

Melbourne City Council

Group: metropolitan

This fact sheet uses graphs and data to examine this council's revenue, expenditure and financial sustainability over recent years. The 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 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>. You'll find an interactive version of this fact sheet, a reader's guide to help you understand key terms and information about the sector as a whole.



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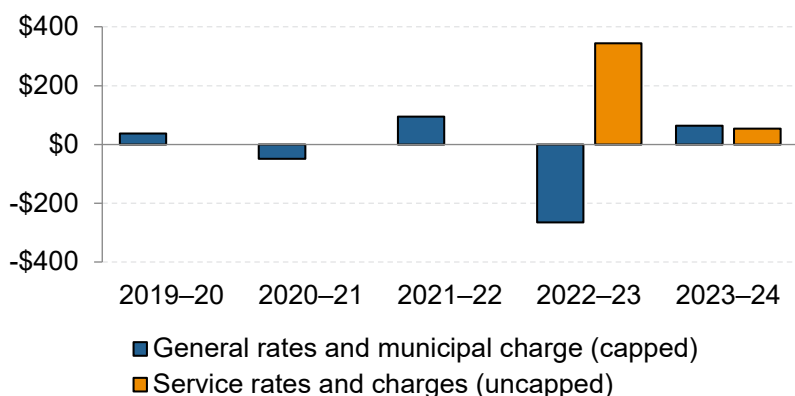
Key facts

Population (June 2023):	177,396
Size (km ²):	38
Length of local roads (km):	244
Population per km of roads:	727
Council employees (FTE, 2023–24):	1,522
Higher cap approved for any year between 2018–19 and 2023–24	No

Rates

What has happened to average rates and charges?

\$ increase in average rates and charges



Year	Average rates and charges	Applicable rate cap
2018–19	\$2,380	2.25%
2019–20	\$2,417	2.50%
2020–21	\$2,368	2.00%
2021–22	\$2,463	1.50%
2022–23	\$2,542 ^a	1.75%
2023–24	\$2,660	3.50%

^a Introduced a service charge.

Rates (continued)



See the reader's guide for data sources and useful information. Where noted, the numbers in this fact sheet have been adjusted for inflation and are expressed in 2023–24 dollars.

Have council's average rates complied with the applicable rate caps?

2022–23 (1.75%)	2023–24 (3.50%)	2024–25 (2.75%)
Yes	Yes	Yes

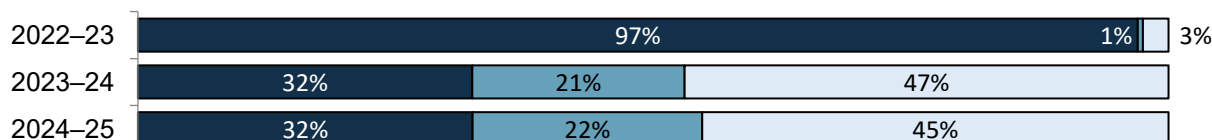
How have rates changed for different ratepayers?

Council's rating strategy 2024–25

Council levies 2 differential rates for different types of property and uses service rates and 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

	Residential ratepayers	Commercial & Industrial ratepayers	Rural ratepayers
	84% of ratepayers	16% of ratepayers	0% of ratepayers
	\$166.1m (44%) of rates and charges revenue in 2023–24	\$208.9m (56%) of rates and charges revenue in 2023–24	\$0m (0%) of rates and charges revenue in 2023–24
	3.2% average annual increase between 2019–20 and 2023–24	4.4% average annual increase between 2019–20 and 2023–24	0.0% average annual increase between 2019–20 and 2023–24

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.
Where noted, the numbers in this fact sheet have been adjusted for inflation and are expressed in 2023–24 dollars.

Where is council's money coming from?

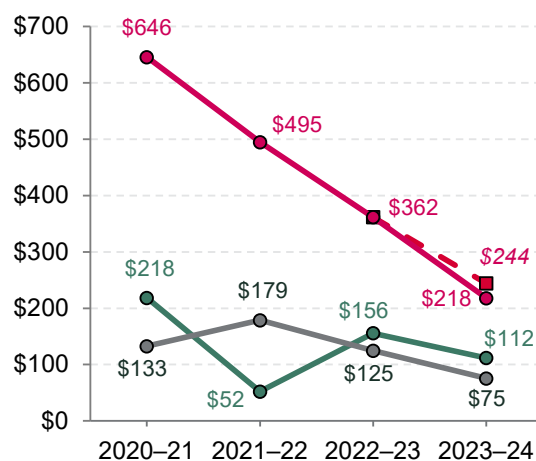
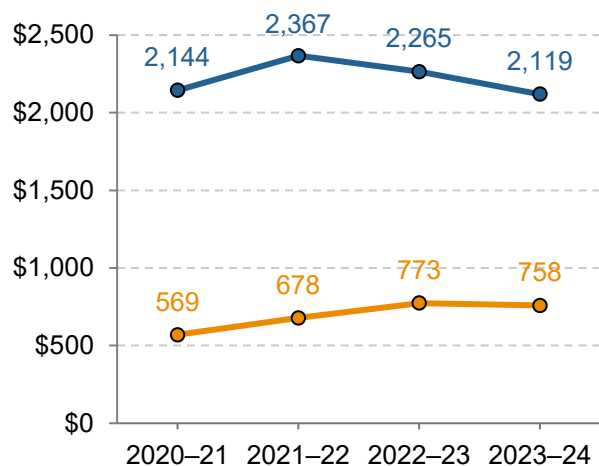
Revenue (2023–24 \$m and % of total revenue)

	2020–21		2021–22		2022–23		2023–24	
	\$m		\$m		\$m		\$m	
Rates and charges	365.8	(58%)	362.4	(63%)	363.1	(62%)	376.0	(65%)
User fees and statutory fees and fines	97.1	(15%)	103.9	(18%)	124.0	(21%)	134.6	(23%)
Grants	110.2	(17%)	75.8	(13%)	58.0	(10%)	38.6	(7%)
Contributions	37.2	(6%)	8.0	(1%)	25.0	(4%)	19.8	(3%)
Other	22.6	(4%)	27.4	(5%)	20.0	(3%)	13.4	(2%)
Total	632.9		577.4		590.0		582.4	

Melbourne City Council's total revenue decreased in real terms between 2020–21 and 2023–24, reflecting decreases in revenue from grants and contributions.

Rates and charges, and user fees and statutory fees and fines were the largest sources of council's revenue, accounting for 81 per cent of total revenue in real terms between 2020–21 and 2023–24.

Revenue per person (2023–24 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from grants, contributions and 'other' revenue decreased in real terms between 2020–21 and 2023–24, while revenue from user fees and statutory fees and fines increased.

Expenditure



See the reader's guide for data sources and useful information. Where noted, the numbers in this fact sheet have been adjusted for inflation and are expressed in 2023–24 dollars.

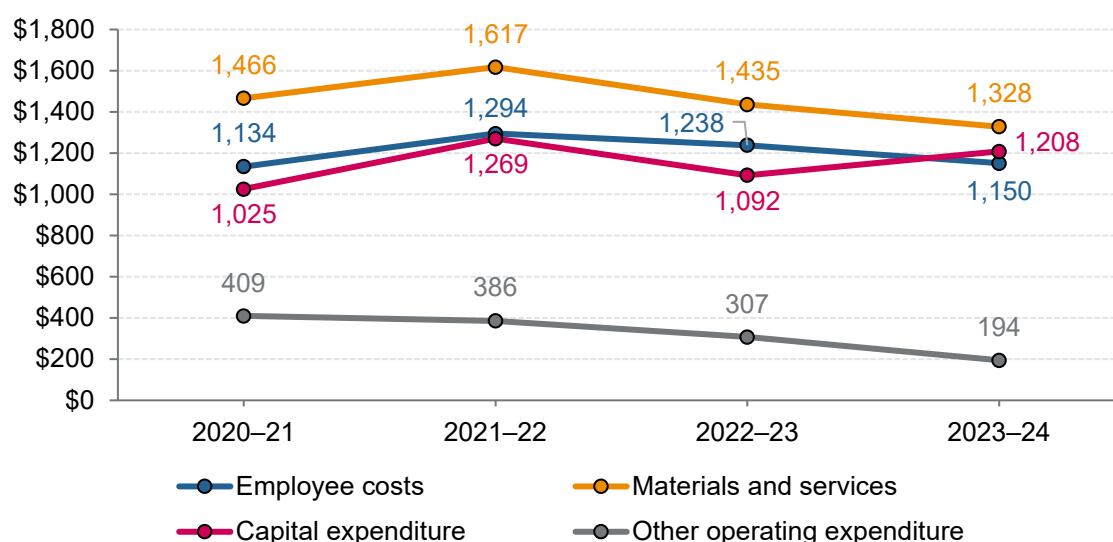
How much money is council spending?

Expenditure (2023–24 \$m and % of total expenditure)

	2020–21	2021–22	2022–23	2023–24
	\$m	\$m	\$m	\$m
Operating expenditure	513.3 (75%)	504.8 (72%)	477.8 (73%)	474.1 (69%)
Employee costs	193.4 (28%)	198.2 (28%)	198.5 (30%)	204.1 (30%)
Materials and services	250.0 (36%)	247.5 (35%)	230.1 (35%)	235.6 (34%)
Other operating expenditure	69.8 (10%)	59.1 (8%)	49.3 (8%)	34.4 (5%)
Capital expenditure	174.8 (25%)	194.3 (28%)	175.1 (27%)	214.3 (31%)
Total	688.0	699.1	652.9	688.3

Melbourne City Council's total expenditure fluctuated in real terms between 2020–21 and 2023–24, reflecting changes in capital expenditure. Materials and services was the largest area of expenditure, which accounted for 35 per cent of total expenditure between 2020–21 and 2023–24.

Expenditure per person (2023–24 dollars)



In terms of expenditure per person (which adjusts for population growth), council's expenditure on materials and services and 'other operating expenditure' decreased in real terms between 2020–21 and 2023–24, while capital expenditure fluctuated.

Has council's capital expenditure pattern changed?

Capital expenditure (2023–24 \$m and % of total capital expenditure)

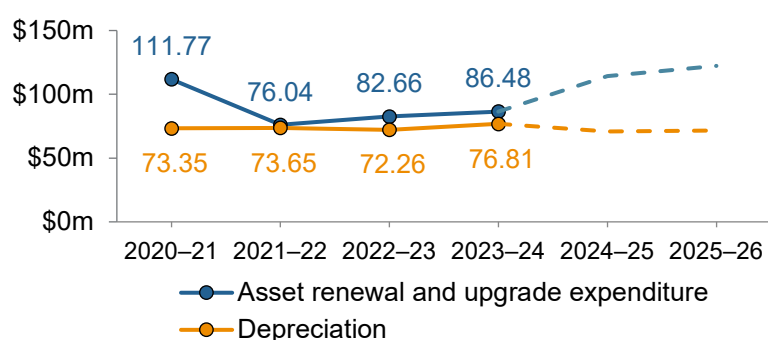
	2020–21	2021–22	2022–23	2023–24
	\$m	\$m	\$m	\$m
Renewal	55.8 (32%)	52.2 (27%)	53.3 (30%)	48.8 (23%)
Upgrade	56.0 (32%)	23.9 (12%)	29.4 (17%)	37.7 (18%)
Expansion	12.5 (7%)	4.7 (2%)	4.0 (2%)	4.7 (2%)
New	50.5 (29%)	113.6 (58%)	88.4 (51%)	123.1 (57%)
Total	174.8	194.3	175.1	214.3

Melbourne City Council's spending on new assets trended upwards in real terms, despite fluctuating between 2020–21 and 2023–24. New assets accounted for the highest share of capital expenditure over this period (50 per cent).

Council's spending on all other categories decreased in real terms between 2020–21 and 2023–24.

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

Council assets: comparing renewal and upgrade expenditure with depreciation (2023–24 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2020–21	152%
2021–22	103%
2022–23	114%
2023–24	113%
2024–25	161% (forecast data)
2025–26	171% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2021–22 and 2023–24, following a decrease in 2021–22.

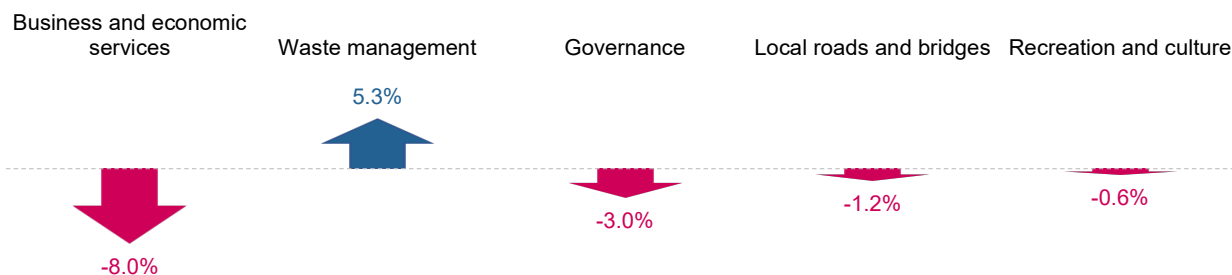
Renewal and upgrade expenditure remained above the amount of depreciation (the decline in value of council's assets caused by age and use) between 2020–21 and 2023–24. This spending was forecast to remain above the amount of depreciation in 2024–25 and 2025–26.

Which service areas is council spending its money in?

Expenditure by function (2023–24 \$m and % of total services expenditure)

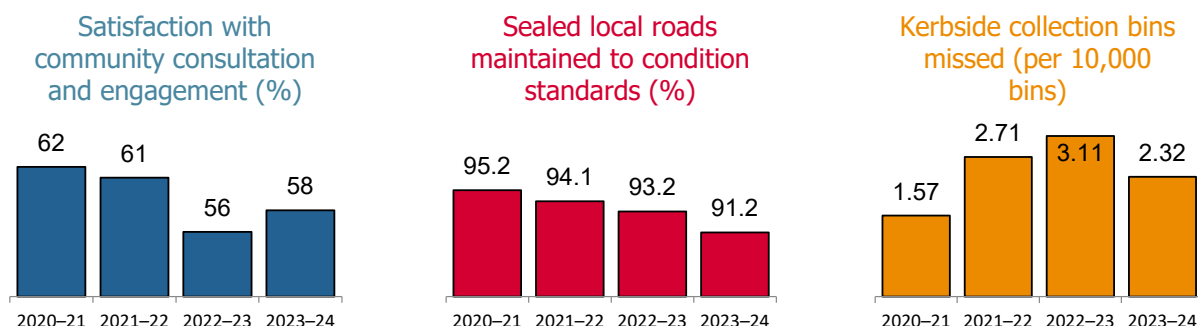
	2020–21	2021–22	2022–23	2023–24
	\$m	\$m	\$m	\$m
Aged and disabled services	7.4 (1%)	6.8 (1%)	6.1 (1%)	6.7 (1%)
Business and economic services	429.9 (50%)	505.0 (55%)	481.5 (54%)	335.0 (45%)
Environment	2.7 (0%)	2.9 (0%)	2.8 (0%)	3.6 (0%)
Family and community services	22.9 (3%)	25.1 (3%)	25.5 (3%)	26.2 (3%)
Governance	149.2 (17%)	146.5 (16%)	145.5 (16%)	136.0 (18%)
Local roads and bridges	65.7 (8%)	64.8 (7%)	60.2 (7%)	63.3 (8%)
Recreation and culture	78.9 (9%)	76.1 (8%)	73.1 (8%)	77.5 (10%)
Traffic and street management	47.4 (6%)	35.0 (4%)	35.6 (4%)	37.9 (5%)
Waste management	54.0 (6%)	55.8 (6%)	57.7 (7%)	63.1 (8%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	858.1	918.0	888.2	749.4

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Average annual change between 2020–21 and 2023–24. Excludes small service areas (<5% of expenditure). Council Annual Reports may provide further explanation of these changes.

Has there been a change in service quality and community satisfaction?

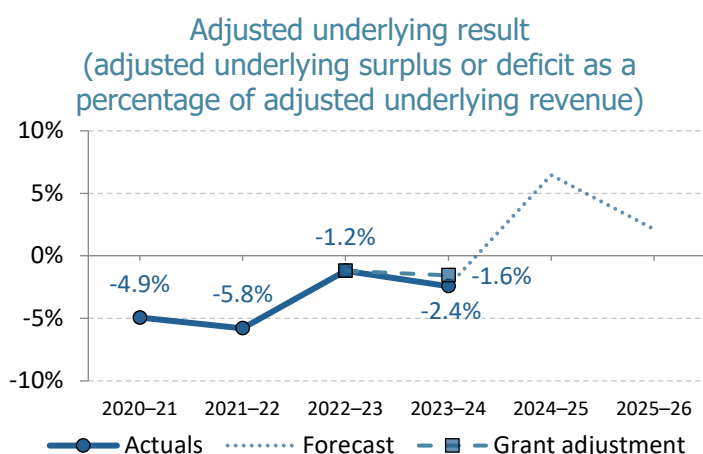


Financial position



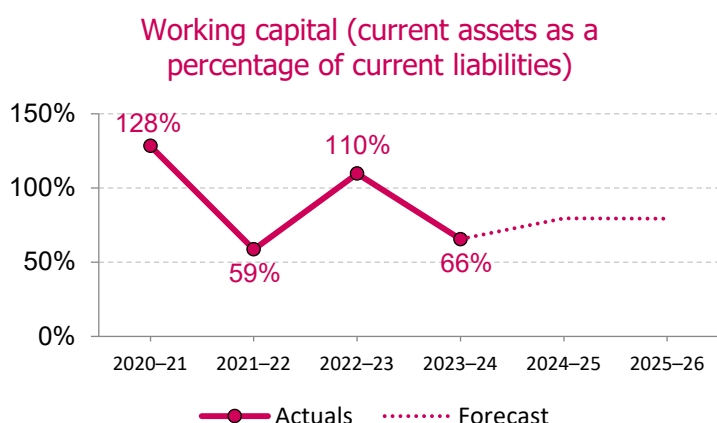
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Is council operating sustainably?



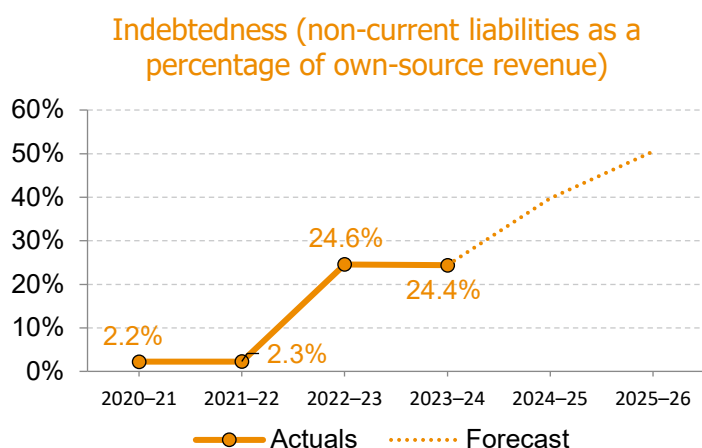
Between 2020–21 and 2023–24, Melbourne City Council reported an average **adjusted underlying result** of **-3.6 per cent**. The average result would have been **-3.4 per cent**, if the timing of the financial assistance grants payment in 2023–24 was consistent with previous years.

An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or an increase in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing.



Council reported an average **working capital ratio** of **91 per cent** between 2020–21 and 2023–24.

A ratio of less than 100 per cent means that council has less cash and liquid assets than short-term liabilities.



Between 2020–21 and 2023–24, council reported an average **indebtedness ratio** of **13.4 per cent**. The lower the percentage, the greater a council's ability to repay debt from revenue it controls.

Note: The year-on-year changes in the financial indicators can be affected by the timing of financial assistance grant payments. We have estimated the impact of a change in the timing of these payments for the 2023–24 adjusted underlying result. Please see the reader's guide for more information.