

Casey City Council

Group: interface

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.

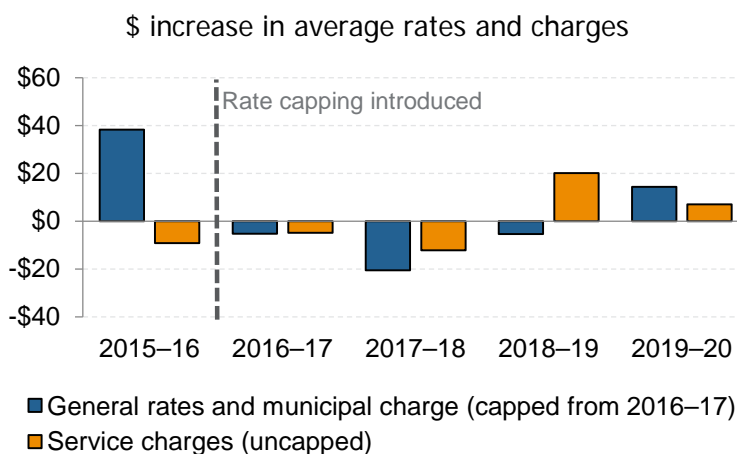
You can compare this council's data against its 'group' by looking at the fact sheet for interface councils. Further information is available at <http://www.esc.vic.gov.au/outcomes-reports>, including an interactive version of this fact sheet, a reader's guide to help you understand key terms used in this fact sheet, and information about the sector as a whole.



| Key facts | |
|---|-----------------------|
| Population (June 2019): | 353,872 |
| Size (km ²): | 409 |
| Length of local roads (km): | 1,800 |
| Population per km of roads: | 197 |
| Council employees (FTE, 2019–20): | 1,327 |
| 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 | \$1,848 | n/a |
| 2016–17 | \$1,838 | 2.50% ^a |
| 2017–18 | \$1,805 | 2.00% |
| 2018–19 | \$1,820 | 2.25% |
| 2019–20 | \$1,841 | 2.50% |

^a Council applied for a higher cap of 3.47% 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 |

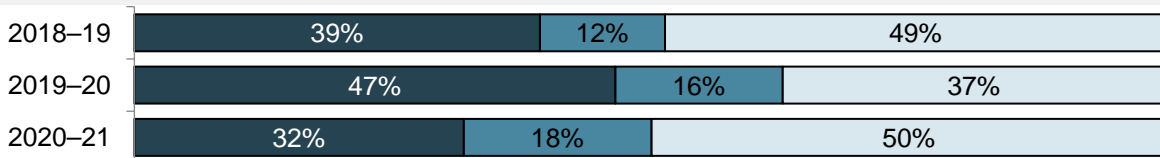
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all 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 | 2% of ratepayers | 3% of ratepayers | <1% of ratepayers |
| | \$222.1m (92%) of rates and charges revenue in 2019–20 | \$12m (5%) of rates and charges revenue in 2019–20 | \$6.4m (3%) of rates and charges revenue in 2019–20 | \$1.4m (1%) of rates and charges revenue in 2019–20 |
| | 0.1% average annual increase between 2015–16 and 2019–20 | -5.2% average annual increase between 2015–16 and 2019–20 | -4% average annual increase between 2015–16 and 2019–20 | n/a (this growth rate cannot be calculated) |

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?

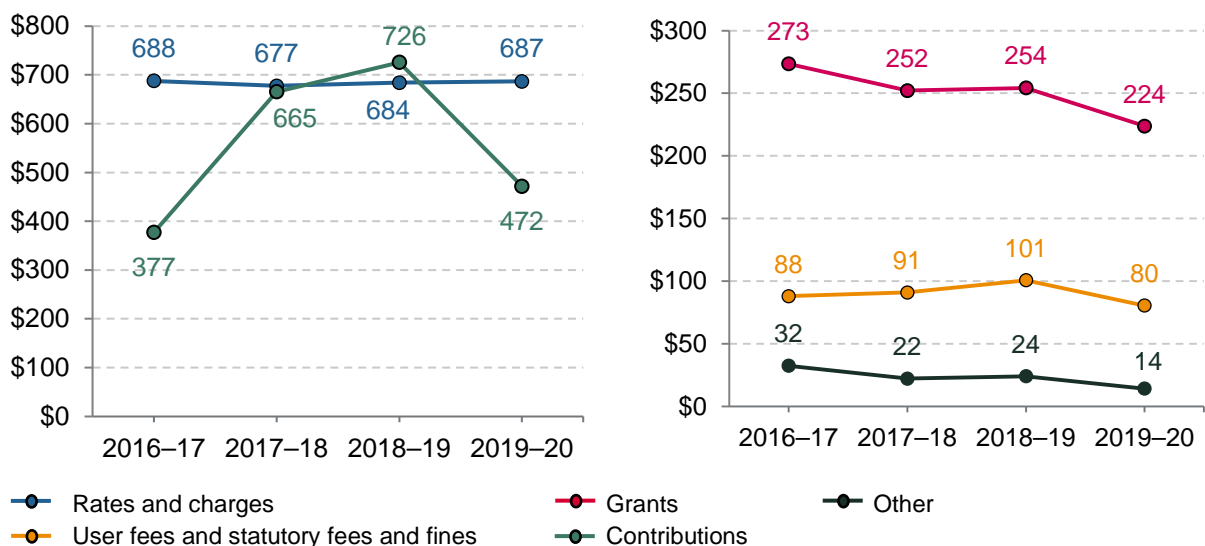
Revenue (2019–20 \$m and % of total revenue)

| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|--|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| | \$m | (%) | \$m | (%) | \$m | (%) | \$m | (%) |
| Rates and charges | 215.1 | (47%) | 221.3 | (40%) | 232.9 | (38%) | 243.0 | (46%) |
| User fees and statutory fees and fines | 27.5 | (6%) | 29.8 | (5%) | 34.3 | (6%) | 28.5 | (5%) |
| Grants | 85.5 | (19%) | 82.4 | (15%) | 86.5 | (14%) | 79.2 | (15%) |
| Contributions | 118.1 | (26%) | 217.4 | (39%) | 247.0 | (41%) | 166.9 | (32%) |
| Other | 10.1 | (2%) | 7.3 | (1%) | 8.2 | (1%) | 5.1 | (1%) |
| Total | 456.4 | | 558.1 | | 608.9 | | 522.6 | |

In real terms, Casey City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions. However, in 2019–20, there was a decrease in real terms in revenue from all sources except rates and charges, particularly contributions (due to lower levels of development activity).

Rates and charges, and contributions were the largest sources of council's revenue, and together these sources accounted for between 73 and 79 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 rates and charges was relatively stable in real terms between 2016–17 and 2019–20 while revenue from grants trended downwards. Revenue per person from contributions peaked in real terms in 2018–19.

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?

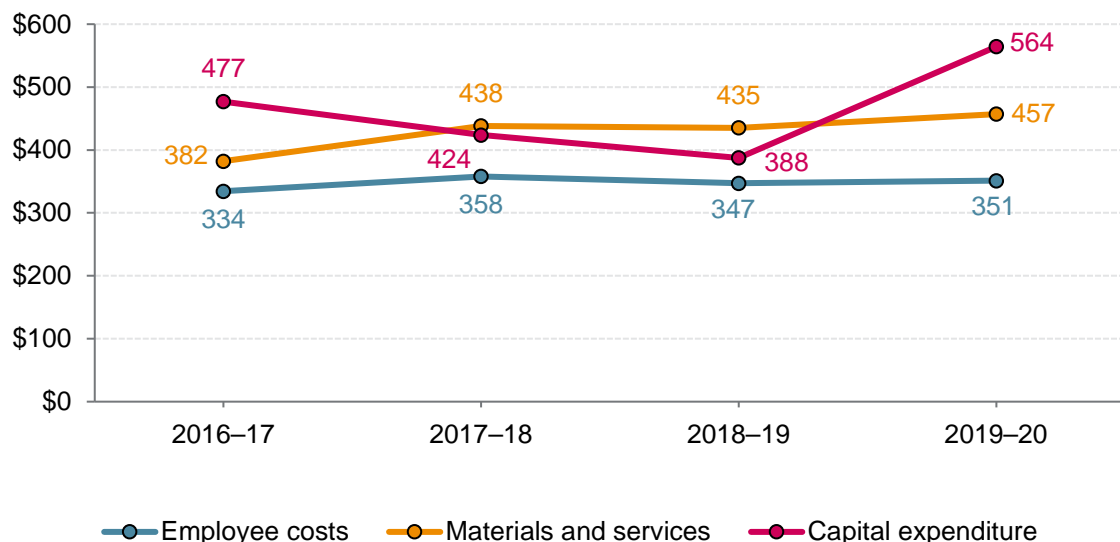
Expenditure (2019–20 \$m and % of total expenditure)

| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|-----------------------------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| | \$m | % | \$m | % | \$m | % | \$m | % |
| Operating expenditure | 219.9 | (60%) | 265.6 | (66%) | 277.6 | (68%) | 300.3 | (60%) |
| Employee costs | 104.6 | (28%) | 117.0 | (29%) | 118.2 | (29%) | 124.3 | (25%) |
| Materials and services | 119.5 | (32%) | 143.2 | (35%) | 148.2 | (36%) | 161.8 | (32%) |
| Other operating expenditure | -4.2 | (-1%) | 5.5 | (1%) | 11.3 | (3%) | 14.3 | (3%) |
| Capital expenditure | 149.2 | (40%) | 138.5 | (34%) | 131.9 | (32%) | 199.8 | (40%) |
| Total | 369.1 | | 404.1 | | 409.6 | | 500.1 | |

In real terms, Casey City Council's total expenditure increased between 2016–17 and 2019–20, with a significant increase in 2019–20 reflecting an increase in capital expenditure. Employee costs and expenditure on materials and services increased in real terms between 2016–17 and 2019–20.

The composition of council's expenditure varied between 2016–17 and 2019–20, with materials and services, and capital expenditure being council's two largest areas of expenditure over the period.

Expenditure per person (2019–20 dollars)



Note: 'Other' category has been omitted from the line chart.

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, while capital expenditure trended downwards until an increase in 2019–20. Employee costs per person remained relatively stable in real terms between 2016–17 and 2019–20.

Has council's capital expenditure pattern changed?

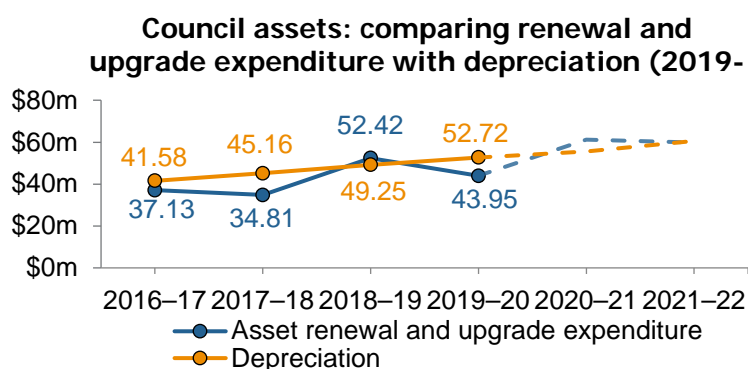
Capital expenditure (2019–20 \$m and % of total capital expenditure)

| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|--------------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| | \$m | | \$m | | \$m | | \$m | |
| Renewal | 24.9 | (17%) | 25.2 | (18%) | 30.0 | (23%) | 28.3 | (14%) |
| Upgrade | 12.2 | (8%) | 9.6 | (7%) | 22.4 | (17%) | 15.7 | (8%) |
| Expansion | 13.4 | (9%) | 2.6 | (2%) | 3.1 | (2%) | 5.9 | (3%) |
| New | 98.7 | (66%) | 101.1 | (73%) | 76.4 | (58%) | 150.0 | (75%) |
| Total | 149.2 | | 138.5 | | 131.9 | | 199.8 | |

As is typical of interface councils, Casey City Council's capital expenditure focused on new assets, accounting for 58 to 75 per cent of capital expenditure between 2016–17 and 2019–20. In real terms, spending on new assets in 2019–20 was almost double the previous year, causing a large increase in total capital expenditure (following decreases in the previous two years).

In real terms, council's spending on asset renewal and upgrades in 2018–19 and 2019–20 was higher than in the previous two years, while spending on expansion trended upwards, following a spike in 2016–17 and a decrease in 2017–18.

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



Renewal & upgrade expenditure as a percentage of depreciation

| | |
|---------|----------------------|
| 2016–17 | 89% |
| 2017–18 | 77% |
| 2018–19 | 106% |
| 2019–20 | 83% |
| 2020–21 | 110% (forecast data) |
| 2021–22 | 99% (forecast data) |

Council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2019–20, despite fluctuating year on year in real terms. Renewal and upgrade expenditure increased above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2018–19, but remained below depreciation in the other years.

Renewal and upgrade expenditure was forecast to increase above 100 per cent of depreciation in 2020–21, before falling below in 2021–22.

Services



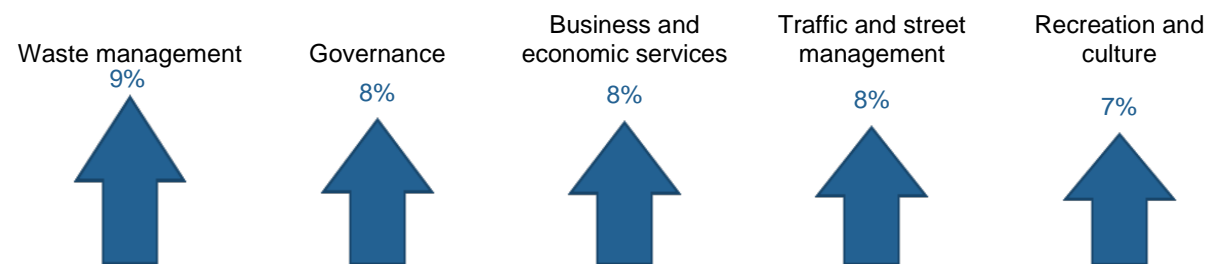
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Which service areas is council spending its money in?

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

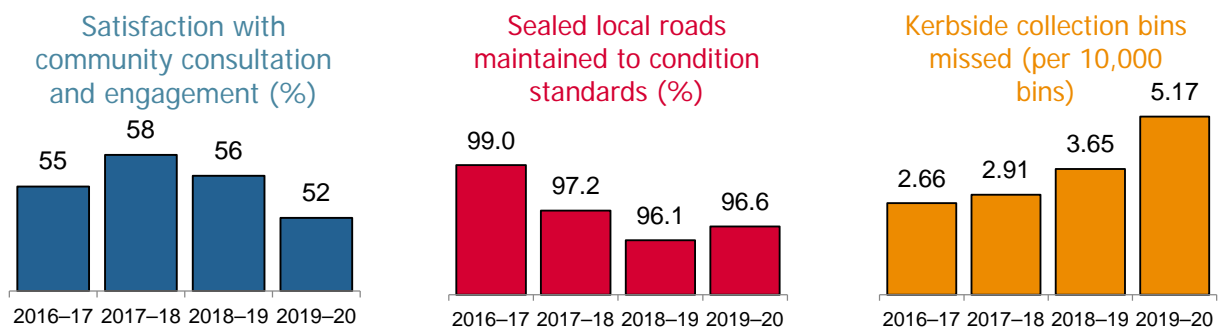
| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|--------------------------------|--------------|-------|--------------|-------|--------------|-------|--------------|-------|
| | \$m | | \$m | | \$m | | \$m | |
| Aged and disabled services | 19.8 | (7%) | 19.9 | (6%) | 19.6 | (6%) | 18.7 | (6%) |
| Business and economic services | 14.5 | (5%) | 17.9 | (6%) | 19.3 | (6%) | 18.3 | (6%) |
| Environment | 14.6 | (5%) | 16.1 | (5%) | 14.9 | (5%) | 15.4 | (5%) |
| Family and community services | 50.2 | (19%) | 50.9 | (16%) | 53.5 | (17%) | 57.2 | (18%) |
| Governance | 51.1 | (19%) | 71.7 | (23%) | 64.9 | (20%) | 64.7 | (20%) |
| Local roads and bridges | 17.1 | (6%) | 17.7 | (6%) | 18.5 | (6%) | 18.8 | (6%) |
| Recreation and culture | 50.4 | (19%) | 60.2 | (19%) | 64.5 | (20%) | 62.4 | (19%) |
| Traffic and street management | 22.1 | (8%) | 25.2 | (8%) | 32.4 | (10%) | 27.7 | (9%) |
| Waste management | 30.3 | (11%) | 32.7 | (10%) | 35.0 | (11%) | 39.8 | (12%) |
| Other | 0.0 | (0%) | 0.0 | (0%) | 0.0 | (0%) | 0.0 | (0%) |
| Total | 270.3 | | 312.4 | | 322.6 | | 322.9 | |

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?



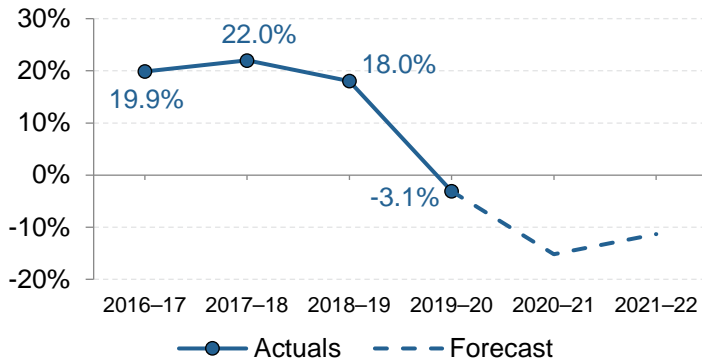
Financial position



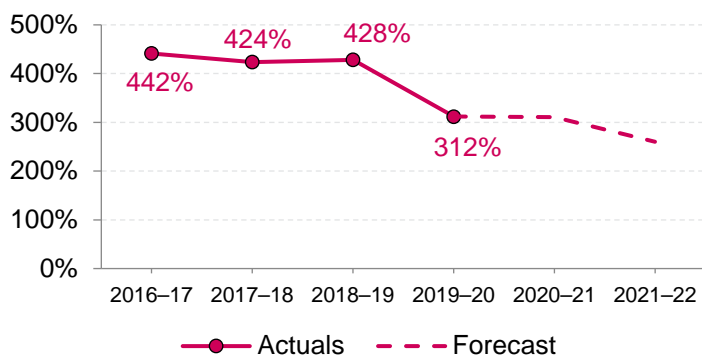
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Is council operating sustainably?

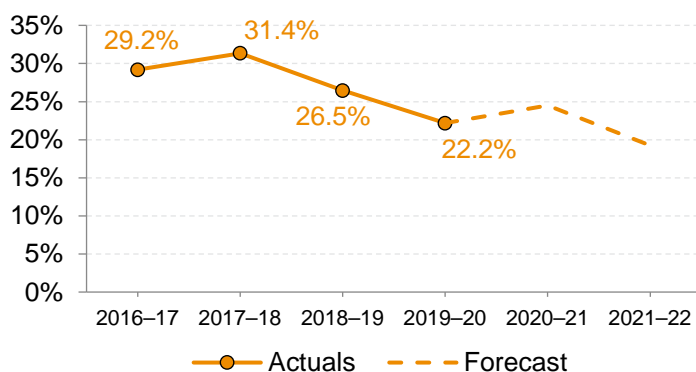
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Casey City Council reported an average **adjusted underlying result** of 14.2 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 partly reflects both increased costs and lower revenue due to coronavirus.

Council could meet its short-term financial obligations with a reported average **working capital ratio** of 401 per cent between 2016–17 and 2019–20. The decrease in working capital in 2019–20 reflects council's use of cash reserves to fund capital works.

The reported average **indebtedness ratio** of 27.3 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. The decrease in 2017–18 and 2019–20 reflects growth in population and related revenue, and scheduled repayment of borrowings.

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.