

Port Phillip 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.



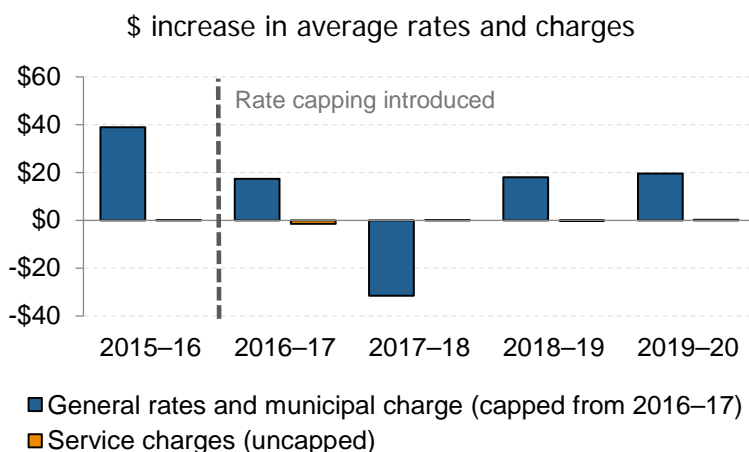
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Key facts

Population (June 2019):	115,601
Size (km ²):	21
Length of local roads (km):	215
Population per km of roads:	538
Council employees (FTE, 2019–20):	880
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	\$1,730	n/a
2016–17	\$1,746	2.50%
2017–18	\$1,714	2.00%
2018–19	\$1,732	2.25%
2019–20	\$1,752	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

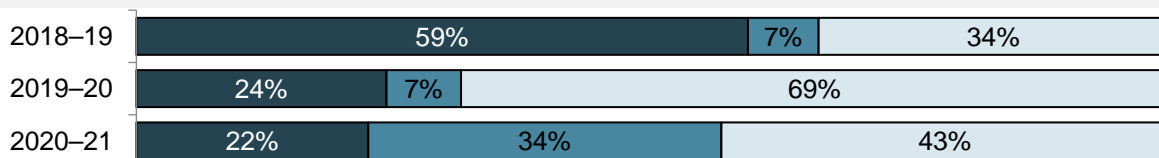
How have rates changed for different ratepayers?

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
	89% of ratepayers	9% of ratepayers	1% of ratepayers	0% of ratepayers
	\$103.6m (80%) of rates and charges revenue in 2019–20	\$20.3m (16%) of rates and charges revenue in 2019–20	\$5.2m (4%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20
	0.8% average annual increase between 2015–16 and 2019–20	-1.3% average annual increase between 2015–16 and 2019–20	0.5% 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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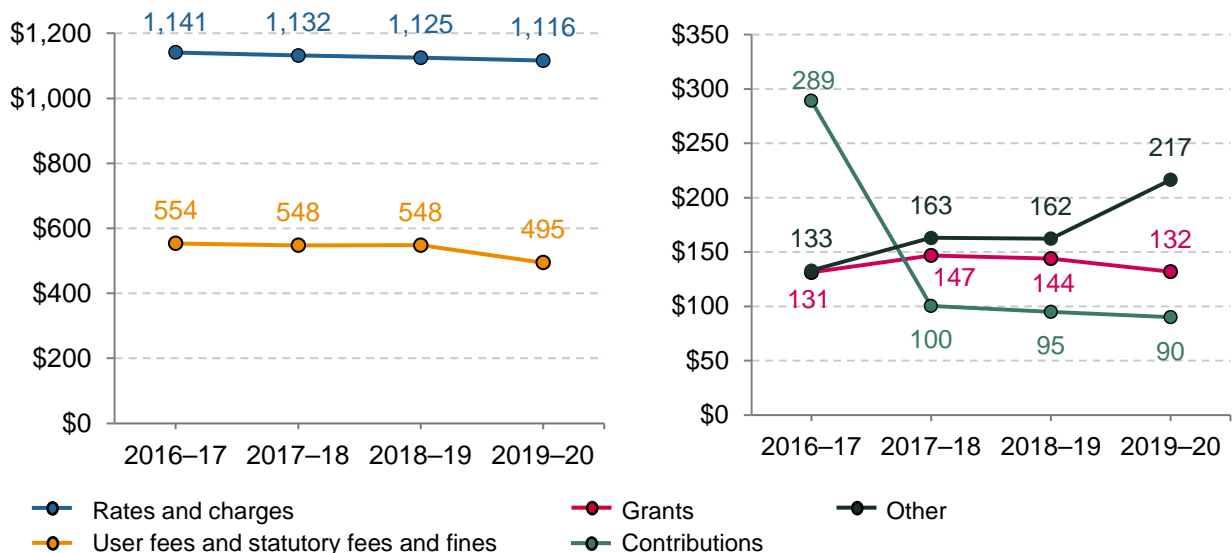
Where is council's money coming from?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	123.9	(51%)	125.3	(54%)	127.4	(54%)	129.0	(54%)
User fees and statutory fees and fines	60.1	(25%)	60.6	(26%)	62.1	(26%)	57.2	(24%)
Grants	14.3	(6%)	16.2	(7%)	16.3	(7%)	15.3	(6%)
Contributions	31.4	(13%)	11.1	(5%)	10.8	(5%)	10.4	(4%)
Other	14.5	(6%)	18.0	(8%)	18.4	(8%)	25.0	(11%)
Total	244.2		231.3		234.9		236.9	

In real terms, Port Phillip City Council's total revenue fluctuated between 2016–17 and 2019–20. In 2016–17, total revenue was inflated due to a higher level of contributions (related to two large development assets). In 2019–20, revenue from user fees and statutory fees and fines decreased due to fewer parking fines, and rent relief and fee waivers during the coronavirus pandemic. 'Other' revenue fluctuated in real terms between 2016–17 and 2019–20. The increase in 'other' revenue in 2019–20 reflects the recognition of subsidised rent to community groups as revenue. Rates and charges was the largest source of council's revenue, accounting for 53 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, user fees and statutory fees and fines, and contributions trended downwards in real terms between 2016–17 and 2019–20. This compares with an upward trend in 'other' revenue per person. The jump in 'other' revenue per person in 2019–20, reflects the recognition of subsidised rent to community groups as revenue

Expenditure



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

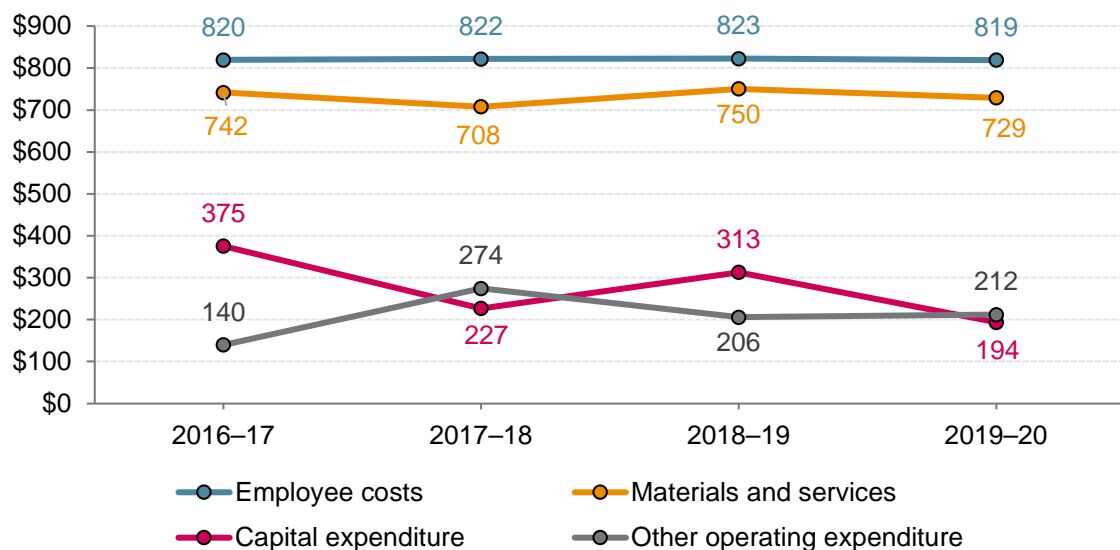
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	184.8	(82%)	199.6	(89%)	201.5	(85%)	203.5	(90%)
Employee costs	89.0	(39%)	90.9	(40%)	93.2	(39%)	94.7	(42%)
Materials and services	80.6	(36%)	78.3	(35%)	85.0	(36%)	84.3	(37%)
Other operating expenditure	15.2	(7%)	30.4	(14%)	23.3	(10%)	24.5	(11%)
Capital expenditure	40.8	(18%)	25.1	(11%)	35.4	(15%)	22.4	(10%)
Total	225.6		224.7		236.9		225.8	

In real terms, Port Phillip City Council's total expenditure remained relatively stable between 2016–17 and 2019–20, except for an increase in 2018–19 due to an increase in capital expenditure. In 2017–18 and 2019–20, increases in 'other operating expenditure' were largely offset by decreases in capital expenditure. Employee costs and expenditure on materials and services increased in real terms between 2016–17 and 2019–20.

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), employee costs remained relatively stable in real terms between 2016–17 and 2019–20, while all other areas of council's expenditure fluctuated.



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Has council's capital expenditure pattern changed?

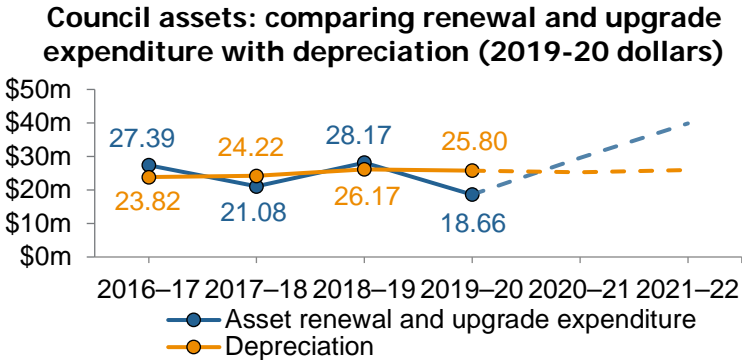
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	21.9	(54%)	13.9	(56%)	16.4	(46%)	10.2	(46%)
Upgrade	5.5	(13%)	7.1	(28%)	11.8	(33%)	8.5	(38%)
Expansion	0.2	(0%)	1.1	(4%)	2.9	(8%)	2.1	(9%)
New	13.2	(32%)	2.9	(12%)	4.3	(12%)	1.7	(7%)
Total	40.8		25.1		35.4		22.4	

In real terms, Port Phillip City Council's spending on asset renewal and new assets trended downwards between 2016–17 and 2019–20, aside from increases in 2018–19. Delivery of capital expenditure in 2019–20 was impacted by the coronavirus pandemic, which resulted in a greater project deferral. Spending on asset upgrades trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20.

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

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	115%
2017–18	87%
2018–19	108%
2019–20	72%
2020–21	117% (forecast data)
2021–22	154% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated year on year in real terms between 2016–17 and 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 2019–20.

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

Services



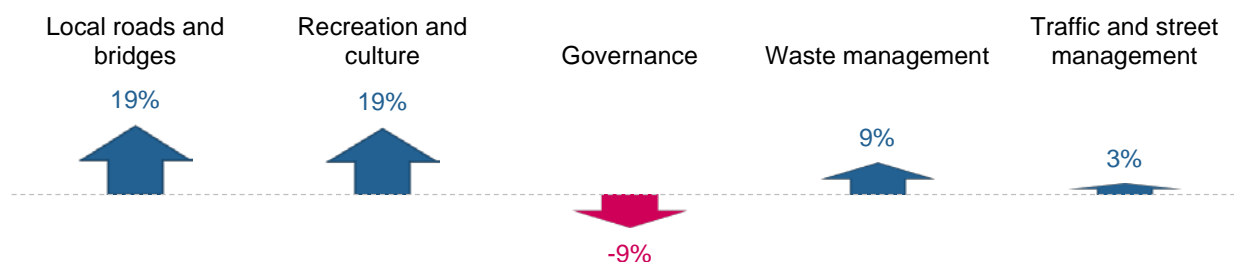
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Which service areas is council spending its money in?

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

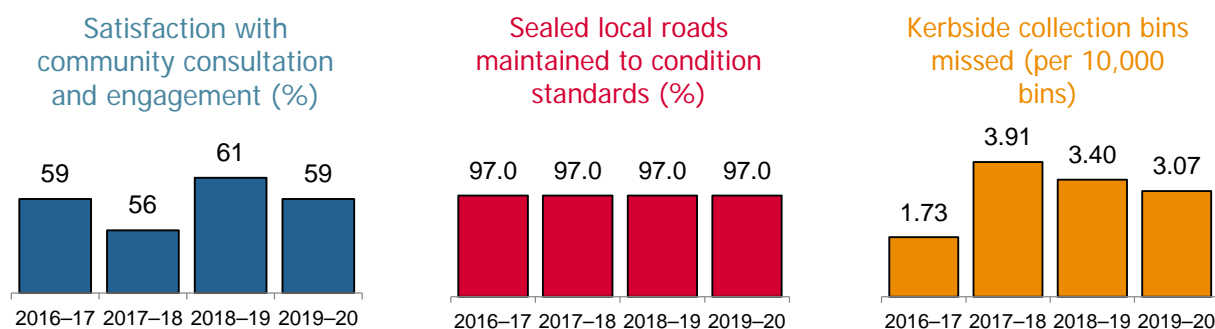
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	7.6 (4%)	7.5 (3%)	9.0 (4%)	8.3 (4%)
Business and economic services	27.1 (13%)	25.4 (11%)	27.9 (13%)	26.2 (11%)
Environment	2.3 (1%)	3.6 (2%)	5.8 (3%)	4.0 (2%)
Family and community services	26.5 (13%)	36.3 (16%)	25.2 (11%)	27.8 (12%)
Governance	64.2 (31%)	77.8 (35%)	45.5 (20%)	48.1 (21%)
Local roads and bridges	16.9 (8%)	11.1 (5%)	24.0 (11%)	28.6 (13%)
Recreation and culture	23.4 (11%)	20.3 (9%)	36.8 (17%)	39.1 (17%)
Traffic and street management	29.3 (14%)	30.1 (13%)	34.3 (15%)	32.0 (14%)
Waste management	11.3 (5%)	11.7 (5%)	13.5 (6%)	14.5 (6%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	208.6	223.8	222.2	228.6

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?



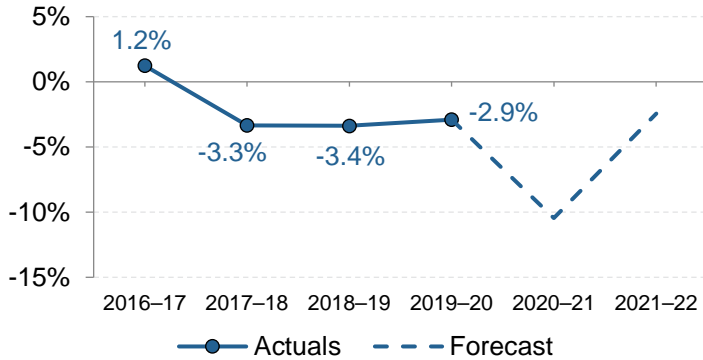
Financial position



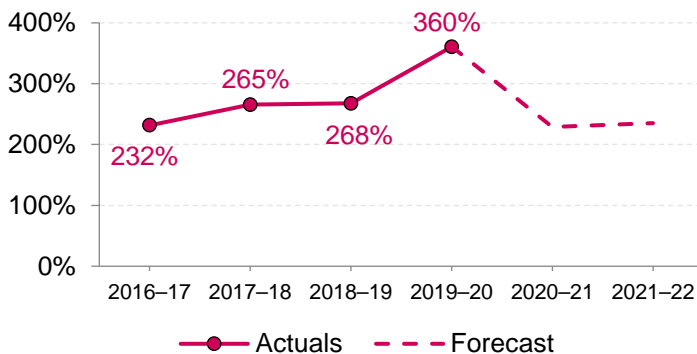
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Is council operating sustainably?

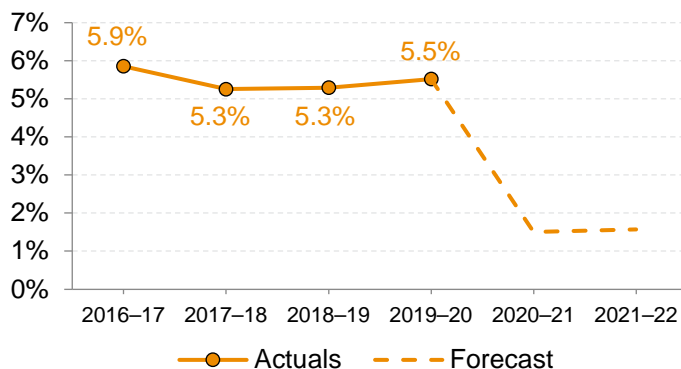
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Port Phillip City Council reported an average **adjusted underlying result** of -2.1 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The deficits reflect, in part, increased expenditure on community services (in 2017–18) and the impact of coronavirus (in 2019–20).

Council could meet its current financial obligations with a reported average **working capital ratio** of 281 per cent between 2016–17 and 2019–20. The increase in 2019–20 reflects impacts of coronavirus on the timing and amount of expenditure.

The reported average **indebtedness ratio** of 5.5 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.

