

# Greater Geelong City Council

Group: regional city

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 regional city 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.

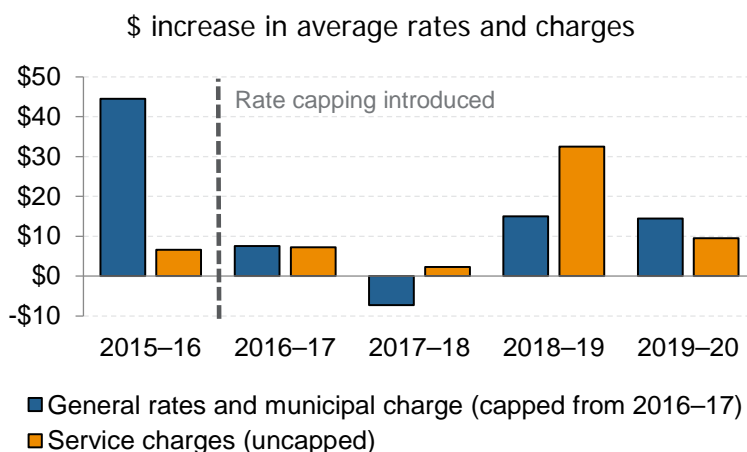


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Key facts	
Population (June 2019):	258,934
Size (km <sup>2</sup> ):	1,248
Length of local roads (km):	2,331
Population per km of roads:	111
Council employees (FTE, 2019–20):	1,724
Submitted an application for a higher cap for any year between 2016–17 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	\$1,764	n/a
2016–17	\$1,779	2.50%
2017–18	\$1,774	2.00%
2018–19	\$1,821	2.25%
2019–20	\$1,845	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

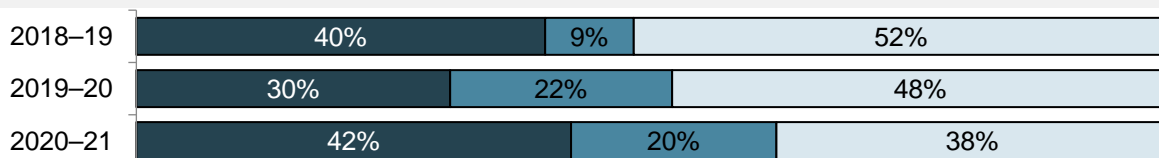
### How have rates changed for different ratepayers?

#### Council's rating strategy 2020–21

Council levies 7 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
	<b>93%</b> of ratepayers	<b>5%</b> of ratepayers	<b>2%</b> of ratepayers	<b>1%</b> of ratepayers
	<b>\$191.9m</b> (80%) of rates and charges revenue in 2019–20	<b>\$33.8m</b> (14%) of rates and charges revenue in 2019–20	<b>\$13.2m</b> (5%) of rates and charges revenue in 2019–20	<b>\$2.4m</b> (1%) of rates and charges revenue in 2019–20
	<b>1%</b> average annual increase between 2015–16 and 2019–20	<b>4%</b> average annual increase between 2015–16 and 2019–20	<b>-3.5%</b> average annual increase between 2015–16 and 2019–20	<b>-0.4%</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?

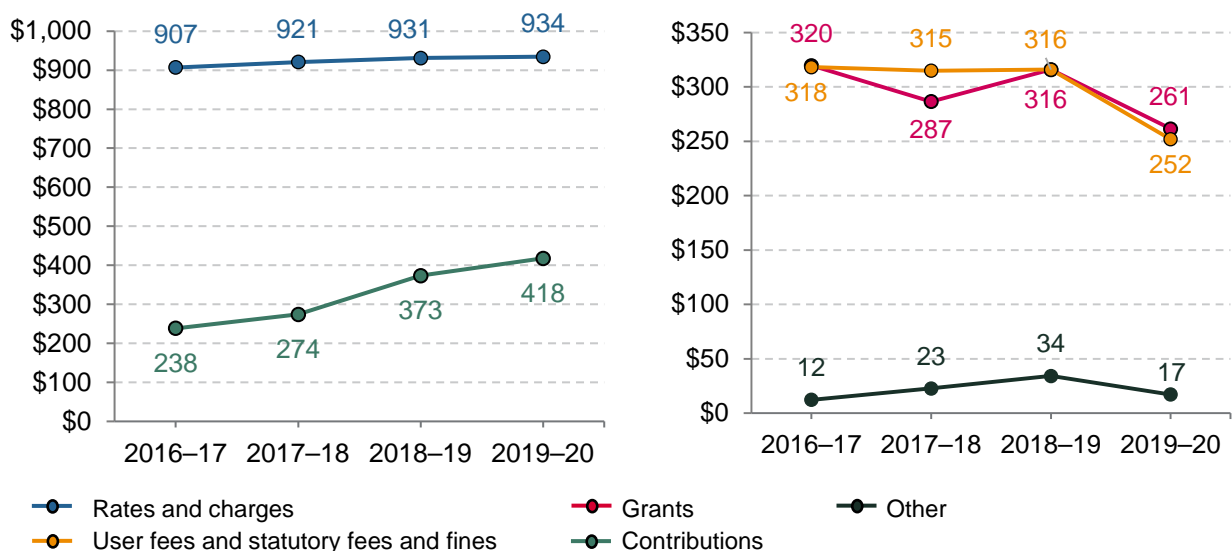
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	217.3	(51%)	226.3	(51%)	234.8	(47%)	241.9	(50%)
User fees and statutory fees and fines	76.2	(18%)	77.4	(17%)	79.7	(16%)	65.2	(13%)
Grants	76.6	(18%)	70.4	(16%)	79.7	(16%)	67.7	(14%)
Contributions	57.1	(13%)	67.3	(15%)	94.2	(19%)	108.1	(22%)
Other	2.9	(1%)	5.6	(1%)	8.6	(2%)	4.4	(1%)
<b>Total</b>	<b>430.1</b>		<b>447.0</b>		<b>497.0</b>		<b>487.4</b>	

In real terms, Greater Geelong City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions (due to higher levels of development activity). In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the closure of leisure facilities and the refund of some fees and charges during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for 49 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 contributions increased in real terms between 2016–17 and 2019–20. Revenue per person from user fees and statutory fees and fines was stable in real terms until a decrease in 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?

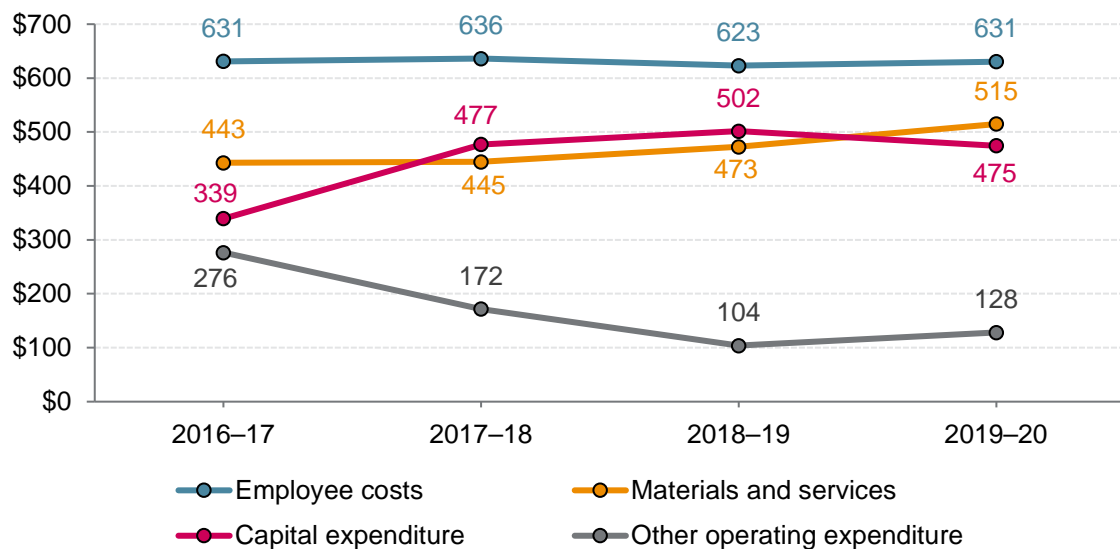
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	323.4	(80%)	307.7	(72%)	302.6	(71%)	329.8	(73%)
Employee costs	151.2	(37%)	156.3	(37%)	157.2	(37%)	163.3	(36%)
Materials and services	106.1	(26%)	109.2	(26%)	119.2	(28%)	133.4	(29%)
Other operating expenditure	66.2	(16%)	42.2	(10%)	26.2	(6%)	33.2	(7%)
Capital expenditure	81.3	(20%)	117.2	(28%)	126.6	(29%)	122.9	(27%)
<b>Total</b>	<b>404.7</b>		<b>424.9</b>		<b>429.1</b>		<b>452.7</b>	

In real terms, Greater Geelong City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure (except 'other operating expenditure'). 'Other operating expenditure' was higher in 2016–17 due to losses related to the disposal of assets and in 2017–18 largely due to higher landfill costs.

Employee costs was council's largest area of expenditure, accounting for 37 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), capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, while employee costs remained relatively stable.



See the reader's guide for data sources and useful information.  
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## Has council's capital expenditure pattern changed?

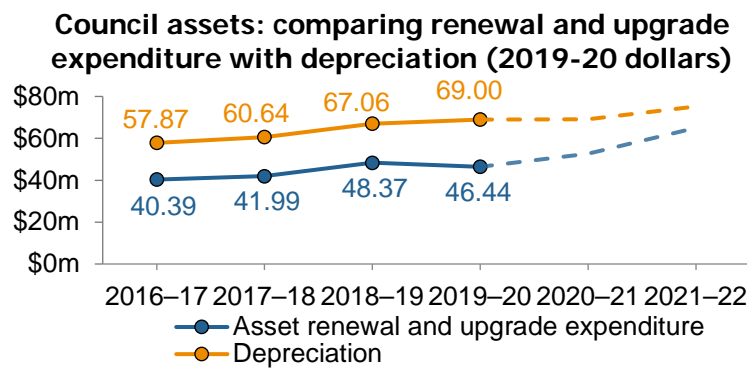
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	30.1	(37%)	28.8	(25%)	33.8	(27%)	36.8	(30%)
Upgrade	10.3	(13%)	13.2	(11%)	14.6	(12%)	9.7	(8%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	40.9	(50%)	75.2	(64%)	78.2	(62%)	76.4	(62%)
<b>Total</b>	<b>81.3</b>		<b>117.2</b>		<b>126.6</b>		<b>122.9</b>	

In real terms, there was a jump in Greater Geelong City Council's spending on new assets in 2017–18, with this spending increasing from 50 per cent of capital expenditure in 2016–17 to over 60 per cent in the following years.

Spending on asset renewal and asset upgrades also trended upwards in real terms between 2016–17 and 2019–20, aside from a decrease in asset renewal in 2017–18 and a decrease in asset upgrades in 2019–20.

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



**Renewal & upgrade expenditure as a percentage of depreciation**

2016–17	70%
2017–18	69%
2018–19	72%
2019–20	67%
2020–21	76% (forecast data)
2021–22	86% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, prior to a decrease in 2019–20. However, this spending remained below 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 below 100 per cent of depreciation in 2020–21 and 2021–22 (despite spending on renewal and upgrades increasing in real terms). 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.

# Services



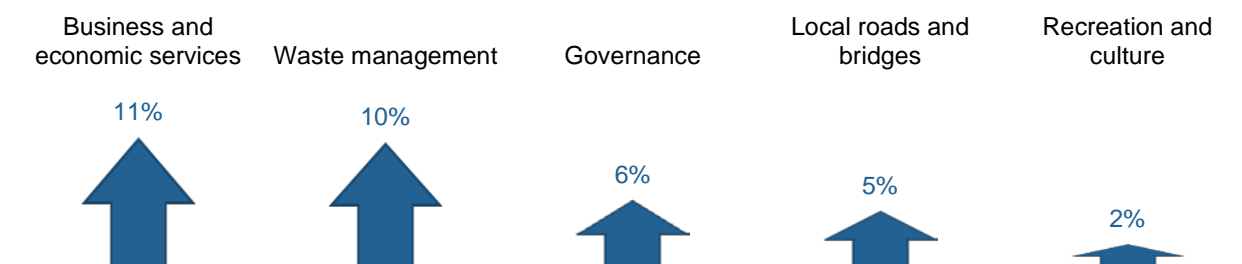
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## Which service areas is council spending its money in?

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

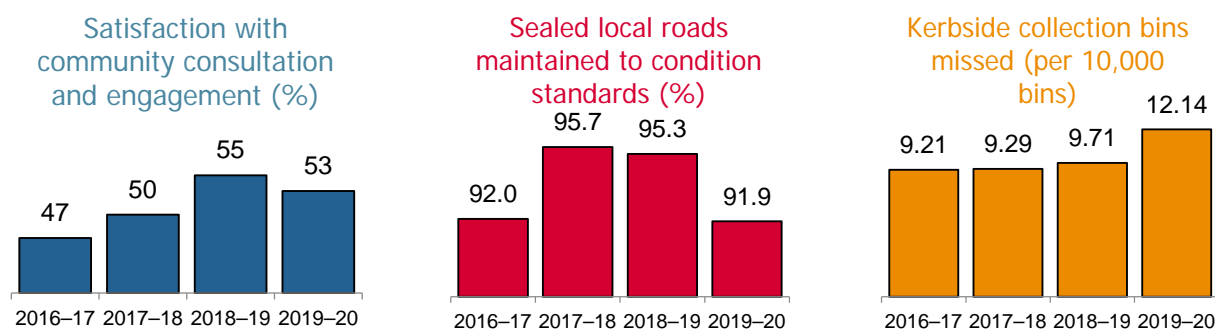
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	19.7 (6%)	20.8 (6%)	21.5 (6%)	20.8 (5%)
Business and economic services	22.0 (6%)	27.2 (8%)	27.7 (8%)	29.9 (8%)
Environment	12.9 (4%)	14.9 (4%)	16.1 (4%)	17.1 (4%)
Family and community services	34.7 (10%)	35.1 (10%)	35.9 (10%)	36.2 (9%)
Governance	73.2 (22%)	74.3 (21%)	73.5 (20%)	86.0 (22%)
Local roads and bridges	26.8 (8%)	27.7 (8%)	29.9 (8%)	30.7 (8%)
Recreation and culture	81.9 (24%)	85.1 (24%)	86.4 (24%)	86.6 (22%)
Traffic and street management	28.0 (8%)	28.0 (8%)	29.3 (8%)	29.1 (7%)
Waste management	37.8 (11%)	41.1 (12%)	45.8 (12%)	50.9 (13%)
Other	2.9 (1%)	1.9 (1%)	0.9 (0%)	3.8 (1%)
<b>Total</b>	<b>339.8</b>	<b>356.2</b>	<b>367.1</b>	<b>391.2</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?



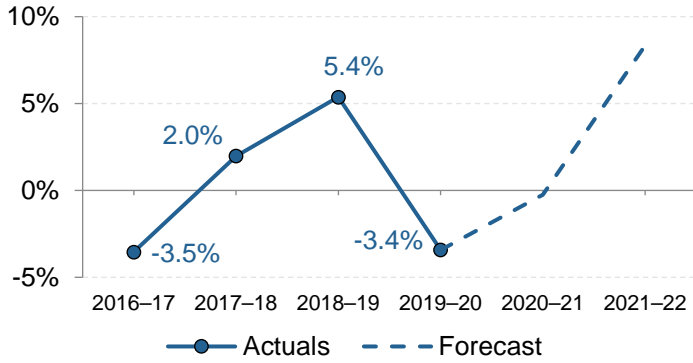
# Financial position



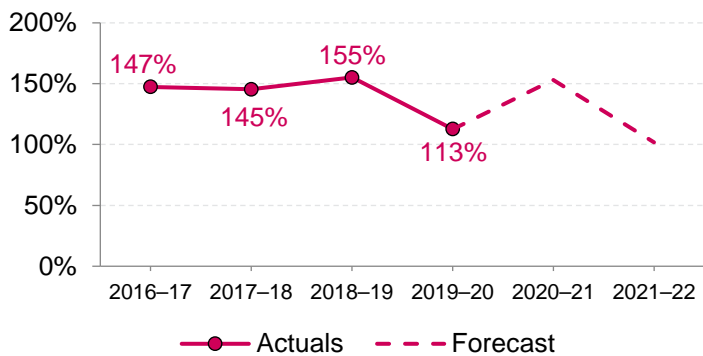
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## Is council operating sustainably?

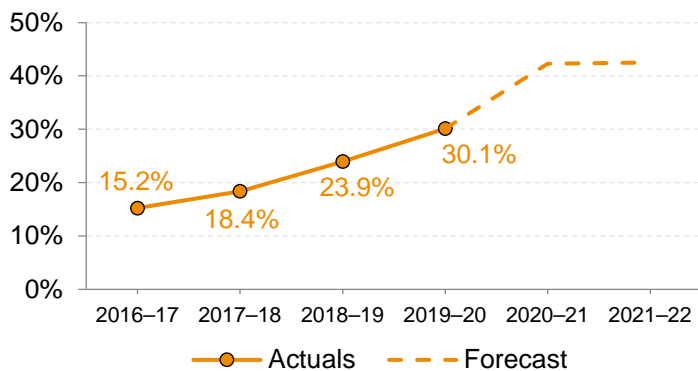
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Greater Geelong City Council reported an average **adjusted underlying result** of 0.1 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The lower result in 2016–17 reflects a transfer of assets to an independent trust. The decrease in 2019–20 reflects the impacts of coronavirus (both lower revenue and higher costs).

Council could meet its current financial obligations with a reported average **working capital ratio** of 140 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects an increase in current liabilities due to changes in accounting standards relating to recognition of unearned income and leases.

The reported average **indebtedness ratio** of 21.9 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 increases in 2018–19 and 2019–20 reflect new long-term loans.

**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.