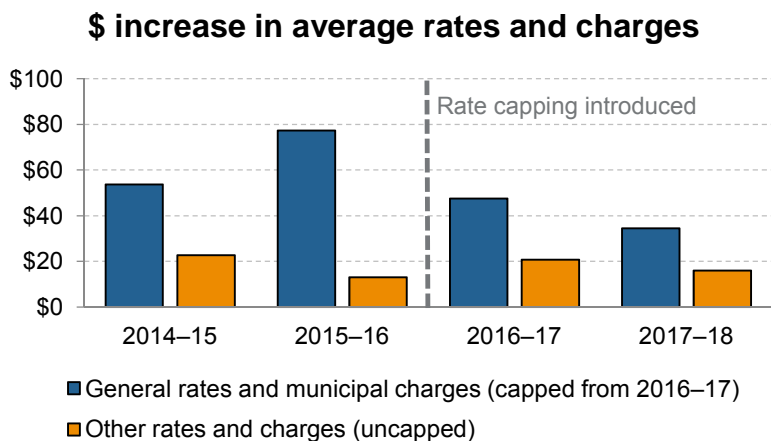
A reader's guide is available to help you understand the terms used in this fact sheet. You can compare your council's data against its 'group' by looking at this fact sheet. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



Key Facts (average regional city council)	
Population:	78,507
Size (km ²):	3,938
Length of local roads (km):	2,184
Population per km of roads:	35.9
Council employees (FTE, 2017–18):	577
Number of applications for a higher cap for 2016–17 or 2017–18	2 applications from 2 councils (1 unsuccessful)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Minister's cap
2014–15	\$1,794	n/a
2015–16	\$1,884	n/a
2016–17	\$1,953	2.50%
2017–18	\$2,003	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.

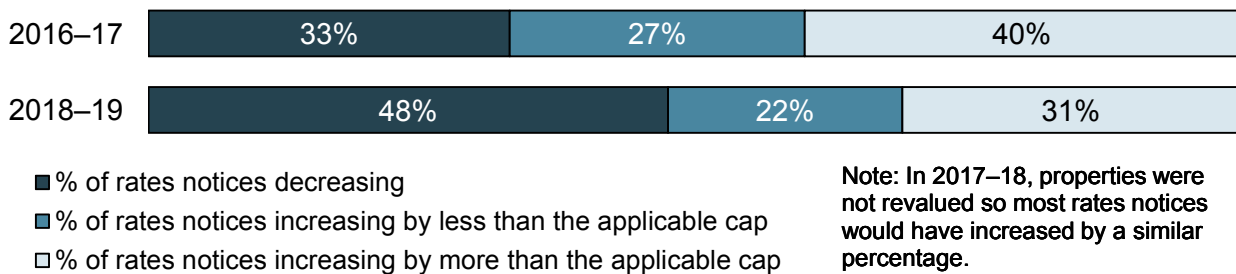
How many regional city councils complied with the applicable rate caps?

	2016–17	2017–18	2018–19
Councils with an approved higher cap	1 of 10	0 of 10	0 of 10
Councils complying with applicable cap	10 of 10	10 of 10	10 of 10

How have rates changed for individual ratepayers?

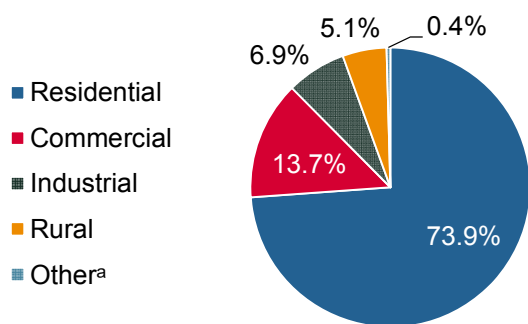
Distribution of rates increases and decreases in revaluation years

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 (or even decreased).



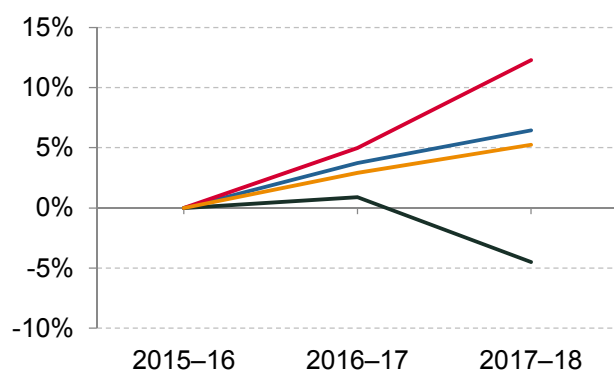
Ratepayers by property class

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 the average regional city council's rates and charges. This group of ratepayers experienced an average 6.4 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rates increases can be due to relative changes in property valuations, and changes in property numbers, councils' rating structures, and uncapped rates and charges. For the group as a whole, average rates and charges (a combination of all classes) increased from \$1,884 to \$2,003 (6.3 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Where is the average regional city council's money coming from?

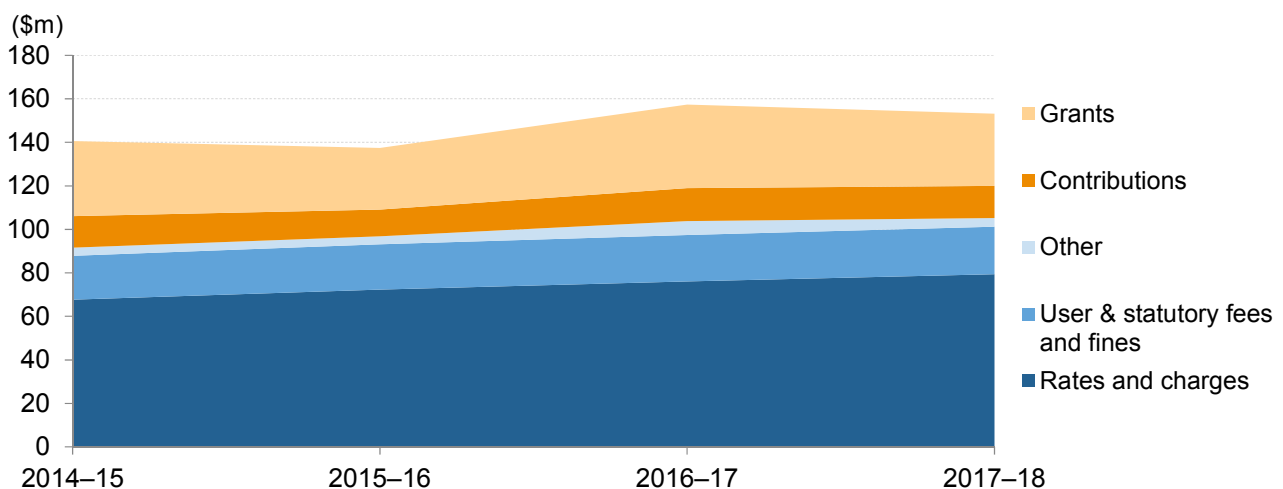
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	70.0	50	77.7	50
Grants	31.4	23	35.8	23
User fees and statutory fees and fines	20.5	15	21.6	14
Contributions	13.4	10	15.0	10
Other	3.7	3	5.2	3
Total	139.0	100	155.3	100

The average revenue for regional city councils across Victoria from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportions of revenue from all sources, except user fees and statutory fees and fines, remained the same over these periods for the average regional city council.

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 the average regional city council spending?

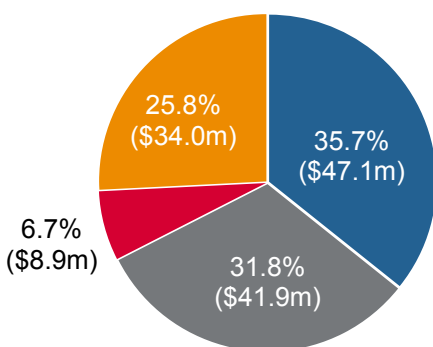
Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$97.2m	\$34.9m	\$1,301	\$467
2015–16	\$98.5m	\$33.1m	\$1,299	\$437
2016–17	\$108.0m	\$37.2m	\$1,398	\$482
2017–18	\$105.5m	\$39.3m	\$1,343	\$500

Operating expenses for the average regional city council trended upward in recent years, driven by increases in employee costs. However, there was a spike in 2016–17, reflecting a jump in 'other' expenditure in that year (with a number of councils reporting adjustments to asset values). Capital expenditure also trended upward in recent years, driven by spending on new assets.

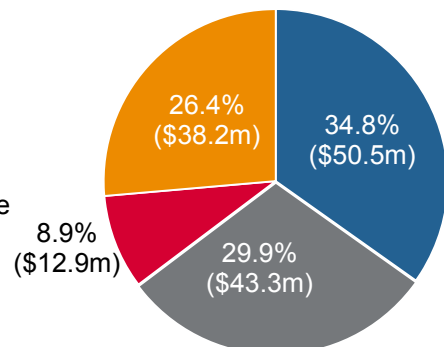
This has resulted in some fluctuation in the ratio of capital expenditure to operating expenditure (which, on average, was slightly higher in the two years after rate capping was introduced).

How is the average regional city council spending its money?

Average expenditure by category in the 2 years before rate capping

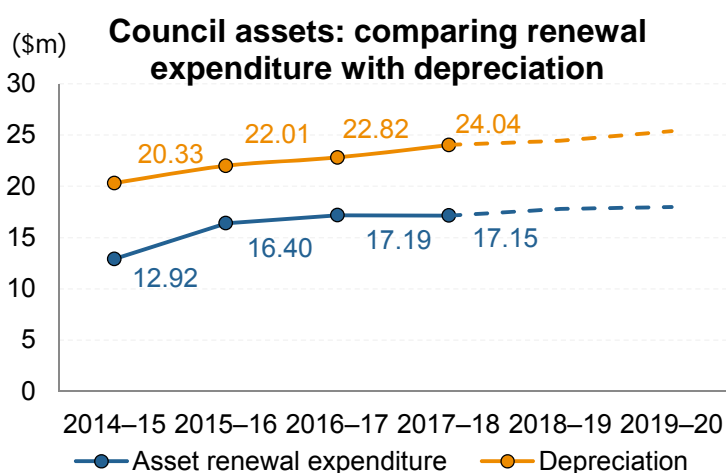


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of expenditure for the average regional city council, reflecting increases in average capital and 'other' expenditure in the two years after rate capping was introduced. Employee costs and spending on materials and services decreased as a proportion of total expenditure over the same period, despite increasing in terms of average dollars spent.

Is the average regional city council renewing its assets?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	64
2015-16	75
2016-17	75
2017-18	71
2018-19	73 (forecast data)
2019-20	71 (forecast data)

Spending on asset renewal for the average regional city council has trended upward in recent years, while remaining below the average amount of depreciation (the decline in value of council assets caused by age and use) for regional city councils. The average renewal expenditure is planned to increase in 2018-19 and 2019-20, while remaining below average depreciation.

The asset renewal expenditure as a percentage of depreciation (asset renewal ratio) for the regional city council group as a whole is projected to remain around 70 per cent in 2018-19 and 2019-20.

Note: Asset renewal ratio figures are for the regional city group as a whole, not the average asset renewal ratio amongst regional city councils.

Has the average regional city 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	14.7	43	17.2	45
New	13.0	38	15.7	41
Upgrade	4.9	14	4.2	11
Expansion	1.5	4	1.1	3
Total	6.8	100	6.9	100

The average spending on asset renewal and new assets in the two years after rate capping was introduced has increased for the average regional city council. Average spending on upgrade and expansion projects has decreased.

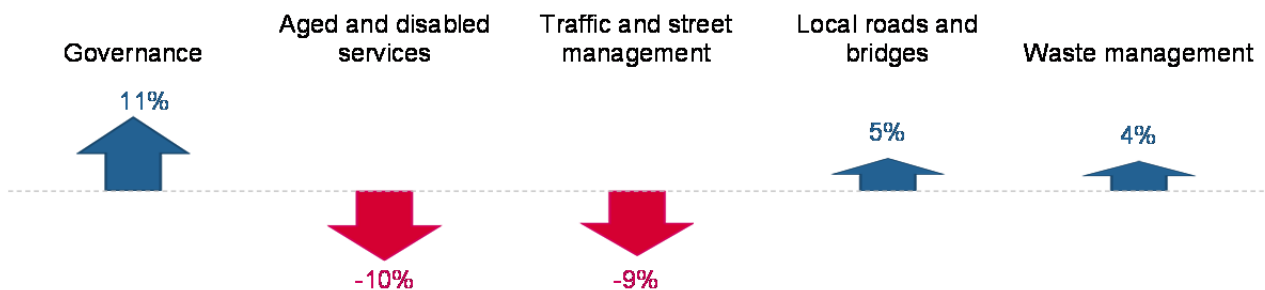
Services

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Which service areas is the average regional city council spending its money in?

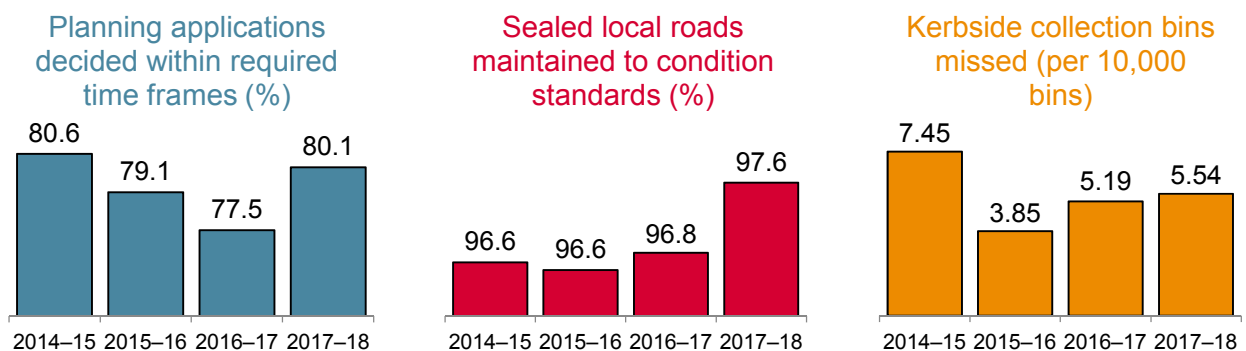
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	338	21.7	374	23.3
Recreation and culture	321	20.5	327	20.3
Local roads and bridges	228	14.6	239	14.8
Waste management	147	9.4	154	9.6
Family and community services	140	9.0	143	8.9
Business and economic services	140	9.0	145	9.0
Traffic and street management	100	6.4	91	5.6
Aged and disabled services	90	5.8	81	5.0
Environment	52	3.4	53	3.3
Other	4	0.3	3	0.2

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)

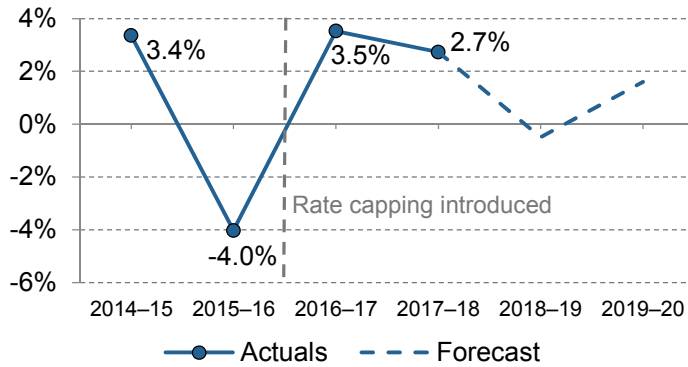


Financial position

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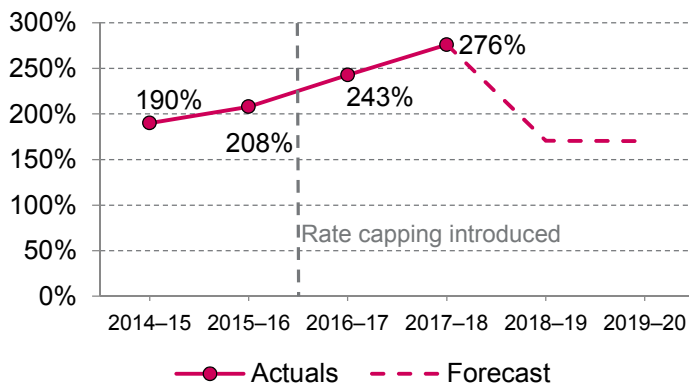
Is the average regional city council operating sustainably?

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



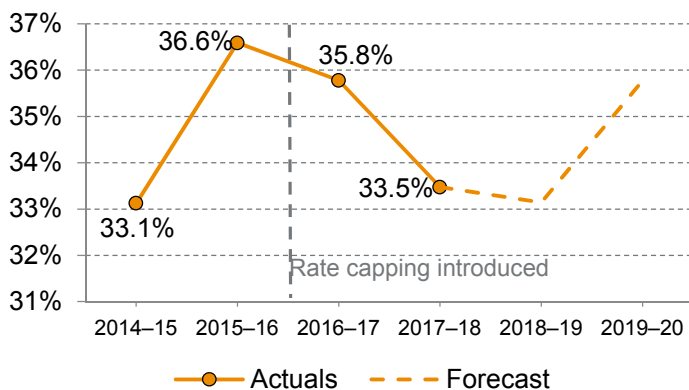
Between 2014–15 and 2017–18, the large shire council group reported an average **adjusted underlying result** of 1.4 per cent. A positive result indicates that there is enough ongoing revenue to continue to fund the current level of service provision.

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



Working capital for the average large shire council trended upward between 2014–15 and 2017–18. Overall, the high ratio indicates that councils are well placed to fund their short term obligations.

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



The falling **indebtedness** ratio reflects regional city councils repaying some of their borrowings and increases in own source revenue.

In 2014–15, 10 regional councils had \$187.7 million in long term borrowings on their balance sheets. In 2017–18, this figure for 10 councils was \$211.7 million.

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