

Metropolitan council group

This fact sheet uses graphs and data to examine revenue, expenditure and financial sustainability for the metropolitan group of councils over recent years.

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. You can compare your council's data against its 'group' by looking at the relevant fact sheet. Unless otherwise indicated, the averages presented in this fact sheet are for the metropolitan group of councils as a whole, not the average of the results for individual councils.



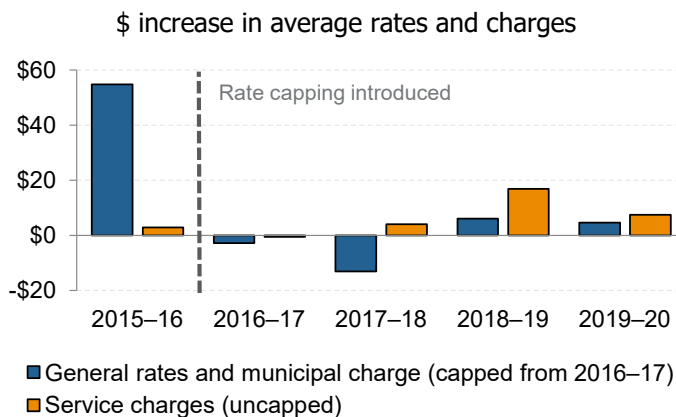
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Key facts

Population (June 2019, average):	147,358
Size (km ² , average):	66
Length of local roads (km, average):	504
Population per km of roads:	292
Council employees (FTE, 2019–20, average):	780
Number of applications for a higher cap for any year between 2016–17 and 2019–20	1 application from 1 council (0 unsuccessful)

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Minister's rate cap
2015–16	\$1,936	n/a
2016–17	\$1,932	2.50%
2017–18	\$1,923	2.00%
2018–19	\$1,946	2.25%
2019–20	\$1,958	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.

How many large shire councils complied with the applicable rate caps?

	2018–19	2019–20	2020–21
Councils complying with applicable cap	21 of 22	22 of 22	20 of 22
Councils with an approved higher cap	1 of 22	0 of 22	0 of 22

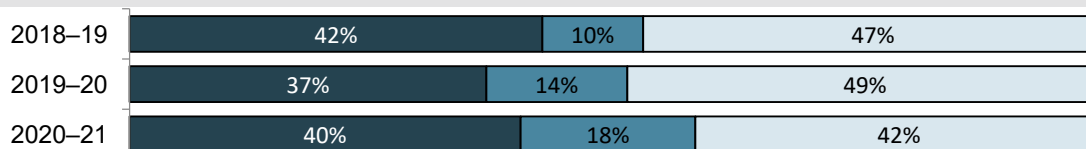
How have rates changed for different ratepayers?

Council rating strategies 2020–21

Information about councils' differential rate categories and charges can be found in their adopted budgets.

Distribution of rates increases and decreases

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 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
	91% of ratepayers	7% of ratepayers	3% of ratepayers	<1% of ratepayers
	\$105.7m (80%) of rates and charges revenue in 2019–20	\$19.6m (15%) of rates and charges revenue in 2019–20	\$7.2m (5%) of rates and charges revenue in 2019–20	<\$0.1m (<1%) of rates and charges revenue in 2019–20
	0.8% average annual increase between 2016–17 and 2019–20	-0.9% average annual increase between 2016–17 and 2019–20	-0.3% average annual increase between 2016–17 and 2019–20	-11.1% average annual increase between 2016–17 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 are councils in the metropolitan group getting their money from?

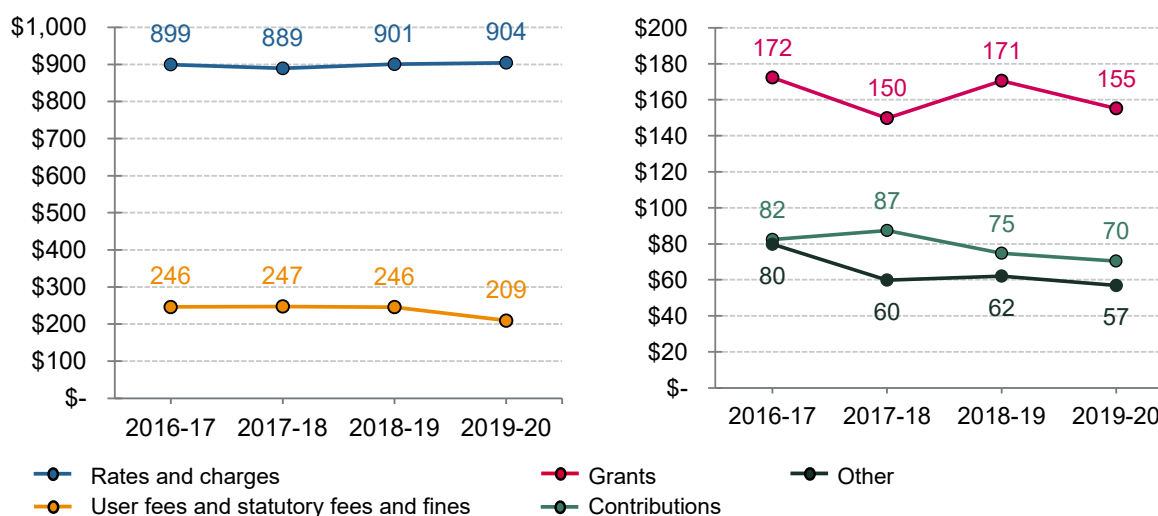
Average revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	125.4	(61%)	126.7	(62%)	130.7	(62%)	133.3	(65%)
User fees and statutory fees and fines	34.3	(17%)	35.3	(17%)	35.6	(17%)	30.9	(15%)
Grants	24.0	(12%)	21.3	(10%)	24.8	(12%)	22.9	(11%)
Contributions	11.5	(6%)	12.5	(6%)	10.8	(5%)	10.4	(5%)
Other	11.1	(5%)	8.5	(4%)	9.0	(4%)	8.4	(4%)
Total	206.4		204.3		210.9		205.8	

In real terms, the metropolitan council group's average total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from grants including an advance payment of Commonwealth financial assistance grants in 2016–17, and the receipt of one-off capital grants in 2018–19. In 2019–20, 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 revenue for the group, accounting for 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), revenue from grants fluctuated 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.
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How much money are councils in the metropolitan group spending?

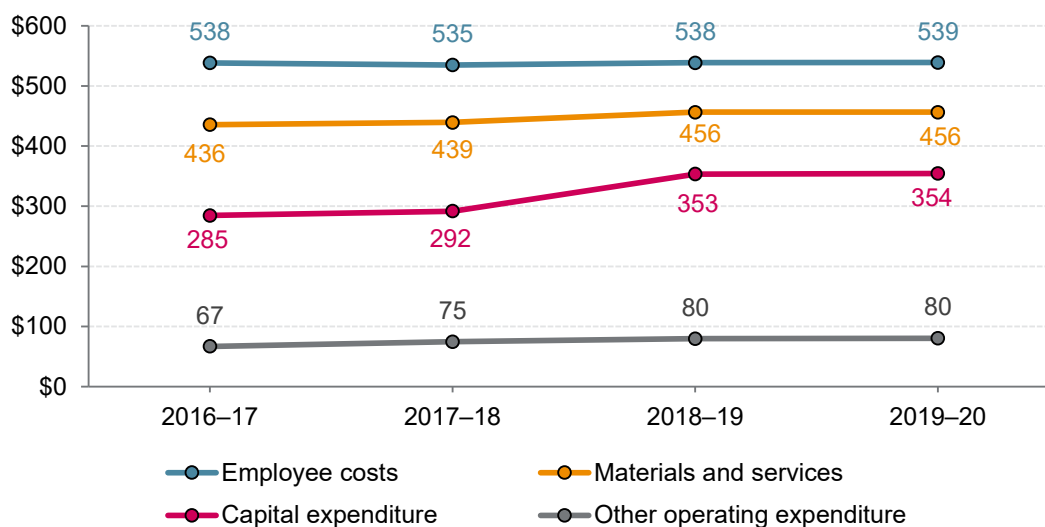
Average expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	145.2	(79%)	149.4	(78%)	155.9	(75%)	158.6	(75%)
Employee costs	75.1	(41%)	76.2	(40%)	78.1	(38%)	79.4	(38%)
Materials and services	60.8	(33%)	62.6	(33%)	66.2	(32%)	67.3	(32%)
Other operating expenditure	9.3	(5%)	10.6	(6%)	11.5	(6%)	11.8	(6%)
Capital expenditure	39.7	(21%)	41.6	(22%)	51.3	(25%)	52.2	(25%)
Total	184.9		191.0		207.1		210.8	

In real terms, the metropolitan council group's average total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, particularly capital expenditure in 2018–19.

Employee costs was the group's largest area of expenditure, accounting for 39 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), all areas of the metropolitan council group's expenditure (except employee costs) trended upwards between 2016–17 and 2019–20. Employee costs per person in real terms remained stable between 2016–17 and 2019–20.

Has the capital expenditure pattern changed?

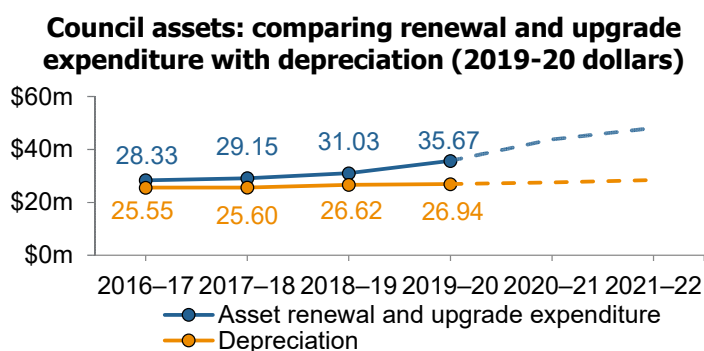
Average capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	22.7	(58%)	23.0	(56%)	24.2	(48%)	25.3	(49%)
Upgrade	5.6	(14%)	6.1	(15%)	6.8	(14%)	10.4	(20%)
Expansion	2.0	(5%)	2.2	(5%)	2.7	(5%)	2.6	(5%)
New	9.1	(23%)	9.9	(24%)	16.9	(33%)	13.5	(26%)
Total	39.4		41.3		50.6		51.8	

In real terms, the metropolitan council group's average spending across all categories trended upwards between 2016–17 and 2019–20. There was a spike in spending on new assets in 2018–19, and also a large increase in asset upgrades in 2019–20.

Asset upgrades increased as a share of capital expenditure between 2016–17 and 2019–20 (increasing from 14 to 20 per cent of total capital expenditure), however asset renewal remained the highest share (accounting for between 48 and 58 per cent of total capital expenditure).

Are councils in the metropolitan group renewing their assets (such as roads, parks and buildings)?



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	111%
2017–18	114%
2018–19	117%
2019–20	132%
2020–21	159% (forecast data)
2021–22	169% (forecast data)

Average spending by councils in the metropolitan council group on the renewal and upgrade of assets trended upwards in real terms between 2016–17 and 2019–20. This spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use).

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

Services



See the reader's guide for data sources and useful information.
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Which service areas are councils in the metropolitan group spending their money in?

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

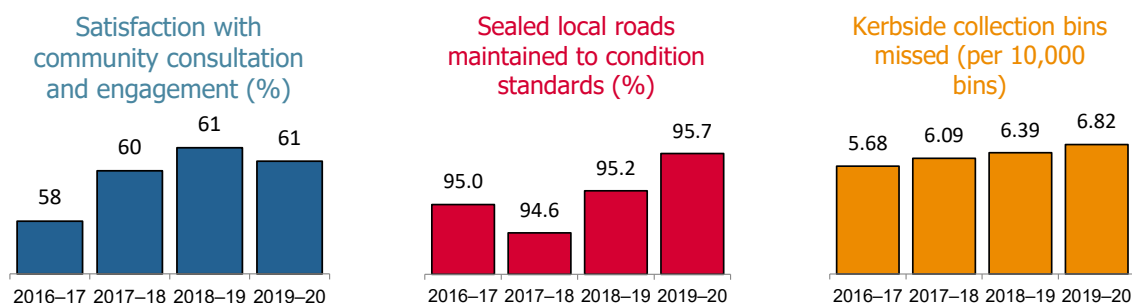
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	13.0 (7%)	12.3 (7%)	12.5 (7%)	11.8 (6%)
Business and economic services	25.1 (14%)	25.1 (14%)	25.3 (13%)	26.8 (14%)
Environment	6.2 (3%)	6.4 (4%)	6.8 (4%)	7.2 (4%)
Family and community services	16.1 (9%)	16.4 (9%)	16.3 (9%)	15.9 (8%)
Governance	34.1 (19%)	35.8 (20%)	36.1 (19%)	38.8 (20%)
Local roads and bridges	13.0 (7%)	13.7 (8%)	13.7 (7%)	14.2 (7%)
Recreation and culture	36.1 (20%)	36.8 (20%)	39.3 (21%)	39.6 (20%)
Traffic and street management	19.8 (11%)	20.5 (11%)	22.3 (12%)	22.2 (11%)
Waste management	13.6 (8%)	14.2 (8%)	15.4 (8%)	16.6 (9%)
Other	1.5 (1%)	1.6 (1%)	1.8 (1%)	1.7 (1%)
Total	178.6	182.7	189.6	194.8

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?



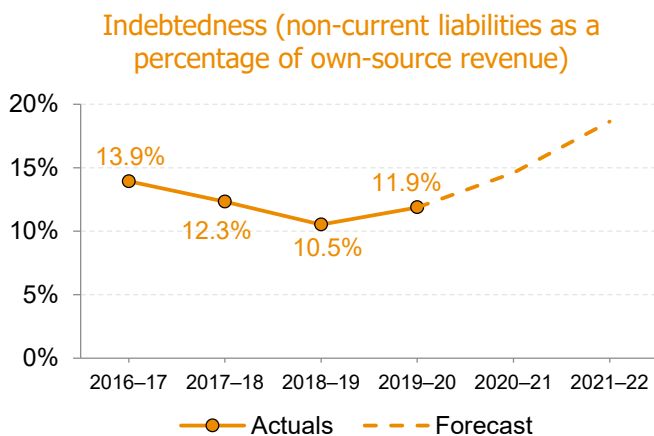
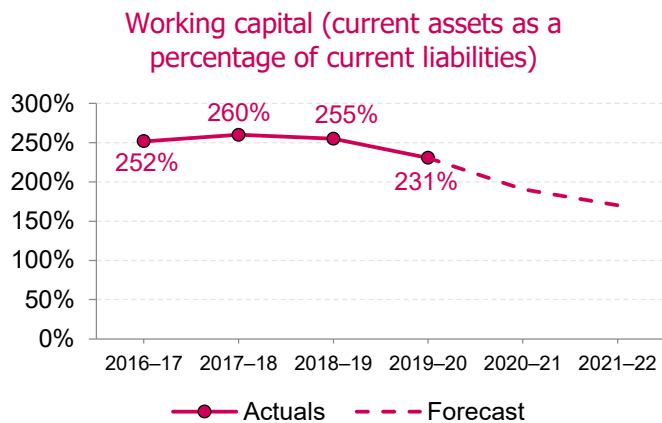
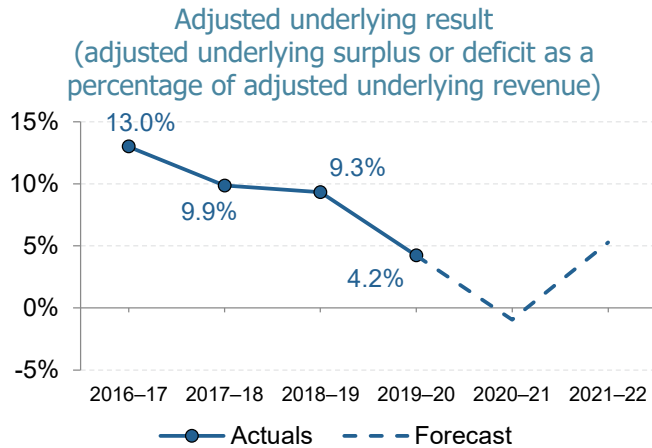
Note: These group results are an average of individual council results.

Financial position



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Are councils in the metropolitan group operating sustainably?



Between 2016–17 and 2019–20, the metropolitan council group had an average **adjusted underlying result** of 9.1 per cent.

The metropolitan council group had an average **working capital ratio** of 249 per cent between 2016–17 and 2019–20.

Between 2016–17 and 2019–20, the metropolitan council group had an average **indebtedness ratio** of 12.2 per cent.

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.

Metropolitan councils

Councils in this group	
Banyule City Council	Manningham City Council
Bayside City Council	Maribyrnong City Council
Boroondara City Council	Maroondah City Council
Brimbank City Council	Melbourne City Council
Darebin City Council	Monash City Council
Frankston City Council	Moonee Valley City Council
Glen Eira City Council	Moreland City Council
Greater Dandenong City Council	Port Phillip City Council
Hobsons Bay City Council	Stonnington City Council
Kingston City Council	Whitehorse City Council
Knox City Council	Yarra City Council