

Borough of Queenscliffe

Group: small shire

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 small shires. 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.



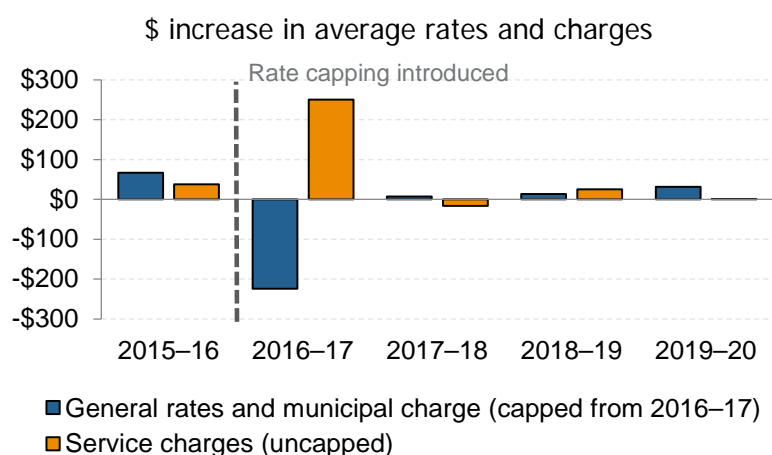
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Key facts

Population (June 2019):	2,940
Size (km ²):	9
Length of local roads (km):	43
Population per km of roads:	68
Council employees (FTE, 2019–20):	43
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	Yes (see table below)

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,312	n/a
2016–17	\$2,338	2.50%
2017–18	\$2,329	2.00% ^a
2018–19	\$2,368	2.25%
2019–20	\$2,401	2.50%

^a Council applied for a higher cap of 4.50% but was unsuccessful

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

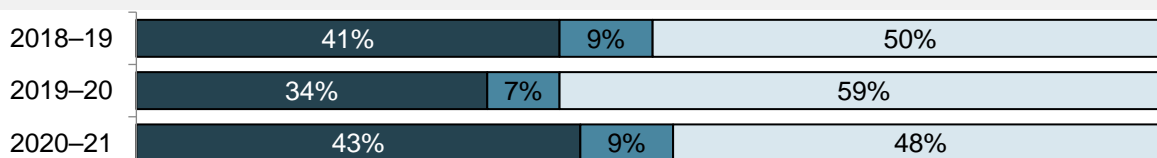
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property) 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	5% of ratepayers	0% of ratepayers	0% of ratepayers
	\$7m (95%) of rates and charges revenue in 2019–20	\$0.4m (5%) of rates and charges revenue in 2019–20	\$0.0m (0%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20
	1.4% average annual increase between 2015–16 and 2019–20	–6.3% average annual increase between 2015–16 and 2019–20	0.0% 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?

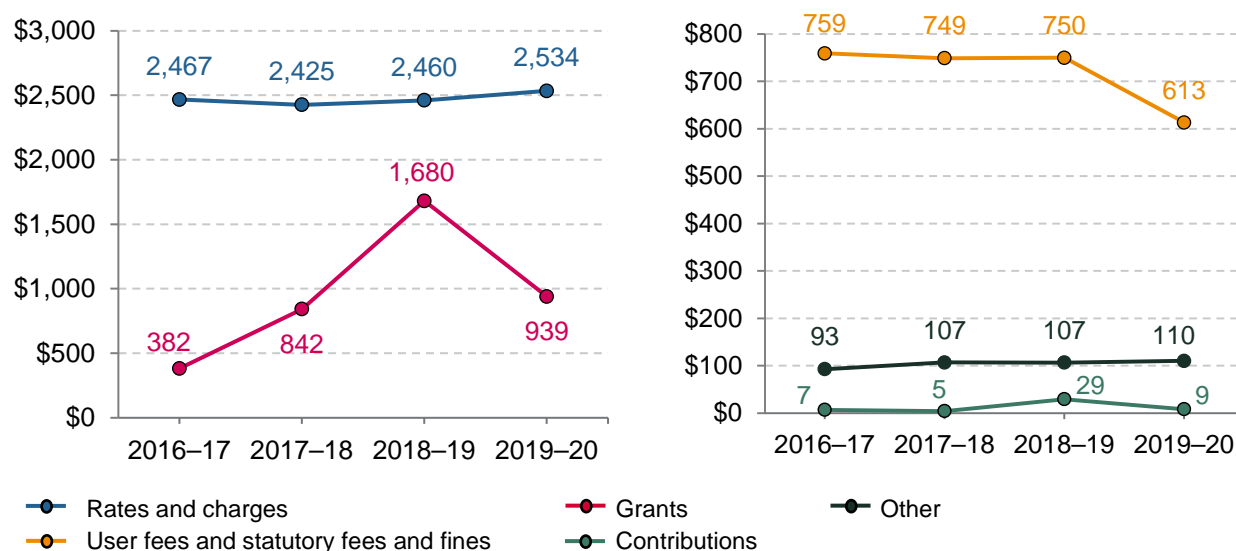
Revenue (2019–20 \$m and % of total revenue)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Rates and charges	7.2 (67%)	7.2 (59%)	7.3 (49%)	7.5 (60%)
User fees and statutory fees and fines	2.2 (20%)	2.2 (18%)	2.2 (15%)	1.8 (15%)
Grants	1.1 (10%)	2.5 (20%)	5.0 (33%)	2.8 (22%)
Contributions	0.0 (0%)	0.0 (0%)	0.1 (1%)	0.0 (0%)
Other	0.3 (3%)	0.3 (3%)	0.3 (2%)	0.3 (3%)
Total	10.9	12.2	15.0	12.4

In real terms, Borough of Queenscliffe Council's total revenue increased between 2016–17 and 2019–20, reflecting the receipt of grants for major capital works projects. Revenue from user fees and statutory fees and fines decreased in 2019–20 due to the closure of council-owned tourist parks during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for between 49 and 67 per cent of total revenue between 2016–17 and 2019–20. With revenue from grants increasing in real terms between 2016–17 and 2019–20, grants overtook user fees and statutory fees and fines as the second largest source of council's revenue.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from grants peaked in real terms in 2018–19. Revenue per person from user fees and statutory fees and fines was stable in real terms before 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?

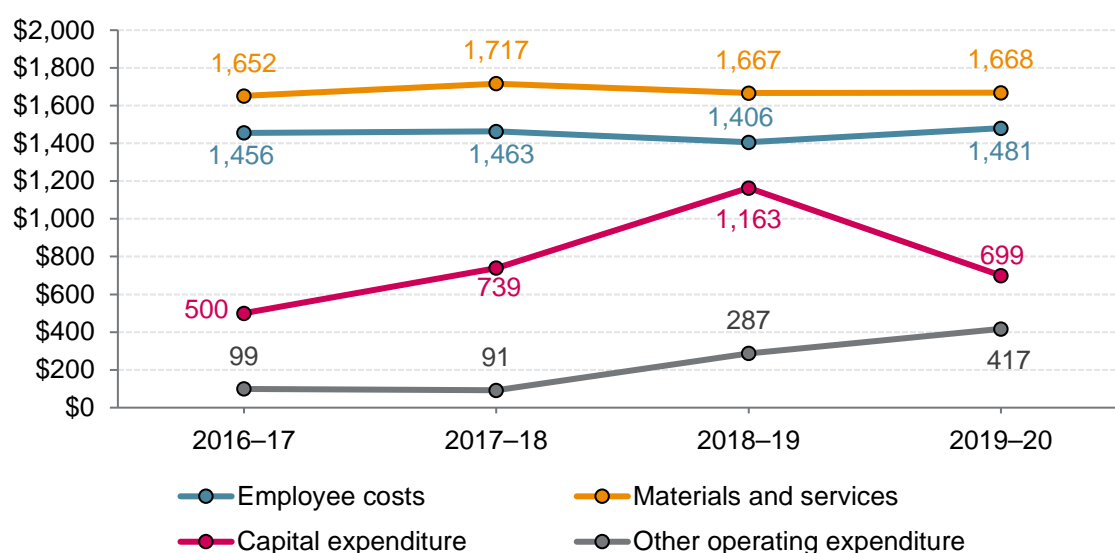
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	9.4 (87%)	9.7 (82%)	10.0 (74%)	10.5 (84%)
Employee costs	4.3 (39%)	4.3 (36%)	4.2 (31%)	4.4 (35%)
Materials and services	4.8 (45%)	5.1 (43%)	5.0 (37%)	4.9 (39%)
Other operating expenditure	0.3 (3%)	0.3 (2%)	0.9 (6%)	1.2 (10%)
Capital expenditure	1.5 (13%)	2.2 (18%)	3.5 (26%)	2.1 (16%)
Total	10.9	11.9	13.5	12.5

In real terms, Borough of Queenscliffe Council's total expenditure trended upwards between 2016–17 and 2019–20 due mainly to increases in capital expenditure and 'other operating expenditure'. The increase in 'other operating expenditure' in 2018–19 and 2019–20 was due to asset write-offs carried out.

Employee costs and expenditure on materials and services remained relatively stable in real terms, between 2016–17 and 2019–20. Materials and services 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), capital expenditure trended upwards in real terms between 2016–17 and 2018–19 before decreasing in 2019–20. Expenditure per person on materials and services and employee costs remained relatively stable in real terms between 2016–17 and 2019–20.

Has council's capital expenditure pattern changed?

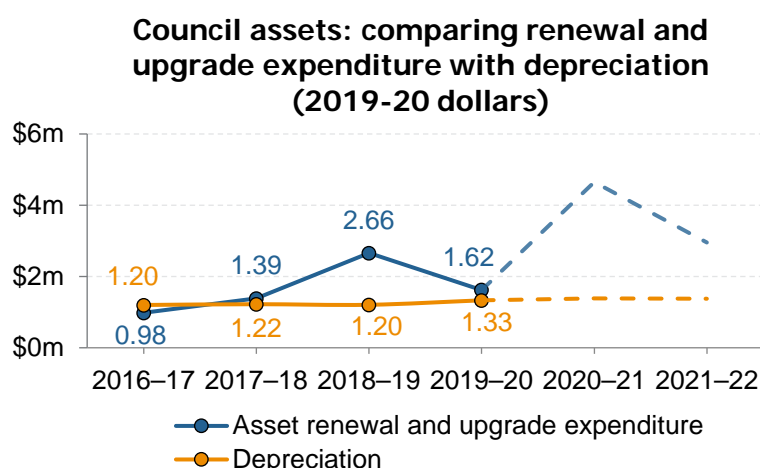
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Renewal	0.6 (43%)	1.0 (45%)	1.4 (41%)	0.6 (31%)
Upgrade	0.4 (25%)	0.4 (18%)	1.2 (35%)	1.0 (48%)
Expansion	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
New	0.5 (33%)	0.8 (37%)	0.8 (23%)	0.4 (21%)
Total	1.5	2.2	3.5	2.1

Borough of Queenscliffe Council's spending on asset renewal, new assets and asset upgrades all fluctuated between 2016–17 and 2019–20. There was a jump in spending on asset upgrades in 2018–19 in real terms, with this spending continuing above historical levels in 2019–20.

While spending on asset renewal represented the largest proportion of council's total capital expenditure between 2016–17 and 2018–19, it was surpassed by spending on asset upgrades as the largest share in 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	82%
2017–18	114%
2018–19	221%
2019–20	122%
2020–21	462% (forecast data)
2021–22	171% (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. This spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) from 2017–18.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22, with a spike in asset renewal and upgrade expenditure in real terms forecast for 2020–21.

Which service areas is council spending its money in?

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

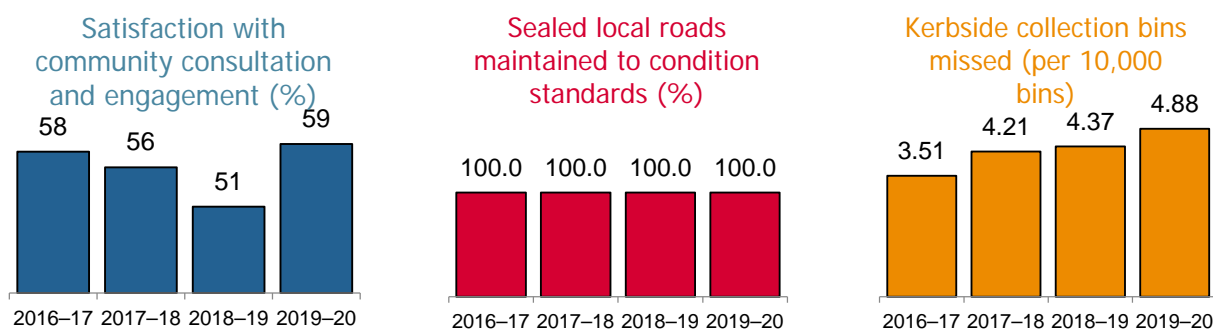
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	0.8 (8%)	0.9 (8%)	0.8 (7%)	0.7 (7%)
Business and economic services	2.2 (21%)	2.2 (21%)	1.8 (17%)	1.9 (17%)
Environment	0.9 (8%)	0.8 (7%)	0.7 (7%)	0.7 (6%)
Family and community services	0.1 (1%)	0.1 (1%)	0.1 (1%)	0.2 (2%)
Governance	3.1 (29%)	3.0 (27%)	3.7 (35%)	3.7 (34%)
Local roads and bridges	0.5 (5%)	0.5 (5%)	0.6 (6%)	0.7 (6%)
Recreation and culture	1.5 (14%)	1.7 (16%)	1.6 (15%)	1.7 (15%)
Traffic and street management	0.8 (7%)	0.9 (8%)	0.5 (5%)	0.6 (5%)
Waste management	0.8 (7%)	0.8 (7%)	0.8 (7%)	0.8 (7%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	10.6	10.9	10.6	10.9

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?



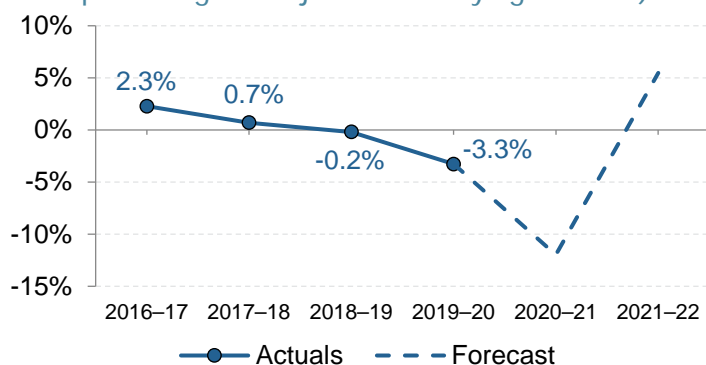
Financial position



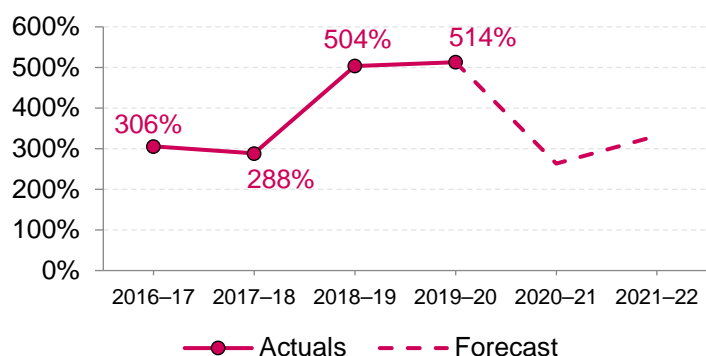
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Is council operating sustainably?

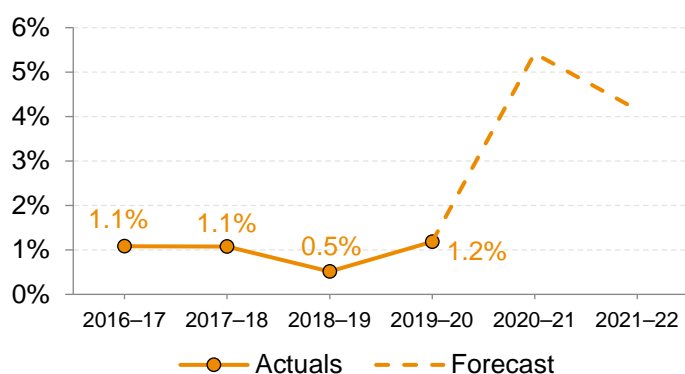
Adjusted underlying result
(adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Borough of Queenscliffe Council reported an average **adjusted underlying result** of –0.1 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 lower results in 2018–19 and 2019–20 partly reflect an increase in reported expenditure in these years due to asset write-offs.

Council could meet its current financial obligations with a reported average **working capital ratio** of 403 per cent between 2016–17 and 2019–20. The increase in 2018–19 reflects an increase in cash held in term deposits, and the reclassification of land for sale as a current asset.

The reported average **indebtedness ratio** of 1.0 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.