

# Greater Dandenong City Council

Group: metropolitan

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 metropolitan 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.

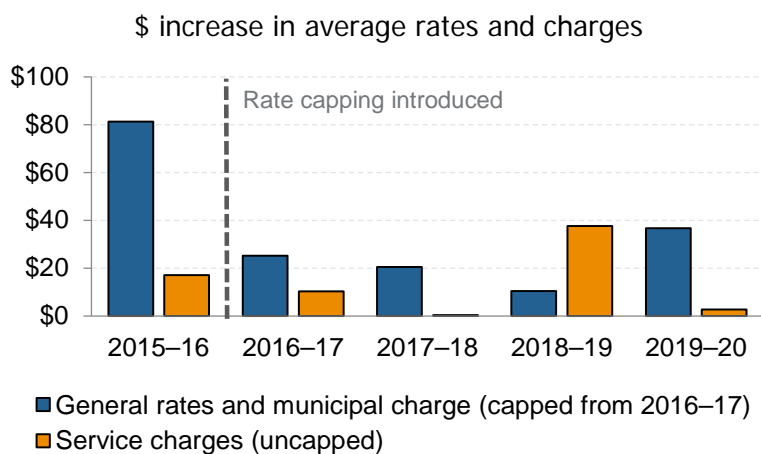


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Key facts	
Population (June 2019):	168,201
Size (km <sup>2</sup> ):	130
Length of local roads (km):	691
Population per km of roads:	243
Council employees (FTE, 2019–20):	732
Submitted an application for a higher cap for any year between 2016–17 and 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	\$2,015	n/a
2016–17	\$2,051	2.50%
2017–18	\$2,072	2.00%
2018–19	\$2,120	2.25%
2019–20	\$2,159	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

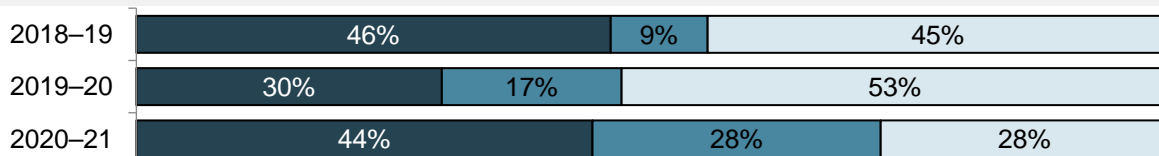
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property) 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>84%</b> of ratepayers	<b>5%</b> of ratepayers	<b>10%</b> of ratepayers	<b>&lt;1%</b> of ratepayers
	<b>\$76.4m</b> (53%) of rates and charges revenue in 2019–20	<b>\$13.4m</b> (9%) of rates and charges revenue in 2019–20	<b>\$53.4m</b> (37%) of rates and charges revenue in 2019–20	<b>\$0.4m</b> (<1%) of rates and charges revenue in 2019–20
	<b>0.9%</b> average annual increase between 2015–16 and 2019–20	<b>0.8%</b> average annual increase between 2015–16 and 2019–20	<b>1.3%</b> average annual increase between 2015–16 and 2019–20	<b>0.2%</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?

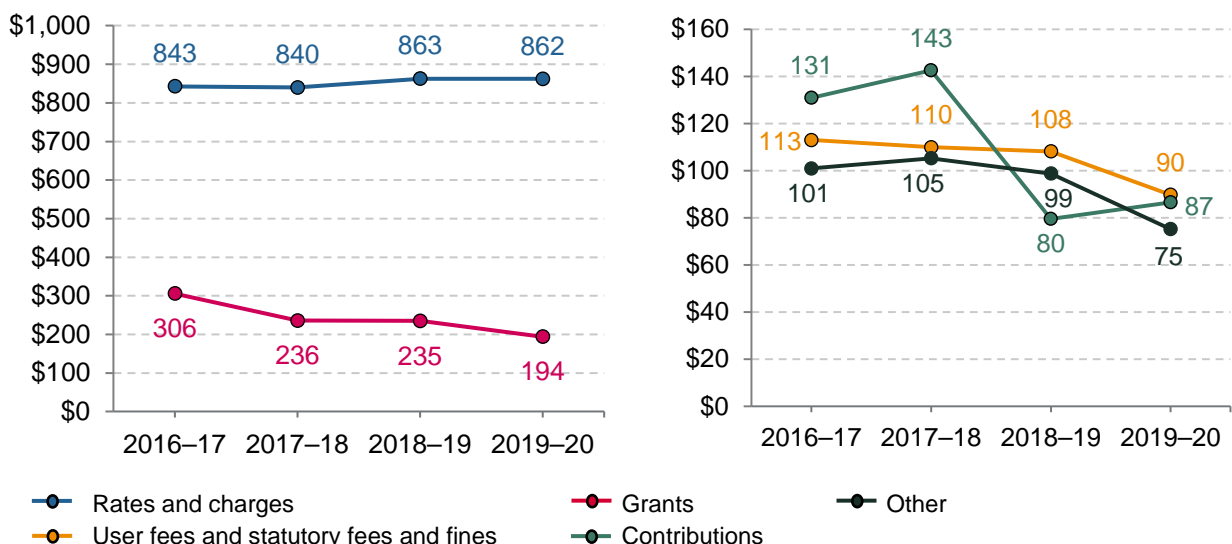
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	135.0	(56%)	137.3	(59%)	143.3	(62%)	145.0	(66%)
User fees and statutory fees and fines	18.1	(8%)	18.0	(8%)	18.0	(8%)	15.1	(7%)
Grants	49.0	(20%)	38.6	(16%)	39.0	(17%)	32.7	(15%)
Contributions	21.0	(9%)	23.3	(10%)	13.2	(6%)	14.6	(7%)
Other	16.2	(7%)	17.2	(7%)	16.4	(7%)	12.6	(6%)
<b>Total</b>	<b>239.3</b>		<b>234.4</b>		<b>229.9</b>		<b>220.0</b>	

In real terms, Greater Dandenong City Council's total revenue decreased between 2016–17 and 2019–20, reflecting decreases in revenue from grants and contributions. In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the waiver of some fees and fines during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for between 56 and 66 per cent of total revenue between 2016–17 and 2019–20. With revenue from grants and contributions decreasing in real terms between 2016–17 and 2019–20, the proportion of revenue council received through rates and charges increased.

## Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), revenue from all sources except rates and charges trended downwards in real terms between 2016–17 and 2019–20.

# Expenditure



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

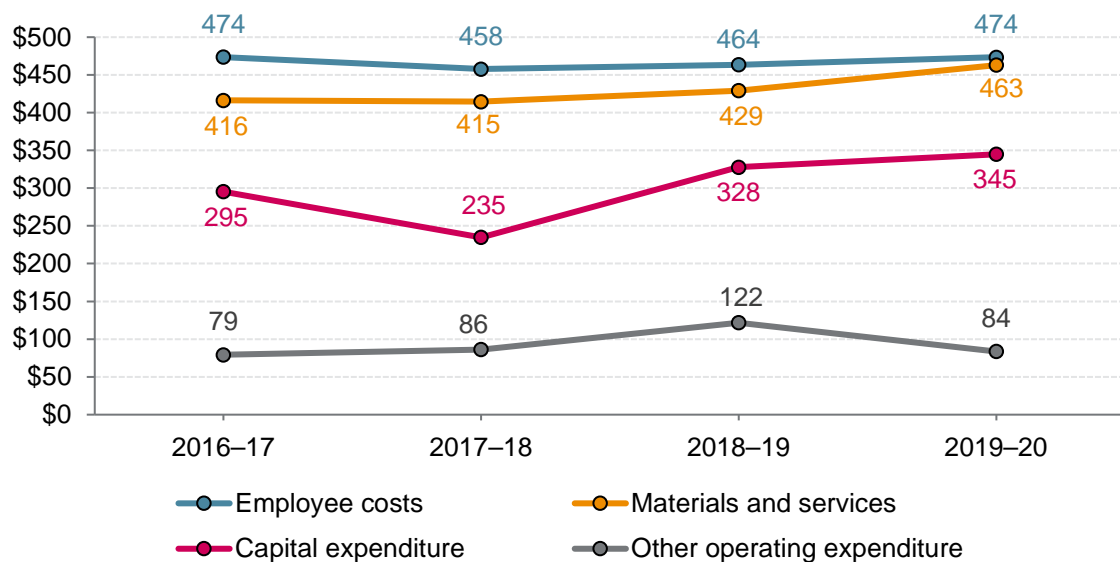
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	155.3	(77%)	156.7	(80%)	168.6	(76%)	171.6	(75%)
Employee costs	75.9	(37%)	74.8	(38%)	77.0	(35%)	79.6	(35%)
Materials and services	66.7	(33%)	67.8	(35%)	71.3	(32%)	77.9	(34%)
Other operating expenditure	12.7	(6%)	14.1	(7%)	20.2	(9%)	14.1	(6%)
Capital expenditure	47.3	(23%)	38.4	(20%)	54.5	(24%)	58.0	(25%)
<b>Total</b>	<b>202.6</b>		<b>195.1</b>		<b>223.0</b>		<b>229.6</b>	

In real terms, Greater Dandenong City Council's total expenditure increased between 2016–17 and 2019–20, with all areas of expenditure trending upwards.

Employee costs was council's largest area of expenditure between 2016–17 and 2019–20. However, in 2019–20 council's expenditure on materials and services accounted for a similar proportion of expenditure as employee costs.

## Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, as did capital expenditure (despite a dip in 2017–18). Employee costs per person remained relatively stable in real terms between 2016–17 and 2019–20.



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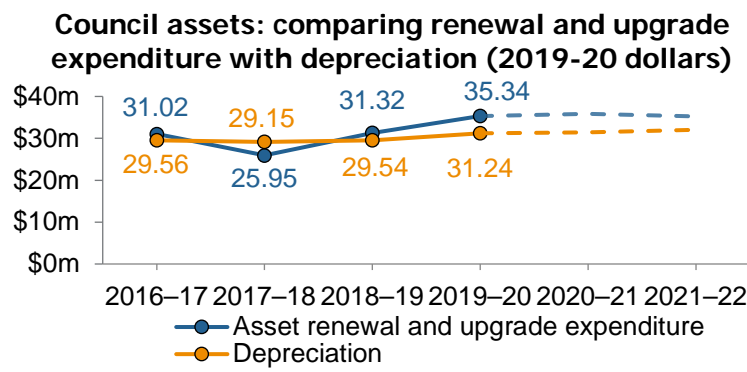
## Has council's capital expenditure pattern changed?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	20.2	(43%)	19.2	(50%)	21.4	(39%)	29.2	(50%)
Upgrade	10.8	(23%)	6.7	(17%)	9.9	(18%)	6.1	(11%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	16.3	(34%)	12.5	(32%)	23.2	(43%)	22.7	(39%)
<b>Total</b>	<b>47.3</b>		<b>38.4</b>		<b>54.5</b>		<b>58.0</b>	

Greater Dandenong City Council's spending on new assets fluctuated in real terms between 2016–17 and 2019–20, but trended upwards over this time. Council's spending on asset renewal also trended upwards between 2017–18 and 2019–20, after a decrease in real terms in 2017–18. Between 2016–17 and 2019–20, the focus of capital expenditure remained on asset renewal and new assets (which together accounted for between 77 and 89 per cent of capital expenditure in these years).

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



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

2016–17	105%
2017–18	89%
2018–19	106%
2019–20	113%
2020–21	114% (forecast data)
2021–22	110% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, after dropping below the amount of depreciation (the decline in value of council's assets caused by age and use) in 2017–18.

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

# Services



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.

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

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

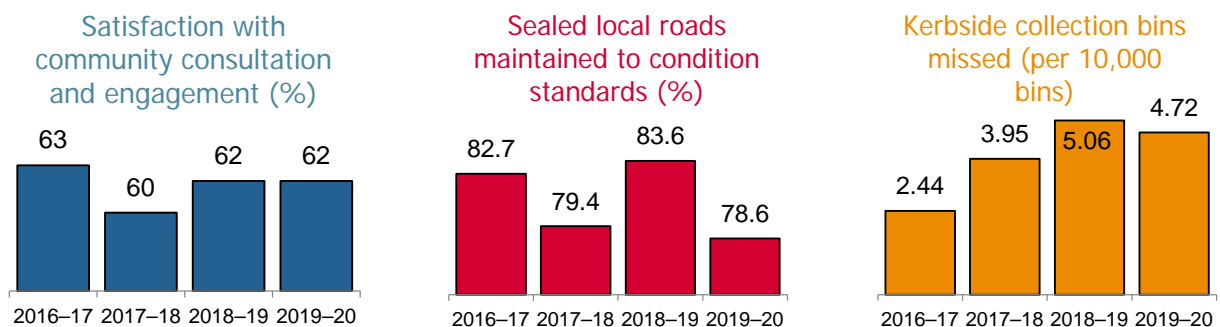
	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Aged and disabled services	17.4	(10%)	15.0	(8%)	20.0	(11%)	15.1	(8%)
Business and economic services	13.3	(7%)	13.4	(7%)	13.7	(7%)	13.5	(7%)
Environment	6.4	(4%)	7.6	(4%)	6.6	(3%)	7.4	(4%)
Family and community services	18.5	(10%)	17.5	(10%)	18.8	(10%)	19.1	(10%)
Governance	28.7	(16%)	26.8	(15%)	24.5	(13%)	28.0	(14%)
Local roads and bridges	12.3	(7%)	11.2	(6%)	12.7	(7%)	13.4	(7%)
Recreation and culture	45.2	(25%)	47.0	(26%)	51.5	(27%)	53.6	(28%)
Traffic and street management	23.4	(13%)	23.9	(13%)	24.9	(13%)	27.0	(14%)
Waste management	14.2	(8%)	16.2	(9%)	17.0	(9%)	17.8	(9%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>179.4</b>		<b>178.6</b>		<b>189.6</b>		<b>194.9</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?



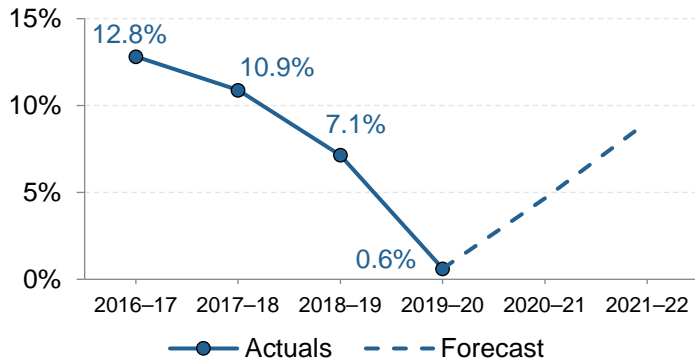
# Financial position



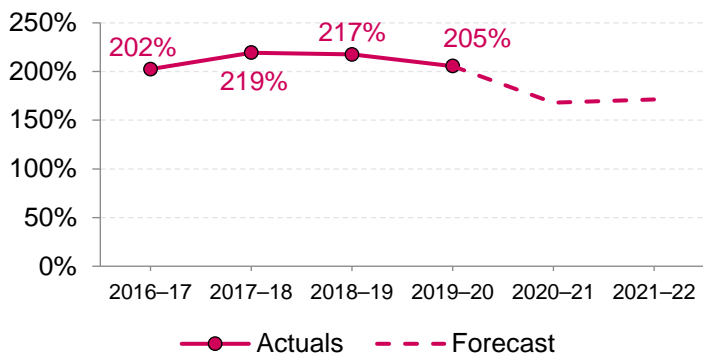
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## Is council operating sustainably?

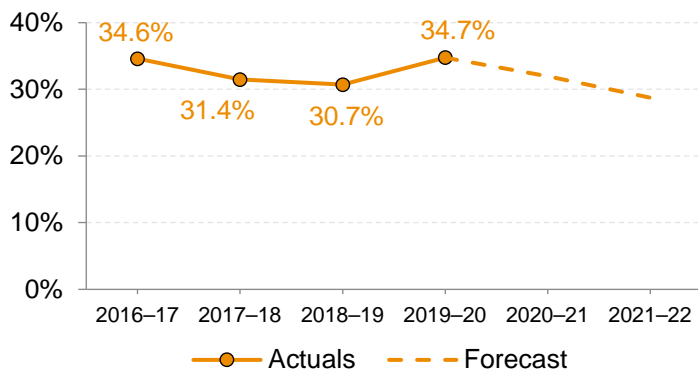
Adjusted underlying result (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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 Dandenong City Council reported an average **adjusted underlying result** of 7.9 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decrease in 2019–20 reflects higher expenses in several areas including salaries, depreciation and waste management.

Council could meet its current financial obligations with a reported average **working capital ratio** of 211 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 32.9 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.

**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.