

Glen Eira 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.



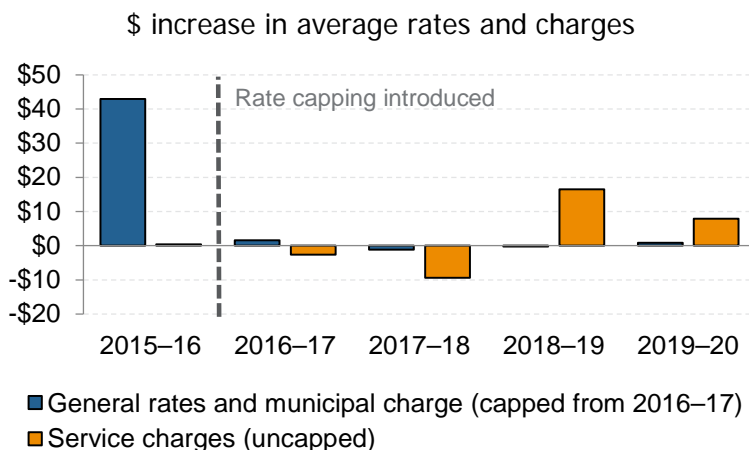
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Key facts

Population (June 2019):	156,511
Size (km ²):	39
Length of local roads (km):	433
Population per km of roads:	361
Council employees (FTE, 2019–20):	856
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	\$1,636	n/a
2016–17	\$1,635	2.50%
2017–18	\$1,624	2.00%
2018–19	\$1,641	2.25%
2019–20	\$1,649	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

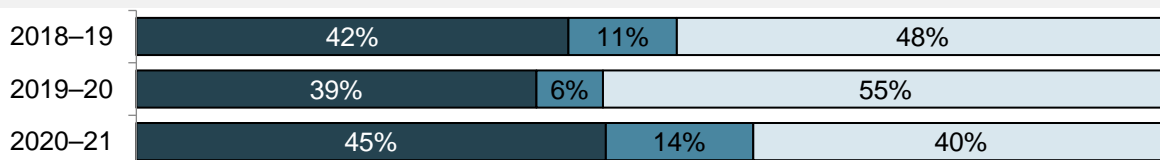
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 4 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).



- % 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
	95% of ratepayers	4% of ratepayers	<1% of ratepayers	0% of ratepayers
	\$105.7m (93%) of rates and charges revenue in 2019–20	\$6.8m (6%) of rates and charges revenue in 2019–20	\$0.7m (1%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20
	0.4% average annual increase between 2015–16 and 2019–20	0.3% average annual increase between 2015–16 and 2019–20	2.5% average annual increase between 2015–16 and 2019–20	0.0% 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.
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Where is council's money coming from?

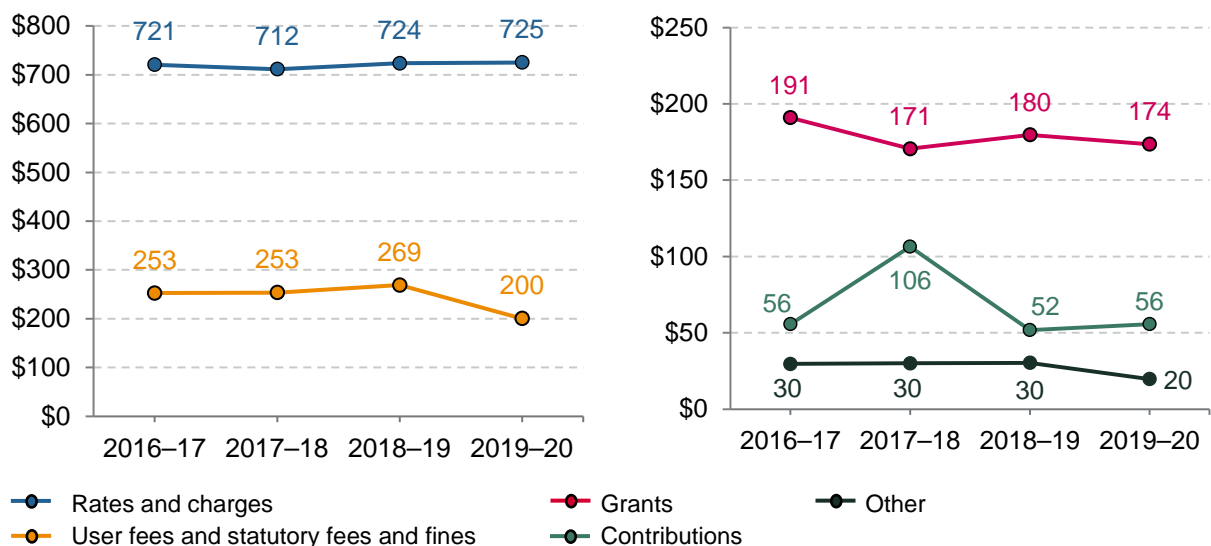
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	107.1	(58%)	107.8	(56%)	111.4	(58%)	113.5	(62%)
User fees and statutory fees and fines	37.5	(20%)	38.4	(20%)	41.4	(21%)	31.3	(17%)
Grants	28.4	(15%)	25.8	(13%)	27.7	(14%)	27.2	(15%)
Contributions	8.3	(4%)	16.1	(8%)	8.0	(4%)	8.7	(5%)
Other	4.4	(2%)	4.6	(2%)	4.7	(2%)	3.1	(2%)
Total	185.7		192.7		193.1		183.8	

In real terms, Glen Eira City Council's total revenue increased between 2016–17 and 2018–19, reflecting an increase in revenue from contributions in 2017–18, and an increase in revenue from all sources (except contributions) in 2018–19. In 2019–20, council's revenue decreased in real terms due mainly to a reduction in revenue from user fees and statutory fees and fines related to the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for between 56 and 62 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 was relatively stable in real terms until a decrease in 2019–20. Revenue per person from contributions peaked in real terms in 2017–18 then stabilised.

Expenditure



See the reader's guide for data sources and useful information.
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How much money is council spending?

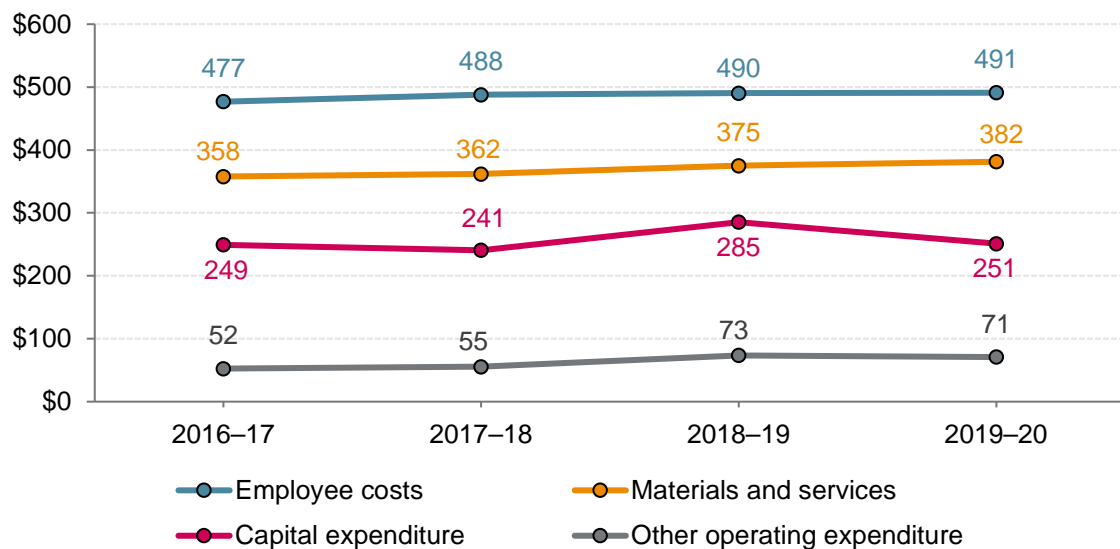
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	131.8	(78%)	137.1	(79%)	144.5	(77%)	147.6	(79%)
Employee costs	70.9	(42%)	73.9	(43%)	75.5	(40%)	76.9	(41%)
Materials and services	53.2	(31%)	54.8	(32%)	57.7	(31%)	59.7	(32%)
Other operating expenditure	7.8	(5%)	8.4	(5%)	11.3	(6%)	11.1	(6%)
Capital expenditure	37.0	(22%)	36.4	(21%)	43.9	(23%)	39.3	(21%)
Total	168.8		173.5		188.5		187.0	

In real terms, Glen Eira City Council's total expenditure trended upwards between 2016–17 and 2019–20, reflecting increases in all areas of expenditure.

Employee costs was council's largest area of expenditure, accounting for 41 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), employee costs and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, while capital expenditure fluctuated.



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)

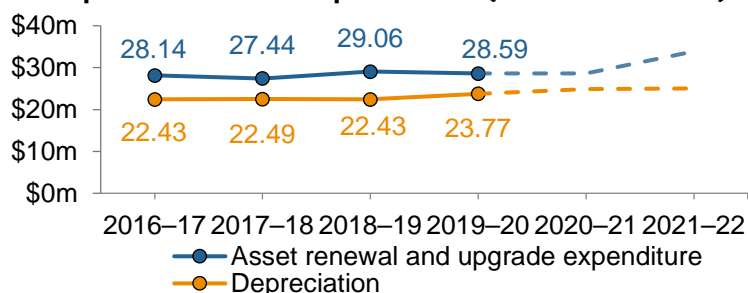
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	15.7	(42%)	16.8	(46%)	16.7	(38%)	15.1	(38%)
Upgrade	12.5	(34%)	10.6	(29%)	12.4	(28%)	13.5	(34%)
Expansion	7.1	(19%)	1.8	(5%)	1.0	(2%)	2.7	(7%)
New	1.8	(5%)	7.2	(20%)	13.9	(32%)	8.0	(20%)
Total	37.0		36.4		43.9		39.3	

Glen Eira City Council's spending on new assets trended upwards in real terms between 2016–17 and 2018–19 (before falling in 2019–20), while there was a drop in spending on asset expansion from 2017–18.

Between 2016–17 and 2019–20, the focus of council's capital expenditure was on asset renewal (which accounted for between 38 and 46 per cent of capital expenditure in these years).

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	125%
2017–18	122%
2018–19	130%
2019–20	120%
2020–21	115% (forecast data)
2021–22	135% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated year on year between 2016–17 and 2019–20 in real terms. However, this spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use) between 2016–17 and 2019–20.

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

Services



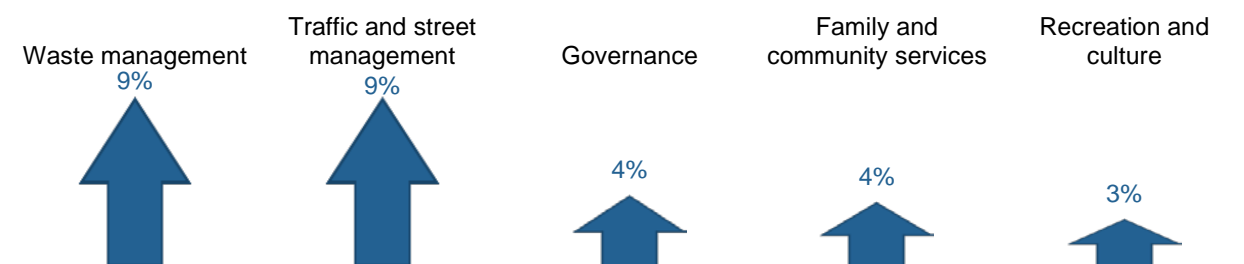
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Which service areas is council spending its money in?

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

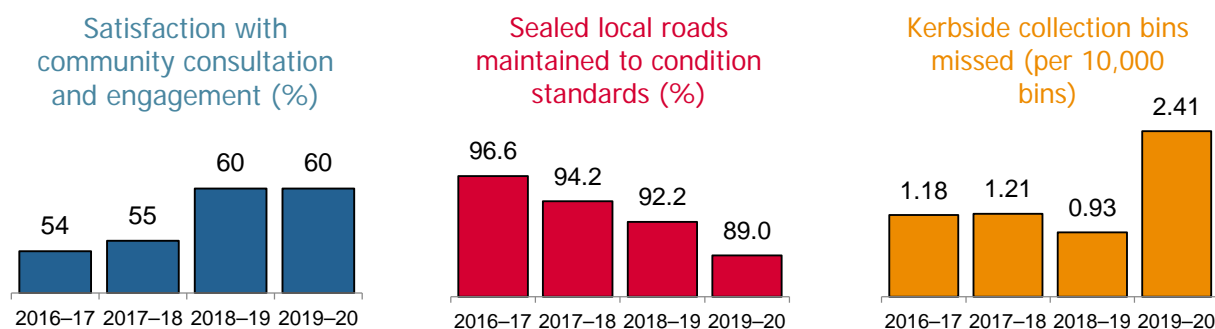
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	25.4	(17%)	25.0	(16%)	24.8	(15%)	26.1	(15%)
Business and economic services	6.9	(4%)	5.8	(4%)	5.5	(3%)	6.4	(4%)
Environment	3.4	(2%)	3.3	(2%)	3.7	(2%)	3.5	(2%)
Family and community services	8.9	(6%)	9.9	(6%)	10.0	(6%)	9.9	(6%)
Governance	36.5	(24%)	36.2	(23%)	38.5	(23%)	41.1	(24%)
Local roads and bridges	4.5	(3%)	5.3	(3%)	5.7	(3%)	5.3	(3%)
Recreation and culture	37.8	(25%)	41.2	(26%)	41.9	(25%)	40.9	(24%)
Traffic and street management	16.7	(11%)	17.5	(11%)	21.0	(13%)	22.0	(13%)
Waste management	12.7	(8%)	13.8	(9%)	14.6	(9%)	16.7	(10%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	152.8		158.1		165.7		171.9	

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?



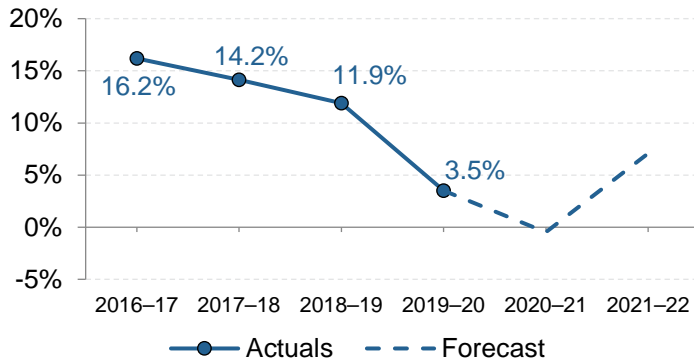
Financial position



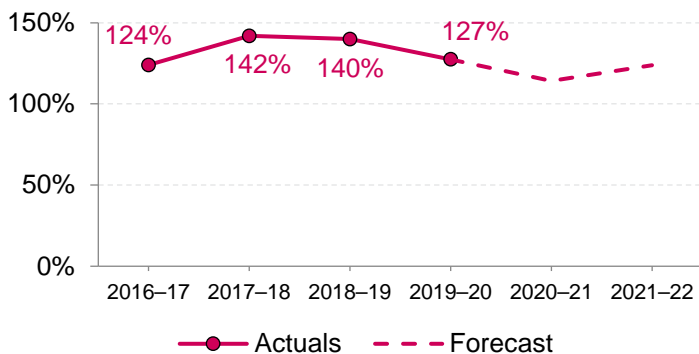
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Is council operating sustainably?

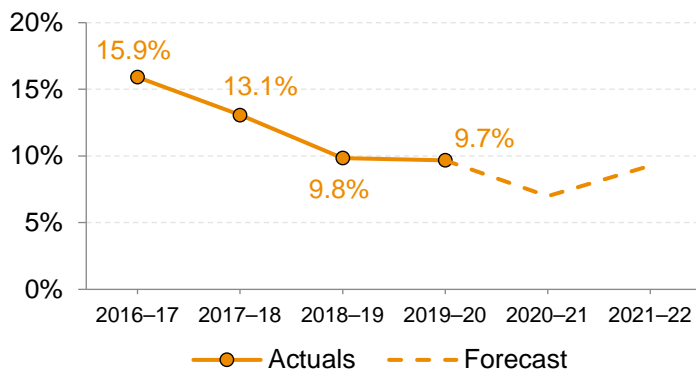
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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



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



Between 2016–17 and 2019–20, Glen Eira City Council reported an average **adjusted underlying result** of 11.4 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 the impacts of coronavirus.

Council could meet its current financial obligations with a reported average **working capital ratio** of 133 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 12.1 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.