

Yarra 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.



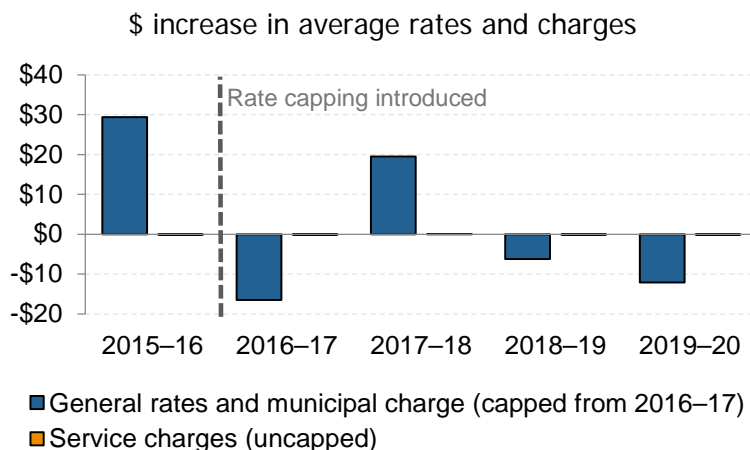
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Key facts

Population (June 2019):	101,495
Size (km ²):	20
Length of local roads (km):	216
Population per km of roads:	470
Council employees (FTE, 2019–20):	869
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	\$2,001	n/a
2016–17	\$1,984	2.50%
2017–18	\$2,004	2.00%
2018–19	\$1,997	2.25%
2019–20	\$1,985	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

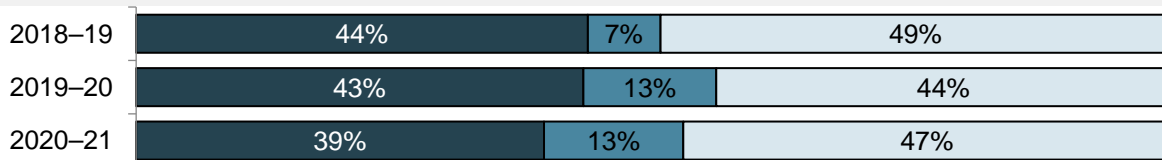
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all types of property). 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
	86% of ratepayers	11% of ratepayers	3% of ratepayers	0% of ratepayers
	\$82.2m (74%) of rates and charges revenue in 2019–20	\$22.7m (20%) of rates and charges revenue in 2019–20	\$6.8m (6%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20
	0.0% average annual increase between 2015–16 and 2019–20	-1.5% average annual increase between 2015–16 and 2019–20	1.4% 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?

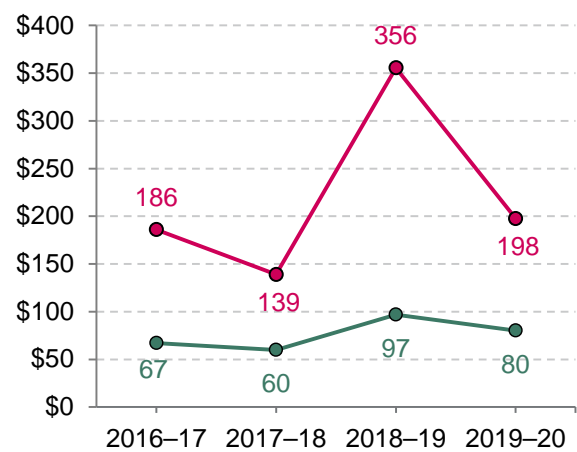
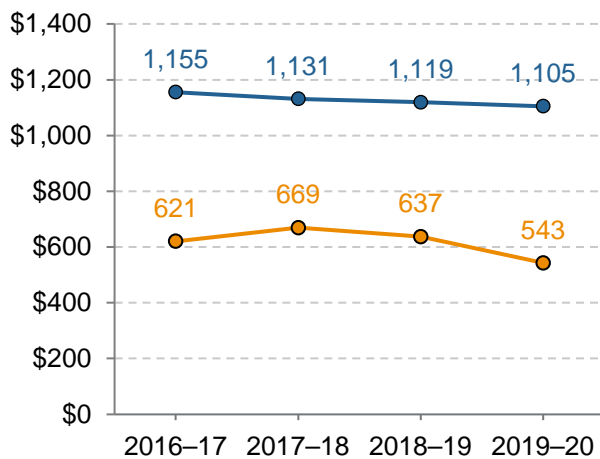
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	107.3	(56%)	108.6	(55%)	110.3	(52%)	112.2	(56%)
User fees and statutory fees and fines	57.7	(30%)	64.2	(32%)	62.8	(30%)	55.1	(28%)
Grants	17.3	(9%)	13.3	(7%)	35.0	(17%)	20.1	(10%)
Contributions	6.2	(3%)	5.8	(3%)	9.6	(5%)	8.1	(4%)
Other	2.6	(1%)	6.1	(3%)	-6.9	(-3%)	4.4	(2%)
Total	191.1		198.0		210.8		199.9	

In real terms, Yarra City Council's total revenue increased between 2016–17 and 2019–20. In 2018–19, total revenue was inflated with higher revenue from grants (specifically, a grant from the State government to relocate the Fitzroy depot). However, this increase in revenue from grants was partly offset by a reduction in 'other' revenue (as council recorded a net loss from disposal of the Fitzroy depot).

Rates and charges was the largest source of council's revenue, accounting for 55 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



- Rates and charges
- User fees and statutory fees and fines
- Grants
- Contributions

Note: 'Other' Category has been omitted from the line chart

In terms of revenue per person (which adjusts for population growth), council's revenue from rates and charges decreased in real terms between 2016–17 and 2019–20, while revenue from grants peaked in real terms in 2018–19.

Expenditure



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

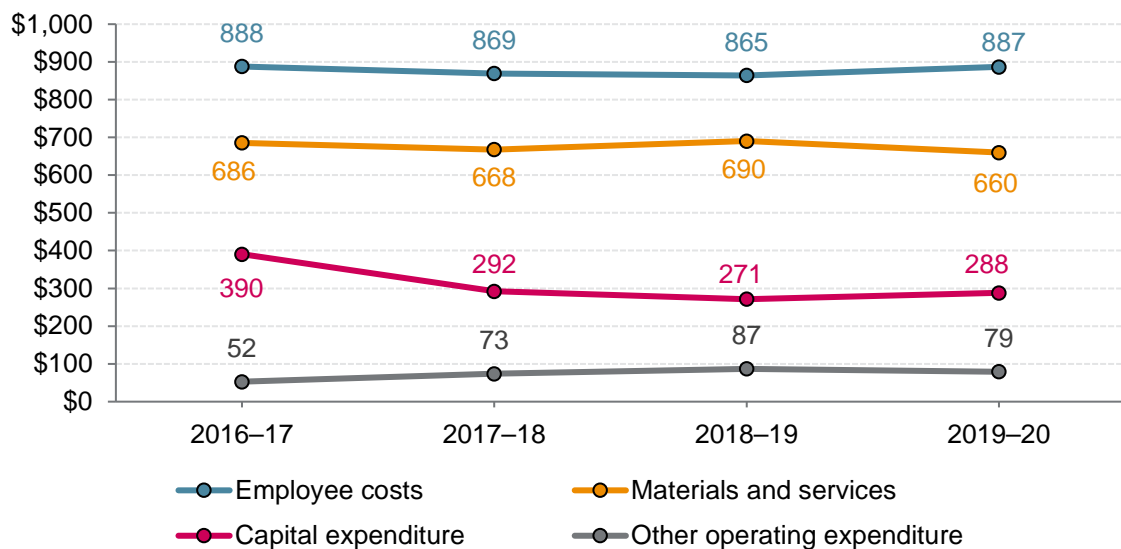
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	151.1	(81%)	154.6	(85%)	161.8	(86%)	165.0	(85%)
Employee costs	82.5	(44%)	83.5	(46%)	85.2	(45%)	90.0	(46%)
Materials and services	63.7	(34%)	64.1	(35%)	68.0	(36%)	67.0	(34%)
Other operating expenditure	4.9	(3%)	7.1	(4%)	8.5	(5%)	8.0	(4%)
Capital expenditure	36.3	(19%)	28.1	(15%)	26.8	(14%)	29.2	(15%)
Total	187.3		182.7		188.6		194.2	

In real terms, Yarra City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure except capital expenditure.

Employee costs was council's largest area of expenditure, accounting for 45 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), employee costs and expenditure on materials and services remained relatively stable in real terms between 2016–17 and 2019–20. Capital expenditure per person decreased in real terms between 2016–17 and 2018–19, before increasing in 2019–20.



See the reader's guide for data sources and useful information.
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Has council's capital expenditure pattern changed?

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

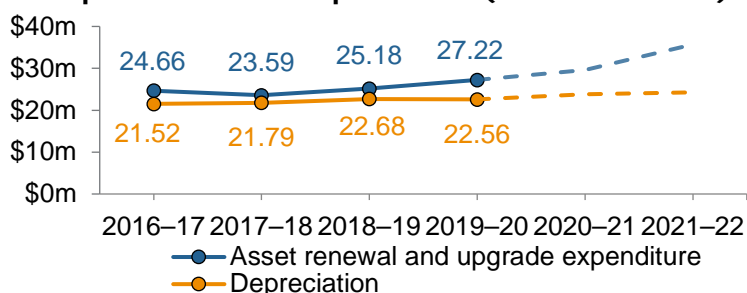
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	21.3	(59%)	22.3	(80%)	21.8	(81%)	22.8	(78%)
Upgrade	3.4	(9%)	1.3	(4%)	3.4	(13%)	4.5	(15%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	11.6	(32%)	4.5	(16%)	1.6	(6%)	2.0	(7%)
Total	36.3		28.1		26.8		29.2	

In real terms, Yarra City Council's spending on asset renewal trended upwards between 2016–17 and 2019–20 (aside from a decrease in 2018–19), while spending on asset upgrades trended upwards following a drop in 2017–18. Spending on new assets trended downwards in real terms 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 (accounting for 59 to 81 per cent of total capital expenditure).

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

Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	115%
2017–18	108%
2018–19	111%
2019–20	121%
2020–21	124% (forecast data)
2021–22	147% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, following a decrease in 2017–18. 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.



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)

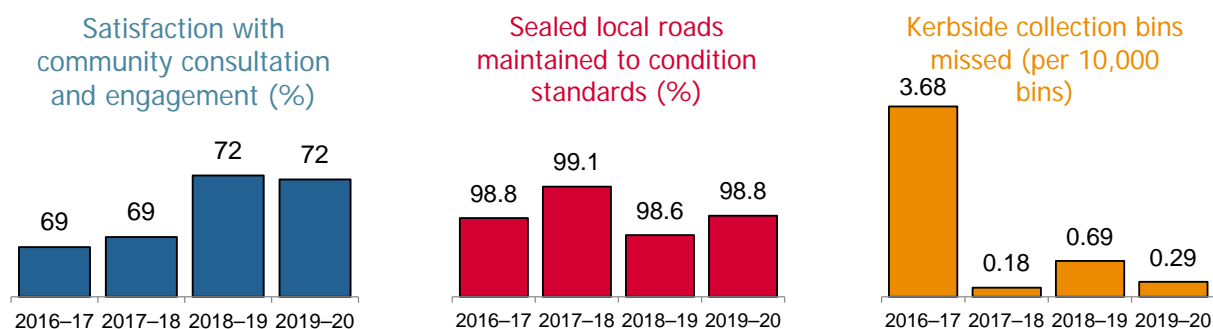
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	10.1	(6%)	9.2	(5%)	6.7	(4%)	6.3	(3%)
Business and economic services	16.8	(10%)	16.8	(9%)	14.5	(8%)	15.2	(8%)
Environment	2.8	(2%)	2.5	(1%)	2.6	(1%)	2.8	(2%)
Family and community services	22.4	(13%)	21.9	(12%)	22.5	(12%)	22.3	(12%)
Governance	23.8	(14%)	24.8	(14%)	36.0	(20%)	35.1	(19%)
Local roads and bridges	12.3	(7%)	12.5	(7%)	13.5	(7%)	13.7	(7%)
Recreation and culture	41.5	(24%)	42.3	(24%)	34.1	(18%)	36.0	(19%)
Traffic and street management	21.0	(12%)	23.4	(13%)	33.3	(18%)	33.9	(18%)
Waste management	12.3	(7%)	12.8	(7%)	11.8	(6%)	13.1	(7%)
Other	9.7	(6%)	10.3	(6%)	9.6	(5%)	10.1	(5%)
Total	172.6		176.4		184.5		188.5	

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?

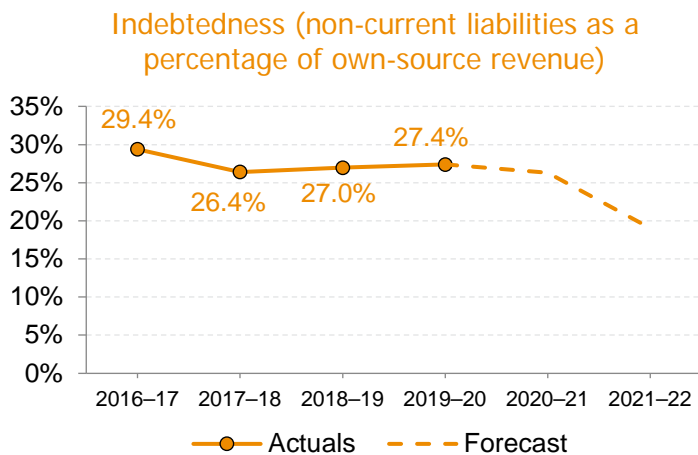
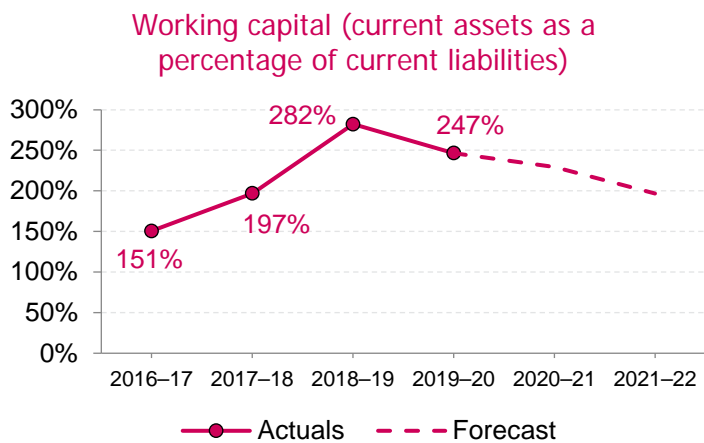
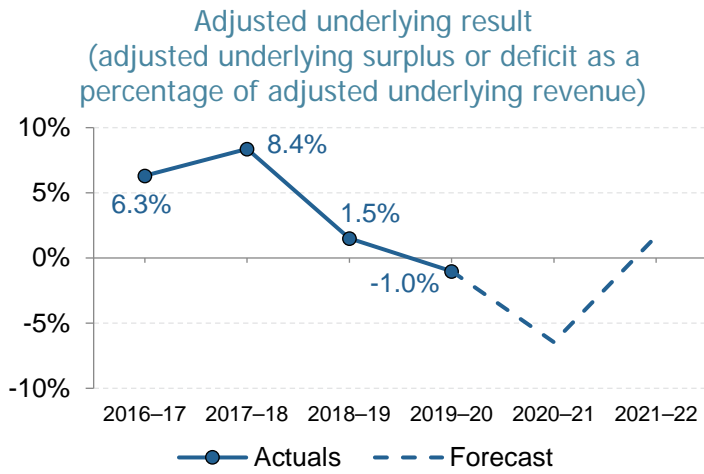


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Yarra City Council reported an average **adjusted underlying result** of 3.8 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 2018–19 reflects changes to accounting standards and reduced revenue from fines. The deficit in 2019–20 reflects the impact of coronavirus.

Council could meet its current financial obligations with a reported average **working capital ratio** of 219 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects changes to accounting standards.

The reported average **indebtedness ratio** of 27.5 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.