

Mildura Rural 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.

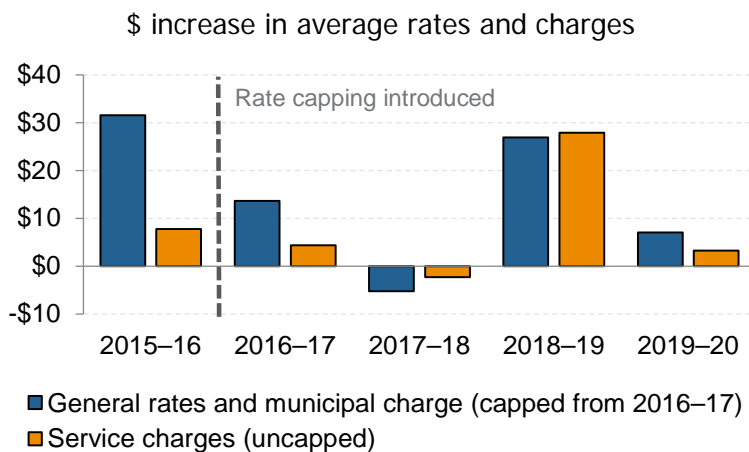


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Key facts	
Population (June 2019):	55,777
Size (km ²):	22,083
Length of local roads (km):	5,221
Population per km of roads:	11
Council employees (FTE, 2019–20):	523
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,343	n/a
2016–17	\$2,361	2.50%
2017–18	\$2,353	2.00%
2018–19	\$2,408	2.25%
2019–20	\$2,418	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 4 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).

Council did not provide data

Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	80% of ratepayers	5% of ratepayers	3% of ratepayers	11% of ratepayers
	\$47.8m (66%) of rates and charges revenue in 2019–20	\$10.3m (14%) of rates and charges revenue in 2019–20	\$5.2m (7%) of rates and charges revenue in 2019–20	\$9.1m (13%) of rates and charges revenue in 2019–20
	0.9% average annual increase between 2015–16 and 2019–20	1.8% average annual increase between 2015–16 and 2019–20	1.9% average annual increase between 2015–16 and 2019–20	0.7% 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?

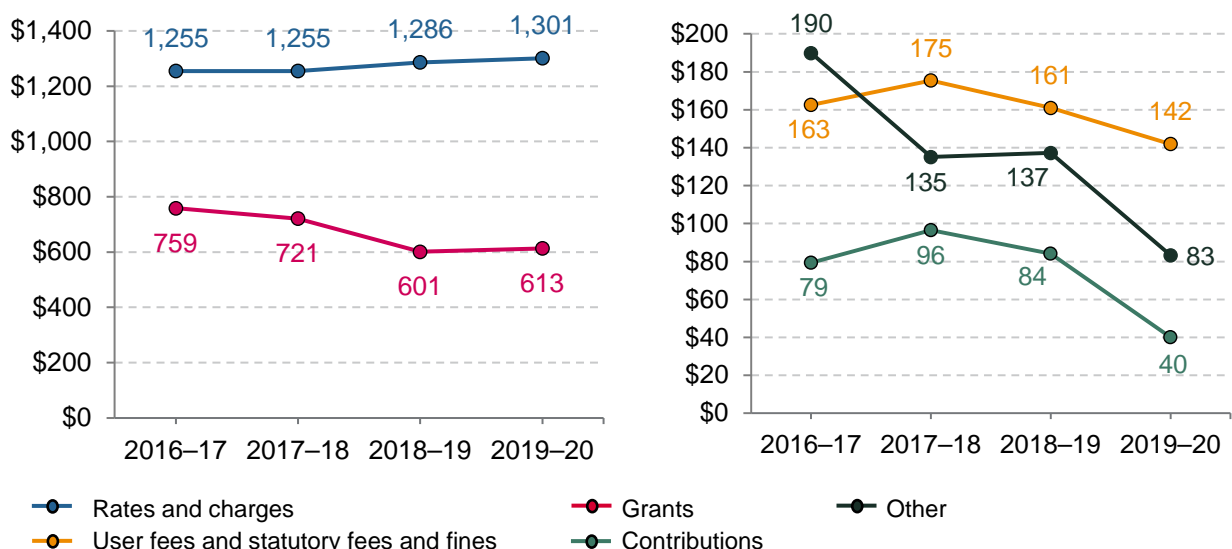
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	68.6	(51%)	69.2	(53%)	71.4	(57%)	72.6	(60%)
User fees and statutory fees and fines	8.9	(7%)	9.7	(7%)	8.9	(7%)	7.9	(7%)
Grants	41.5	(31%)	39.8	(30%)	33.4	(26%)	34.2	(28%)
Contributions	4.3	(3%)	5.3	(4%)	4.7	(4%)	2.2	(2%)
Other	10.4	(8%)	7.4	(6%)	7.6	(6%)	4.6	(4%)
Total	133.7		131.4		126.0		121.6	

In real terms, Mildura Rural City Council's total revenue decreased between 2016–17 and 2019–20, reflecting decreases in revenue from all sources, except rates and charges. In 2016–17 and 2017–18, total revenue was inflated with higher levels of grants from an advance payment of Commonwealth financial assistance grants in 2016–17, and the receipt of one-off grants in 2016–17 and 2017–18).

Rates and charges was the largest source of council's revenue, accounting for between 51 and 60 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 all sources, except rates and charges, decreased 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?

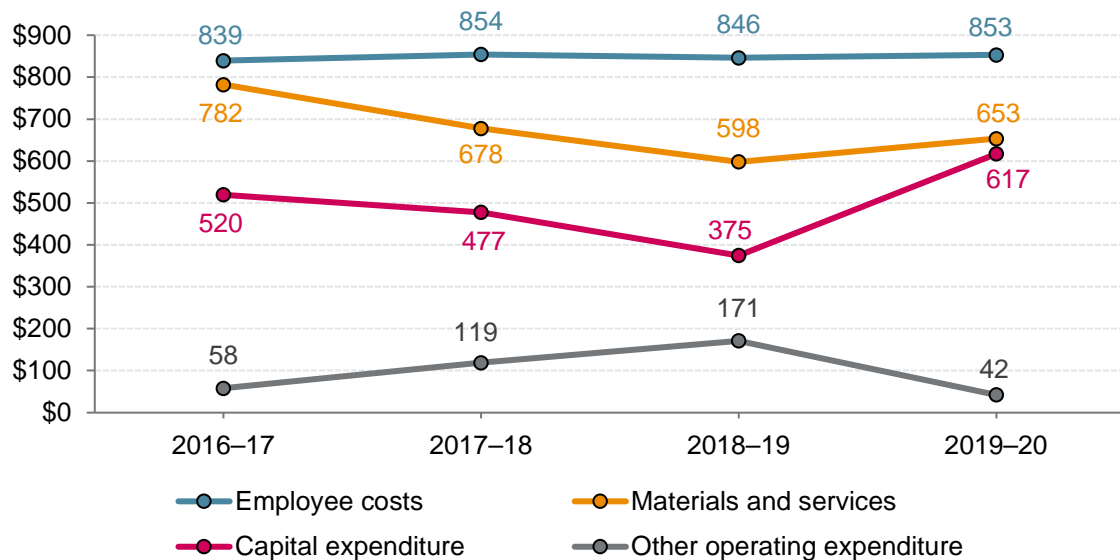
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	91.8 (76%)	91.0 (78%)	89.7 (81%)	86.4 (72%)
Employee costs	45.9 (38%)	47.1 (40%)	47.0 (43%)	47.6 (39%)
Materials and services	42.7 (36%)	37.4 (32%)	33.2 (30%)	36.4 (30%)
Other operating expenditure	3.2 (3%)	6.6 (6%)	9.5 (9%)	2.4 (2%)
Capital expenditure	28.4 (24%)	26.3 (22%)	20.8 (19%)	34.4 (28%)
Total	120.2	117.4	110.5	120.8

In real terms, Mildura Rural City Council's total expenditure decreased between 2016–17 and 2018–19 then increased in 2019–20, largely reflecting changes in capital expenditure and expenditure on materials and services. Employee costs trended upwards in real terms between 2016–17 and 2019–20, while 'other operating expenditure' spiked in 2018–19 (due to an increase in landfill provision).

Employee costs was council's largest area of expenditure, accounting for 40 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 and expenditure on materials and services trended downwards between 2016–17 and 2018–19 before increasing in 2019–20 in real terms. Employee costs per person remained relatively stable in real terms between 2016–17 and 2019–20, while 'other operating expenses' per person spiked in 2018–19.



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Has council's capital expenditure pattern changed?

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

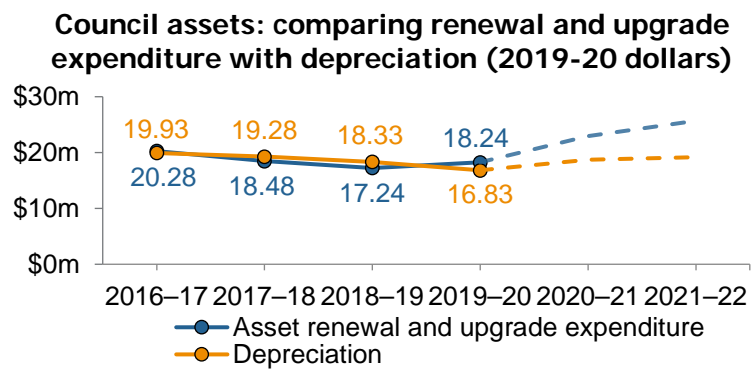
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	16.0	(56%)	14.5	(55%)	13.5	(65%)	14.1	(41%)
Upgrade	4.3	(15%)	4.0	(15%)	3.7	(18%)	4.2	(12%)
Expansion	6.4	(23%)	1.0	(4%)	0.8	(4%)	3.0	(9%)
New	1.6	(6%)	6.7	(26%)	2.7	(13%)	13.1	(38%)
Total	28.3		26.2		20.7		34.4	

In real terms, Mildura Rural City Council's spending on new assets fluctuated, with increases in 2017–18 and 2019–20. Spending on the other categories trended downwards between 2016–17 and 2018–19, before increasing in 2019–20.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20.

Note: In this table, total capital expenditure excludes intangible assets that are included in the capital expenditure reported in the expenditure section of this fact sheet.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	102%
2017–18	96%
2018–19	94%
2019–20	108%
2020–21	123% (forecast data)
2021–22	134% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms between 2016–17 and 2018–19, before increasing in 2019–20. This spending fell below the amount of depreciation (the decline in value of council's assets caused by age and use) in 2017–18 and 2018–19, before increasing back above 100 per cent of depreciation in 2019–20. 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 is council spending its money in?

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

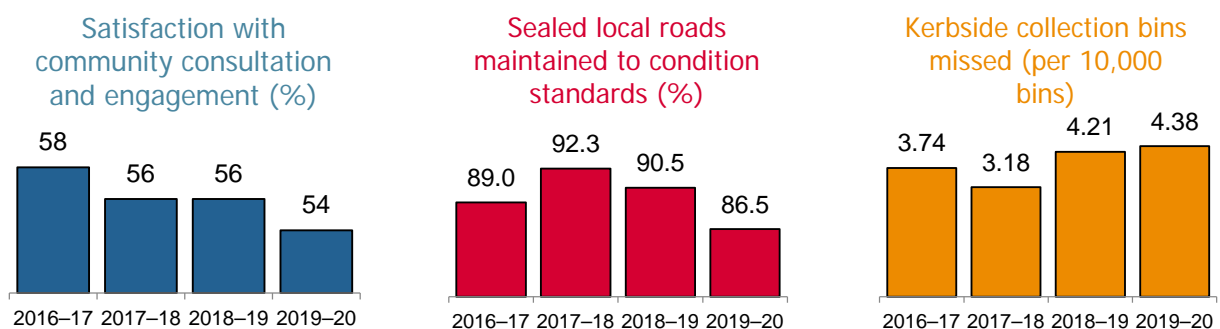
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	6.4 (6%)	5.7 (5%)	5.4 (5%)	4.8 (5%)
Business and economic services	13.6 (12%)	13.7 (13%)	13.4 (13%)	15.7 (15%)
Environment	3.2 (3%)	3.1 (3%)	4.0 (4%)	3.4 (3%)
Family and community services	6.3 (6%)	6.3 (6%)	7.0 (7%)	7.0 (7%)
Governance	38.4 (35%)	34.6 (33%)	23.0 (23%)	21.9 (21%)
Local roads and bridges	13.8 (12%)	13.1 (12%)	15.6 (15%)	14.5 (14%)
Recreation and culture	21.2 (19%)	21.4 (20%)	23.4 (23%)	25.2 (24%)
Traffic and street management	3.2 (3%)	4.1 (4%)	2.7 (3%)	2.4 (2%)
Waste management	8.0 (7%)	6.7 (6%)	9.2 (9%)	10.1 (10%)
Other	-2.9 (-3%)	-2.5 (-2%)	-2.4 (-2%)	-1.9 (-2%)
Total	111.1	106.2	101.3	103.2

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?



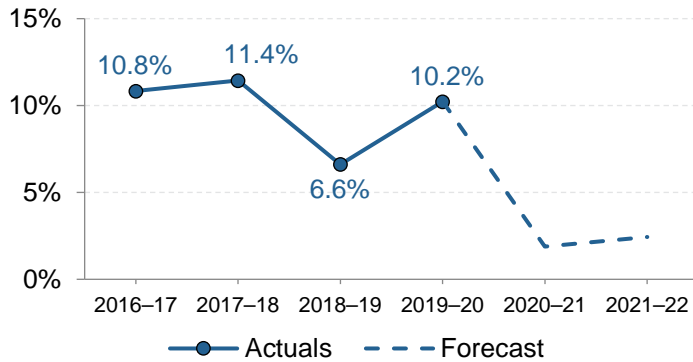
Financial position



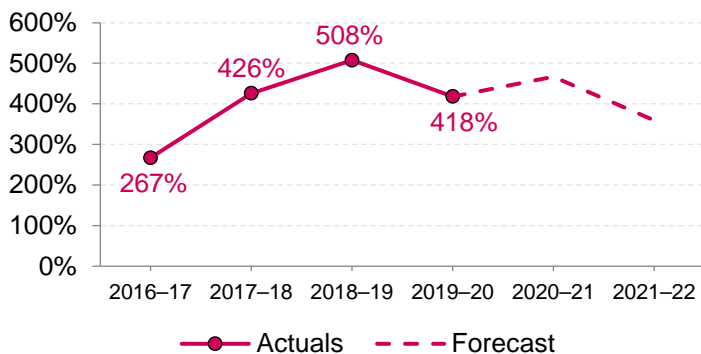
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Is council operating sustainably?

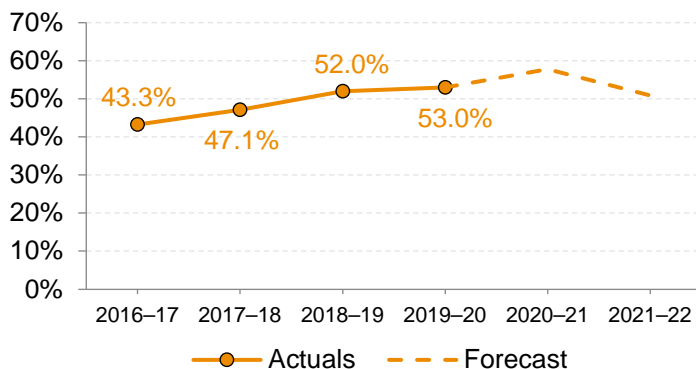
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Mildura Rural City Council reported an average **adjusted underlying result** of 9.8 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision.

Council could meet its current financial obligations with a reported average **working capital ratio** of 405 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 48.8 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor–General’s medium risk category for this indicator, which means there is some 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.