

# Latrobe 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.



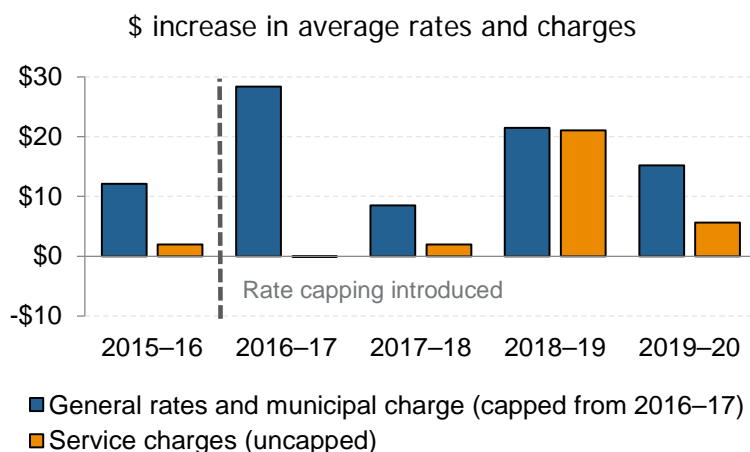
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## Key facts

Population (June 2019):	75,561
Size (km <sup>2</sup> ):	1,426
Length of local roads (km):	1,630
Population per km of roads:	46
Council employees (FTE, 2019–20):	606
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	\$1,757	n/a
2016–17	\$1,785	2.50%
2017–18	\$1,796	2.00%
2018–19	\$1,838	2.25%
2019–20	\$1,859	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

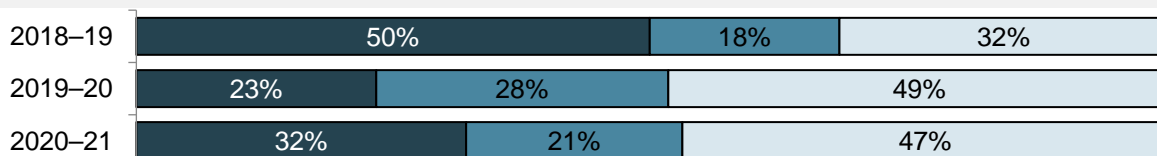
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property), a municipal charge 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>91%</b> of ratepayers	<b>5%</b> of ratepayers	<b>2%</b> of ratepayers	<b>2%</b> of ratepayers
	<b>\$60.3m</b> (75%) of rates and charges revenue in 2019–20	<b>\$6.9m</b> (9%) of rates and charges revenue in 2019–20	<b>\$10.5m</b> (13%) of rates and charges revenue in 2019–20	<b>\$2.7m</b> (3%) of rates and charges revenue in 2019–20
	<b>1.2%</b> average annual increase between 2015–16 and 2019–20	<b>2.5%</b> average annual increase between 2015–16 and 2019–20	<b>-4.4%</b> average annual increase between 2015–16 and 2019–20	<b>1.9%</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?

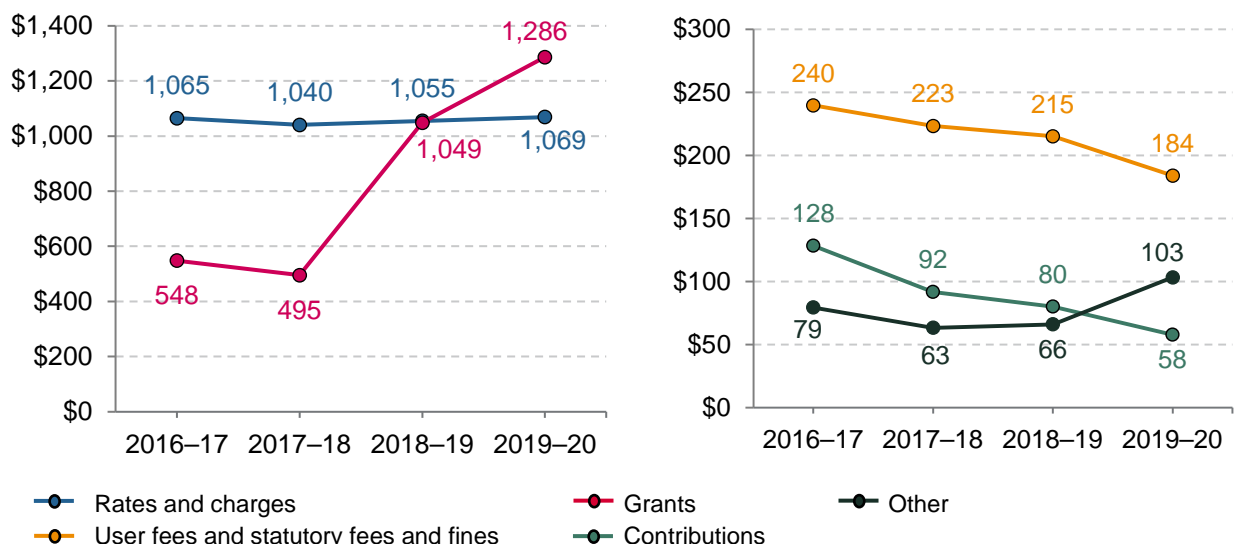
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	79.4	(52%)	77.9	(54%)	79.3	(43%)	80.8	(40%)
User fees and statutory fees and fines	17.9	(12%)	16.7	(12%)	16.2	(9%)	13.9	(7%)
Grants	40.9	(27%)	37.1	(26%)	78.9	(43%)	97.2	(48%)
Contributions	9.6	(6%)	6.9	(5%)	6.0	(3%)	4.4	(2%)
Other	5.9	(4%)	4.7	(3%)	5.0	(3%)	7.8	(4%)
<b>Total</b>	<b>153.7</b>		<b>143.4</b>		<b>185.4</b>		<b>204.0</b>	

In real terms, Latrobe City Council's total revenue increased between 2016–17 and 2019–20, reflecting an increase in revenue from grants, due to the receipt of capital grants in 2018–19, and changes in accounting standards in 2019–20. 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 during the coronavirus pandemic.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for between 78 and 87 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 grants trended upwards in real terms between 2016–17 and 2019–20. This compares with a downward trend in revenue per person from user fees and statutory fees and fines, and contributions.

# Expenditure



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

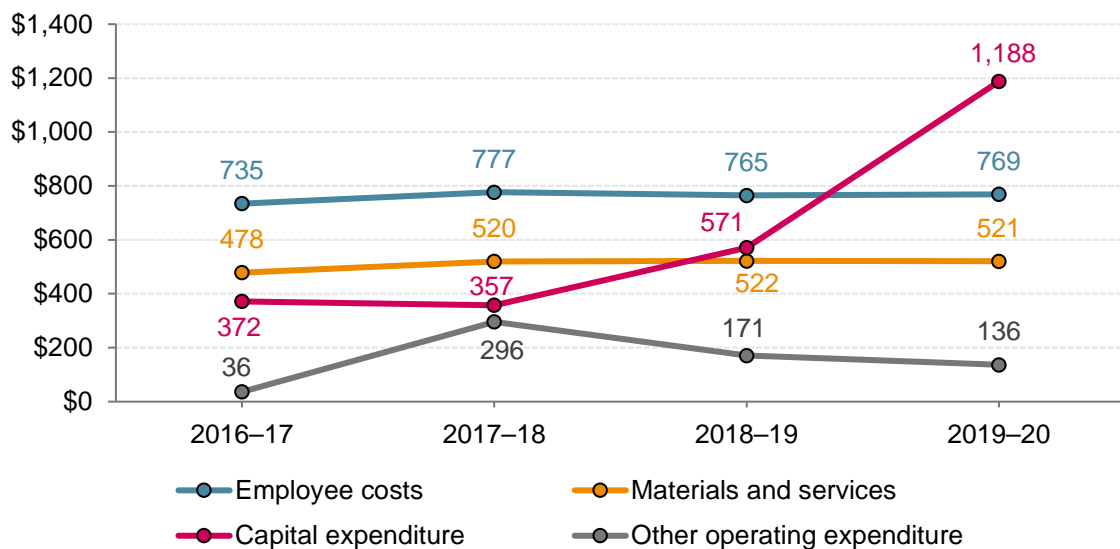
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	93.2 (77%)	119.3 (82%)	109.6 (72%)	107.7 (55%)
Employee costs	54.8 (45%)	58.2 (40%)	57.5 (38%)	58.1 (29%)
Materials and services	35.7 (30%)	38.9 (27%)	39.3 (26%)	39.3 (20%)
Other operating expenditure	2.7 (2%)	22.1 (15%)	12.8 (8%)	10.3 (5%)
Capital expenditure	27.7 (23%)	26.8 (18%)	42.9 (28%)	89.8 (45%)
<b>Total</b>	<b>120.9</b>	<b>146.0</b>	<b>152.5</b>	<b>197.5</b>

In real terms, Latrobe City Council's total expenditure increased between 2016–17 and 2019–20, largely reflecting increases in capital expenditure in 2018–19 and 2019–20. 'Other operating expenditure' spiked in 2017–18 due to an increase in landfill rehabilitation provisions and loss on disposal of assets.

Between 2016–17 and 2018–19, employee costs was council's largest area of expenditure. However, an increase in capital expenditure in 2019–20 resulted in this becoming council's largest area of expenditure in that year.

## Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), capital expenditure increased in real terms between 2016–17 and 2019–20, while employee costs and expenditure on materials and services remained relatively stable. 'Other operating expenditure' per person spiked in 2017–18 in real terms.



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## Has council's capital expenditure pattern changed?

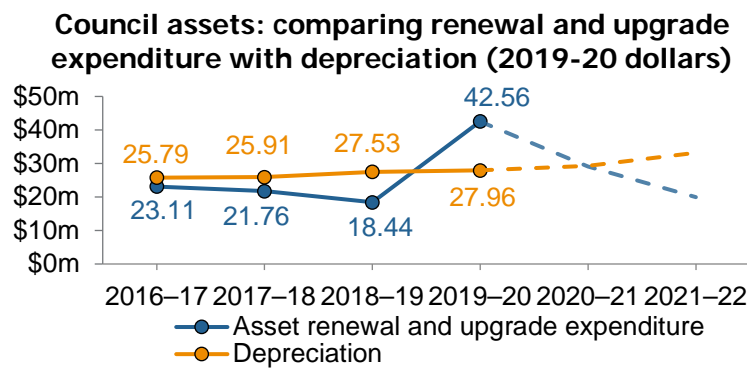
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	18.4	(66%)	18.8	(70%)	15.8	(37%)	20.9	(23%)
Upgrade	4.7	(17%)	3.0	(11%)	2.6	(6%)	21.7	(24%)
Expansion	1.0	(3%)	0.0	(0%)	3.2	(8%)	0.0	(0%)
New	3.7	(13%)	5.0	(19%)	21.3	(50%)	47.2	(53%)
<b>Total</b>	<b>27.7</b>		<b>26.8</b>		<b>42.9</b>		<b>89.8</b>	

In real terms, Latrobe City Council's spending on asset renewal trended upwards between 2016–17 and 2019–20, aside from a decrease in 2018–19. There was a jump in spending on new assets in 2018–19 and in both new assets and upgrades in 2019–20.

With the jump in spending in 2018–19 and 2019–20, new assets represented the highest share of capital expenditure in those years. Prior to this, asset renewal was the highest share in 2016–17 and 2017–18.

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



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

2016–17	90%
2017–18	84%
2018–19	67%
2019–20	152%
2020–21	99% (forecast data)
2021–22	60% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended downwards between 2016–17 and 2018–19, before increasing in 2019–20. This spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use), except in 2019–20 when it increased above 100 per cent of depreciation.

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

# Services



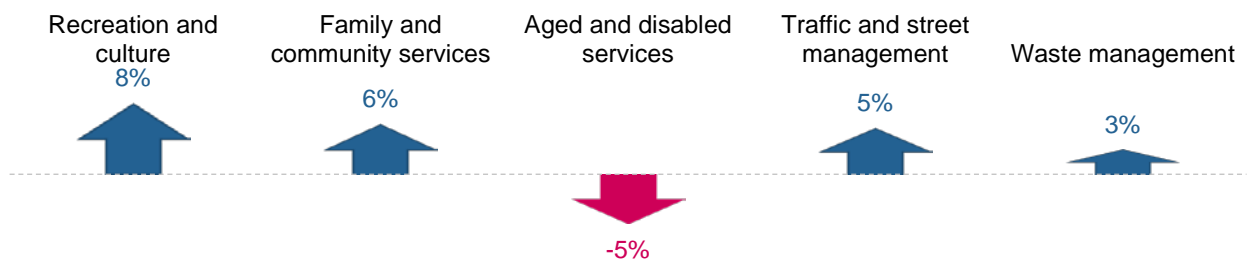
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## Which service areas is council spending its money in?

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

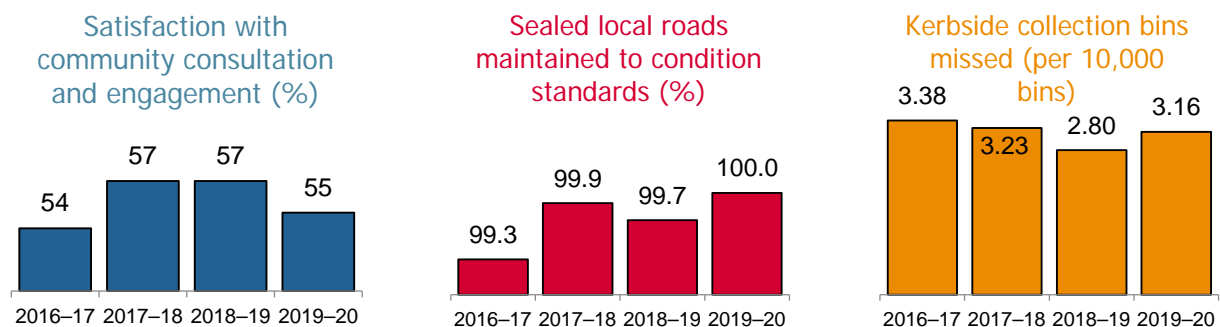
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	7.6 (6%)	7.4 (6%)	6.8 (5%)	6.5 (5%)
Business and economic services	8.5 (7%)	8.5 (7%)	9.4 (7%)	8.5 (7%)
Environment	5.8 (5%)	5.1 (4%)	4.7 (4%)	4.9 (4%)
Family and community services	15.4 (13%)	15.6 (12%)	16.9 (13%)	18.2 (14%)
Governance	22.6 (19%)	22.5 (18%)	22.9 (18%)	22.2 (17%)
Local roads and bridges	18.8 (15%)	19.9 (16%)	19.7 (15%)	19.8 (15%)
Recreation and culture	22.5 (18%)	28.2 (22%)	28.2 (22%)	28.2 (22%)
Traffic and street management	7.8 (6%)	7.7 (6%)	8.4 (6%)	9.1 (7%)
Waste management	11.2 (9%)	11.0 (9%)	11.7 (9%)	12.2 (9%)
Other	1.6 (1%)	2.0 (2%)	0.0 (0%)	0.0 (0%)
<b>Total</b>	<b>121.8</b>	<b>127.9</b>	<b>128.8</b>	<b>129.6</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?



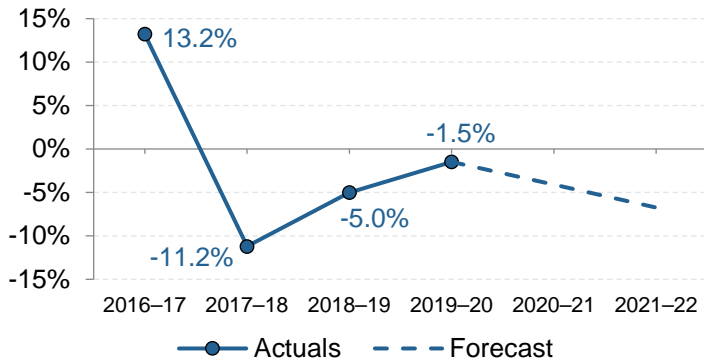
# Financial position



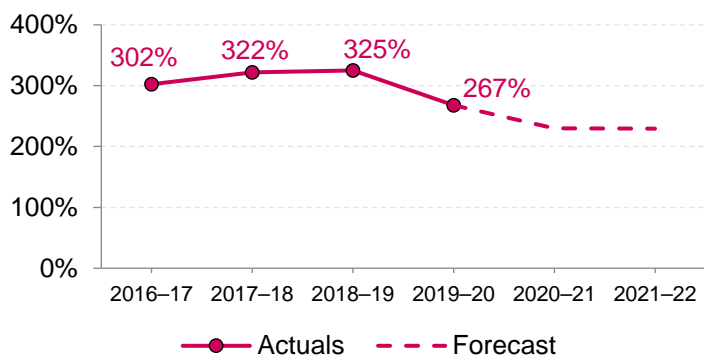
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## Is council operating sustainably?

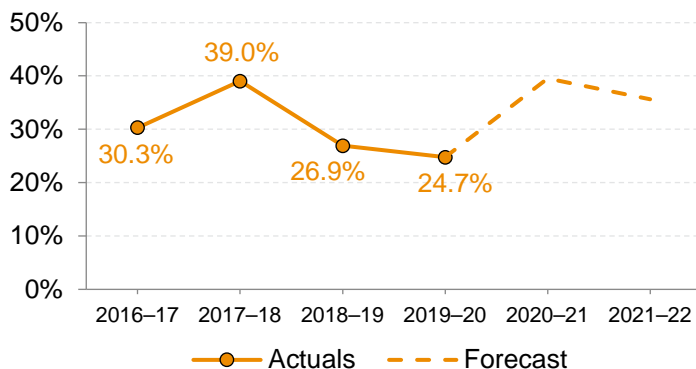
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Latrobe City Council reported an average **adjusted underlying result** of –1.1 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The higher result in 2016–17 reflects early receipt of grants. The lower results between 2017–18 and 2019–20 reflect higher landfill management costs, as well as accounting standard changes.

Council could meet its current financial obligations with a reported average **working capital ratio** of 304 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 30.2 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 increase in 2017–18 reflects long-term provisions for landfill rehabilitation.

**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.