MUNICIPAL ASSOCIATION OF VICTORIA

Municipal Association of Victoria

Submission to the Productivity Commission Review of Local Government's Own Source Revenue Raising

Date: July 2007

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Introduction

The Municipal Association of Victoria (MAV) welcomes the opportunity to respond to the Productivity Commission's (PC) issues paper on the revenue raising capacity of local government.

The MAV is the peak body for local government for Victoria's 79 councils, providing support to its member councils across a wide range of activities. As part of its functions, the MAV has developed an extensive database on local government finance.

Victorian local government has undertaken significant reform since the early 1990s, including amalgamations reducing the number of councils from 210 to 78,[1] the use of compulsory competitive tendering (CCT) (superseded by Best Value), and the Step Asset Management program. These and subsequent reforms have seen the financial state, capabilities and performance of councils improve substantially.

This submission examines the factors affecting local government revenue raising capacity. The structure of the paper is as follows:

- first, it discusses general issues that are important for the analysis
- second, it examines the factors influencing councils' need to raise revenue
- third, it examines the factors influencing the various revenue profiles of councils
- fourth, it discusses the factors affecting revenue raising capacity
- fifth, it outlines several challenges facing local government, and
- sixth, it identifies and recommends possible reform options to overcome existing challenges.

General Issues

Local government in Victoria is a diverse sector, composed of 79 councils that range in size from the Melbourne City Council, with revenue of approximately $300 million to the Queenscliffe Borough with a population of 3 000 and an annual revenue of approximately $6 million. Each council has different population characteristics, such as population densities and socio-economic characteristics – and while there are core services that are common to most, if not all councils, they may deliver a vastly different complement of services to their communities. All these factors affect their capacity to raise own-source revenue. The fact that equalisation under the Financial Assistance Grants (FAGs) system, at least in theory, also takes account of such factors, does not withstand the problem that the quantum of funds and allocation principles have not been able to redress the poor financial position of some Victorian councils that arise from this diversity.

The diversity of the sector means that an assessment about the capacity of local government to raise revenue needs to take account of individual councils and their

[1] Victoria now has 79 councils following the de-amalgamation of Delatite Shire into Benalla Rural City and Mansfield Shire in 2002-03

communities, rather than the sector as a whole. Analyses at the aggregate level may provide some useful information, but ultimately the capacity of councils to raise own source revenue will differ depending on the prevailing conditions of individual municipalities and their communities. Appendix 1: Attributes of Victorian Councils provides a breakdown of the general characteristics of each council, indicating the extent of population diversity in Victoria. The differences between an inner metropolitan council such as Port Phillip and a rural council such as Buloke are stark – the capacity to raise own source revenue differs with these population characteristics.

The review is limited to own source revenue, however, the nexus between levels of own-source revenue and external sources such as grants and subsidies cannot be ignored. The contribution to total revenue made by rates is determined in councils' budget setting processes after estimating receipts from all other sources. Data clearly show that only with increases in external funding will some councils be able to increase services to the community, overcome financial challenges – such as the infrastructure gap – and take the pressure off the need for substantial future rate increases that are beyond local capacity to pay. The MAV believes there is a strong and inexorable relationship between councils' own-source and external revenues and the value of the Review will be limited if it ignores this connection.

Capacity to raise own source revenue makes reference to the maximum amount that could theoretically be raised by councils. This perspective does not take account of the level and mix of services, constraints and operational efficiencies of individual councils. Accordingly, this submission examines these characteristics

What factors influence how much revenue individual councils need?

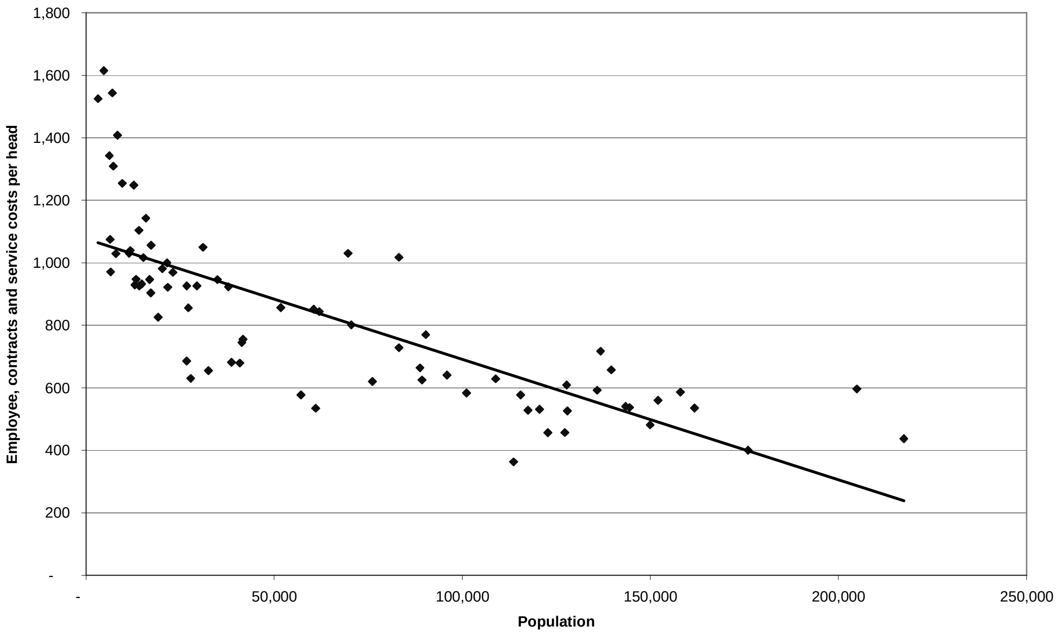
Several factors generally influence the quantum of revenue individual municipalities need. These include their general level of expenditure, the range of services provided, economies of scale, community diversity, their financial position including the extent of any infrastructure renewal gap and structural factors such as remoteness. The paper considers each issue in turn.

The major determinant of councils' need for revenue is their expenditure requirements. Along with the differences in aggregate council expenditure, there is significant diversity in the role and functions of councils. For example, some rural councils focus almost purely on infrastructure provision while metropolitan and provincial city councils provide a significant array of services in human services, arts, sport and recreation in addition to the more traditional ones of infrastructure provision and waste management. Differences in both the quality as well as the volume of service provided may differ substantially between councils. These factors reflect characteristics of individual governments, their communities, identified priorities and affordability.

Differences in the scope of responsibilities are borne out of various statutory responsibilities, the specific needs of the community, choices made by council and clear market gaps. Councils' statutory responsibilities reflect a wide array of services devolved through State legislation, such as land use planning, food safety, maintenance of local roads, community and sporting facilities, emergency management, etc. While these responsibilities are common to all councils, demographic and prevailing economic conditions influence the amount of effort required to execute them. For example, outer metropolitan (“interface”) councils are the most rapidly growing areas within Victoria, with significant effort required to undertake strategic and statutory planning activities. Interface councils will have a significant proportion of their resources devoted to these activities, including personnel, IT systems and in council governance, such as planning committees. In areas of lower population growth and household formation, the planning responsibility is smaller. Similar differences in the scope of responsibilities can be seen across other statutory responsibilities, depending on the prevailing economic and demographic conditions.

Council size is one of the most important factors impacting the cost of delivering council services. Figure 1 shows the relationship between council population size and the cost per head of population of employees, contracts and services. It is generally accepted that councils with higher populations have lower per capita costs for service delivery. Of particular interest is the extremely high expenditure per head of population for councils with very low populations.

Figure 1: Relationship between cost per head for employees, contracts and services and council population



Source: MAV data

Another factor influencing the expenditure requirement of councils is community diversity, as discussed above. The Victorian community is heterogeneous, with a range of demographic and socio-economic characteristics, such as religion, age, ethnicity, health status and wealth. These variations influence the scale and scope of services required by councils. Municipalities with high levels of non-English speaking citizens may experience different demand for services across a range of areas where another area with lower levels of non-English speaking does not. This may influence a range of services from ensuring translator services in customer services to ensuring meals on wheels services reflect community preferences and libraries include a suitable number of CALD texts.

Similarly, structural factors such as variation in road length, population densities and even topographic and climatic conditions can influence councils’ revenue requirements. Councils with low population density have increased travel times in service delivery, a lack of access to employee and service markets and frequently physically dispersed council administration centres exhibiting higher unit costs in service delivery.

These basic council and population characteristics also reflect differences in council financial sustainability across Victoria. The MAV has developed a methodology to assess councils' financial position, utilising the following indicators:

- infrastructure backlog
- level of borrowings
- rating effort
- rating affordability
- cumulative operating result, and
- population change.

The primary indicator of poor financial sustainability relates to insufficient capital expenditure on renewing assets.

The MAV analysis aims to overcome this challenge by assessing the difference between capital expenditure[2] and depreciation over the long-term. The analysis indicate that although the general financial position of councils is improving, there are approximately 12 to 16 councils facing ongoing financial difficulties.

MAV analysis indicates councils facing financial distress in the form of infrastructure backlogs have a similar set of attributes:

- small population
- large geographic area
- extensive infrastructure portfolios, typically with long road length
- declining or stagnant population

However, despite the presence of these attributes in the financially challenged cohort, there are many financially viable municipalities with similar characteristics. The MAV hypothesises that these differences can be attributed to several factors including:

- a heightened susceptibility in such councils to variable decision-making in the past, either where point critical or the cumulative effect of a number of decisions over time;

- this can be linked to the difficulty in attracting and retaining highly skilled staff and managers to rural locations and the necessary investment in management systems; and

- factors over which councils may have had little control for example relative involvement in programs subject to cost-shifting and the extent of numbers of employees with defined benefits superannuation and hence the increased contributions required to offset unfunded liabilities.

The MAV believes that once small rural councils face financial difficulty, it is far more difficult to reverse the trend than for metropolitan councils. The ability of the large metropolitan councils to increase rates, or licenses, charges, fees and fines (LCFFs), for instance, will be different to small rural councils with soldier settlement patterns

[2] Capital expenditure identified in the cash flow statement.

and lower local incomes. In addition, higher levels of wealth in metropolitan areas also suggest a differing capacity to pay rates than for many rural areas.

What factors influence the profile of various revenue sources of individual councils?

Councils derive revenue from four main sources: rates; LCFFs; specific purpose grants; and general purpose grants. Councils raise a small proportion of revenue from sources such as interest and donated capital assets.

External Revenue Sources

As the Productivity Commission would know, the total pool of funds for Financial Assistance Grants (FAGs) escalate by the consumer price index (CPI) and population, meaning the real per capita levels of the grants remain relatively constant. The two components of funding – general purpose payments and local road grants – are allocated via a complex range of factors. The general purpose payments aim to achieve horizontal fiscal equity – that is, they attempt to provide a 'level' playing field for councils to offer an average level of services despite their local conditions.

Similarly, the local road grants are allocated based on relative need, depending on road length, topographic conditions and road type. The total quantum of FAGs varies considerably, with councils with lower populations, greater population dispersal, lower socio-economic indicators, aged populations and non-English speaking populations obtaining higher levels of per capita funding.

The horizontal fiscal equalisation intention of FAGs is not realised, with a shortfall between 'relative need' and relative revenue raising capacity of a significant number of councils. Nevertheless, the contribution of FAGs to councils varies considerably, with many inner metropolitan municipalities that receive the minimum grant having a very low reliance on this source of funding, whereas rural and remote council rely on FAGs as a major source of revenue.

In addition, specific purpose grants are provided by the Commonwealth and State governments for the provision of services by councils. The four major programs for Victorian councils are Roads to Recovery, Home and Community Care (HACC), Maternal and Child Health (MCH) and public libraries. These programs are significant contributors to local government revenue. At the same time, they rarely account for the full cost of delivering the services. It is rare for councils to receive a source of specific purpose payments that do not require subsidisation from rates. In addition, many of the services provided by councils with State and Commonwealth funding impose constraints on the ability of councils to introduce LCFFs to offset some of the cost of providing the service. This issue is explored in detail below.

Rates

Rates are the sole tax local government has under its control in Victoria. The quantum of rates collected by councils is determined after all other sources of revenue are accounted for. The quantum of rates collected by councils depends on the level of external assistance and LCFFs as well as any other sources of revenue.

In addition, revaluations occur every two years, resulting in frequent reallocation of the burden of rates. This ensures the distribution of the rate burden within councils relies on up-to-date information. Contrary to common belief, revaluations do not result in increased rates – rather it reallocates the burden of tax and typically adjusts the tax rate down. Councils in Victoria have a choice of three valuation methods:

- capital improved value (CIV), which includes the value of the land and any permanent improvements, such as houses, pastures, fences, etc

- site value (SV), which includes the value of land only, and

- net annual value (NAV), which includes the net rental value of the property. The NAV of residential assessments is five per cent of their capital improved value.

In Victoria, 72 councils use CIV, one council SV and six NAV. The MAV believes that the inclusion of capital improvements results in a fairer assessment of ratepayer property wealth and therefore improves the equity of the rating system.

In addition, exemptions and statutory limitations are placed on certain facilities. These include:

- land used for charitable purposes

- land used as a place of residence for a minister of religion or used for the education and training of persons to be ministers of religion

- land used exclusively for mining

- land held in trust for the RSL

- electricity generators – under the Electricity Industry Act 2000 (Vic), electricity generators are exempt from paying rates. The Act may require generators to make a payment in lieu of rates, which can result in discounts of up to 80 per cent in comparison to what other industrial facilities would pay for a similarly valued property

- electricity transmission - which includes the network of extra high voltage (220kv to 500kv) power lines from electricity generators to distributors. Competing retailers distribute at high and low voltages (below 240 kv). Transmission and distribution assets are owned by private companies. The Electricity Industry Act 2000 (Vic) precludes the levying of council rates on infrastructure as the existence of the infrastructure is not regarded as an occupation of land. However, electricity substations in private ownership appear not to be exempted

- gas pipelines – under the Gas Industry Act 2001, the gas pipelines are not land and therefore cannot be valued. This results in the pipelines being rate exempt, although rates are paid on the value of land being occupied by the pipelines.

- telecommunications – telecommunication cables were considered rate exempt by the High Court in Bayside City Council v Telstra Corporation Limited [2004] HCA 19 (28 April 2004). The High Court found rate exemptions were provided for other utilities and that the non-discrimination provisions of the Telecommunications Act 1997 (Comwth) required any exemptions to be extended to telecommunication cables. This created an inconsistency between State and Commonwealth laws with Commonwealth statute prevailing pursuant to s.109 of the Constitution

- assets have also been vested in corporatised government owned enterprises such as those involved in water supply but generally they do not pay rates to local government, and

- State land is rate exempt.

In terms of offsets for not-rateability, local government is exempt from the payment of payroll tax.

Licenses, Charges, Fees and Fines

The differences in the demographic and community profile of councils outlined above influence the capacity of councils to raise revenue from various sources, particularly in the areas of LCFFs. A "fair" license, charge, fee or fine for one community might be considered unfair in another, particularly where there is entrenched disadvantage or access issues.

LCFFS are constrained by statute or other regulatory instrument, limiting the capacity of councils to defray expenses, exampled in the following table.

Table 1: Statutory and regulatory limits on LCFFs

Area	Limit
Parking	Maximum value of penalties prescribed by the Road Safety Act 1989 (Vic).
Planning	Planning and Environment (Fees) Regulations 2000 prescribe the maximum value for planning fees, which are well below full cost recovery. These cover a wide range of local government activities including strategic planning, native vegetation removal, cultural heritage assessment, among others. In addition, unlike a vast majority of government fees, these are not subject to escalation by CPI annually under the Monetary Units Act 2004 (Vic). In addition, Planning and Environment Act 1987 (Vic) prescribes maximum penalties for infringeable offences under the Act.
Local laws	Unlike state penalties which escalate in value under the Monetary Units Act 2004, local laws are constrained at their nominal level.
Building regulation	Activities undertaken by councils for building regulation have capped fees under the Building Regulations 2006 (Vic). Building regulation fees are not subject to escalation under the Monetary Units Act 2004 (Vic).
Animal registration	Imposes a 50 per cent concession for animal registration fees for eligible recipients under the State Concessions Act 2004 (Vic) In addition, the penalties for infringeable offences under the Domestic (Feral and Nuisance) Animal Act 1994 (Vic) are prescribed.
Capital Projects	Special rates and charges schemes can be vetoed depending on the number of ratepayers objecting to the scheme.

In addition, the State Government is currently considering constraining food registration fees able to be set by local government. .

These statutory and regulatory constraints limit strongly the amount of revenue that can be collected through LCFFs. This affects the capacity of councils to formulate pricing policies utilising council–developed principles. In combination with regulatory responsibilities to provide services to the community, regulatory caps on LCFFs may impose requirements for ratepayers to cross-subsidise the cost of delivering services.

For example, in the area of planning fees, there is a strong argument that a significant proportion of the cost of delivering services should be borne by the proponent. Despite this, the regulated fees can require subsidies from ratepayers for the contribution that ought be provided by the service user.

In addition to regulated fees, many funding agreements have terms and conditions limiting the ability of councils to levy fees. For example, the funding agreement for public libraries clearly stipulates that no councils can levy a fee for book borrowing or basic internet access. Under this funding agreement, some fines for overdue books are available, and likewise, a limited array of fees can be charged for ‘substantial’ internet services. Similarly, the Victorian Department of Human Services stipulates scheduled fees for the range of services provided under the HACC based on a sliding scale tied to income. Under its funding agreement, Maternal and Child Health (MCH) universal and enhanced services must be provided free.

Finally, councils determine policies about pricing their services, which influence the level of revenue collected from LCFFs. These pricing policies involve decisions about whether and what to charge users and/or ratepayers for services, the extent of any community service obligations and levels of competition particularly in relation to competitive neutrality concerns. Following on from competitive neutrality issues, councils also must consider the level of cost recovery and returns on assets for services they provide in a competitive market. Despite notional full-cost recovery, councils compete in markets in a limited number of services, such as childcare, recreational facilities (swimming pools and gyms) and in some cases, road construction. Even in these areas they commonly face expectations and pressures that prices offered will be cheaper than those in the private sector.

Importantly, policy questions about whether to introduce LCFFs and if so, at what level, involve tradeoffs between the service users (beneficiaries) and the wider community. Given that rates fulfil the revenue requirements of councils after all other sources are accounted for, a decision about LCFFs involves tradeoffs with rates. Ultimately, these tradeoffs involve the wider community paying through rates or the beneficiary paying through user charges.

Within this context, imposed limits on LCFFs by Commonwealth and state governments reflect central decisions about the need to distribute the taxation burden within local communities, ultimately placing the burden on the broader rate base rather than the service users.

What factors reflect on revenue raising capacity?

The ability for cost recovery is limited severely by grant programs where funded rates do not recognise the true costs of service provision and prices are constrained

Councils face a number of hurdles in attempts to increase revenue. A primary constraint is insufficiently funded programs such as HACC, where there are clear price constraints on councils yet the funding is insufficient to meet the full costs of delivering the service. This leaves councils – and ultimately ratepayers – with a portion of a service to fund. Over time, an expansion of council responsibilities, particularly into the human service areas such as HACC, MCH and public libraries, has placed significant upward pressure on council costs.

Local government pricing and rates

Many council objectives and outcomes will not be achievable without well considered approaches to pricing. Pricing policy can directly affect who obtains access to services (affordability) and the level and frequency of that access. These aims are commonly addressed by the introduction of subsidies. Cross-subsidisation implies that one group may pay higher/lower prices than another group. Cross-subsidisation exists in a number of ways:

- cross-subsidisation between the fees and charges paid by users for a specific service – a cross subsidy between users

- cross-subsidisation between fees and charges and rates (council contribution) – a cross subsidy between users and ratepayers or from one service to another service, and

- cross-subsidisation between the amounts of rates paid by various classes of ratepayers.

Services funded by rates generally include:

- services which are either entirely or partially public "goods", which means they provide a broad and often non-quantifiable benefit to the community rather than a particular benefit to individuals, corporations or individual properties

- where it is impossible to attribute costs to specific services and hence consider their collection through user charges, for example, consolidated debt

- those where practical considerations often make it inappropriate to levy user fees and charges and where, if privately provided, they would prove unprofitable because it is difficult to exclude those who do not pay from receiving the benefits provided, and

- those where policy and legislative factors preclude or limit council's ability to charge.

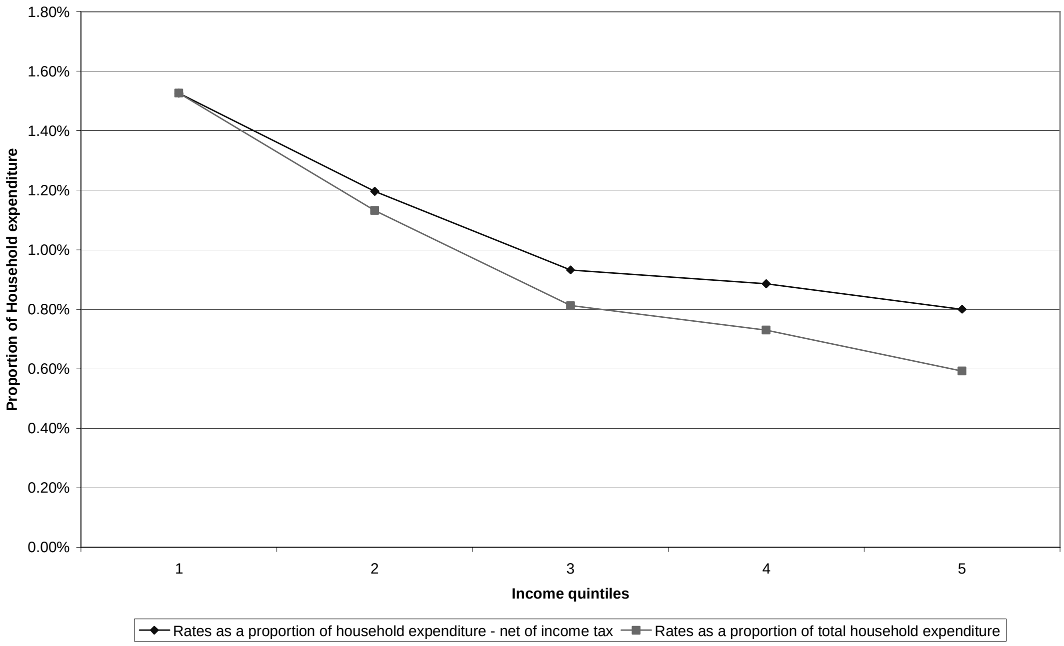
Capacity to Pay Rates

Local government does not have access to income tax or indirect taxes like the Commonwealth and State Governments. It is limited to property taxes with which to tax wealth. Wealth may be considered as the total value reflected in property and investments and income directed to day-to-day living. Local government is limited to taxing one component of wealth – real property. Council rates tax the stored "wealth" or unrealised capital gains inherent in land and buildings and hence the nexus with capacity to pay is not direct. It is not possible to expect a property tax system to deal practically with the issue of capacity to pay based on the circumstances of individual households and businesses. In fact, the issue takes up considerable time and resources of governments with more diverse taxing and investigative powers and resources, for example, the Commonwealth Government uses assets as well as income tests for pensioner households.

Capacity to pay rates is affected not only by income, but also by wealth, prospective future income streams and by potential obligations of individuals.

The following figure indicates the cost of rates across income quintiles. On average rates consume approximately 0.79 per cent of household expenditure for Australia and 0.92 per cent in Victoria, although these data understates the actual cost on households.[3] Using the known rate figures, the overall cost of rates to households is approximately 1.24 per cent of total expenditure. Figure 2 suggests rates are regressive – as income increases, it becomes a smaller cost to households. However, a regressive tax does not equate to an unaffordable tax and an important factor related to the capacity of the community to pay rates is the affordability of that tax.

Figure 2: Rates as a proportion of household expenditure by income quintile 2003-04



Source: ABS catalogue 6535

The following table provides data on the average proportion of household expenditure on local government, utilities and other common household goods. This shows that rates on average consume a smaller proportion of household expenditure than income tax and GST. Rates consume a larger proportion of household expenditure than gas or water, but less than electricity, personal toiletries, tobacco products and alcohol.

[3] Rates and charges per selected dwelling in the data give an average of $506.27 and $610.56 for Victoria in 2003-04 yet data show that in 2003-04 rates and charges per residential assessment averaged $803 in Victoria with a median value of $775. This difference could be explained by the fact that the data is an average of all households in the survey, including renters who do not directly pay rates. Rates are therefore likely to consume a higher level of household expenditure across all income groups than the survey data suggests.

Table 2: Household and tax costs as a proportion of total household expenditure

Expense	Proportion of Household Expenditure
Electricity	1.4%
Gas	0.4%
Rates	0.8%[4]
Water and sewerage	0.5%
Tobacco products	0.9%
Alcohol	1.9%
Personal toiletries	0.8%
Compulsory vehicle registration and insurance	0.7%
Income tax	17.4%
GST	5.8%

Source: ABS catalogue 6535

Data show that council rates account for a higher proportion of the business expenses of farms than non-farm business although it is still relatively small. In Victoria, rates (excluding waste management charges) represent about 1.4 per cent of total expenses in agriculture. This compares with all other business (excluding agriculture) for which the ratio is less than 0.1 per cent[5]. However, the latter figure is undoubtedly skewed by the significant labour costs of larger employers.

Rates do not automatically escalate with economic growth, unlike income tax (which, due to its progressiveness, will increase above the rate of income growth as more individuals begin paying tax at higher rates) and sales tax (which will increase proportionately with increases in the consumption of taxed goods, which for a broadly based tax like the GST will be roughly in line with economic growth). Economic growth may provide some councils with a limited capacity to increase tax through increases in the number of assessments (supplementary valuations) or a redistribution of valuations (for example, consolidation into fewer but bigger and more highly valued farm properties) at least in the medium term.

Given these features, concern with rates generally relates to three issues. First, rates are the most visible of all taxes and charges that ratepayers face. They are more controversial than income and consumption taxes that are being paid incrementally by individuals, despite the fact they consume on average significantly less household expenditure.

Second, there is some pressure on rates to be set at similar levels to those in neighbouring (or other council) areas despite such comparisons being misleading – such comparisons do not take account of councils' structural differences, the extent of other revenue sources and demands for a different quality of service.

Third, income poor, asset rich households and/or businesses may have high rates relative to their incomes.

Councils levy a range of differential rates that variously affect vacant land, business, farms and residences. These vary considerably across councils from uniform rate systems to others that incorporate municipal charges and multiple differential rates.

[4] Note the comments above about the accuracy of the rates data figures from the household expenditure survey.

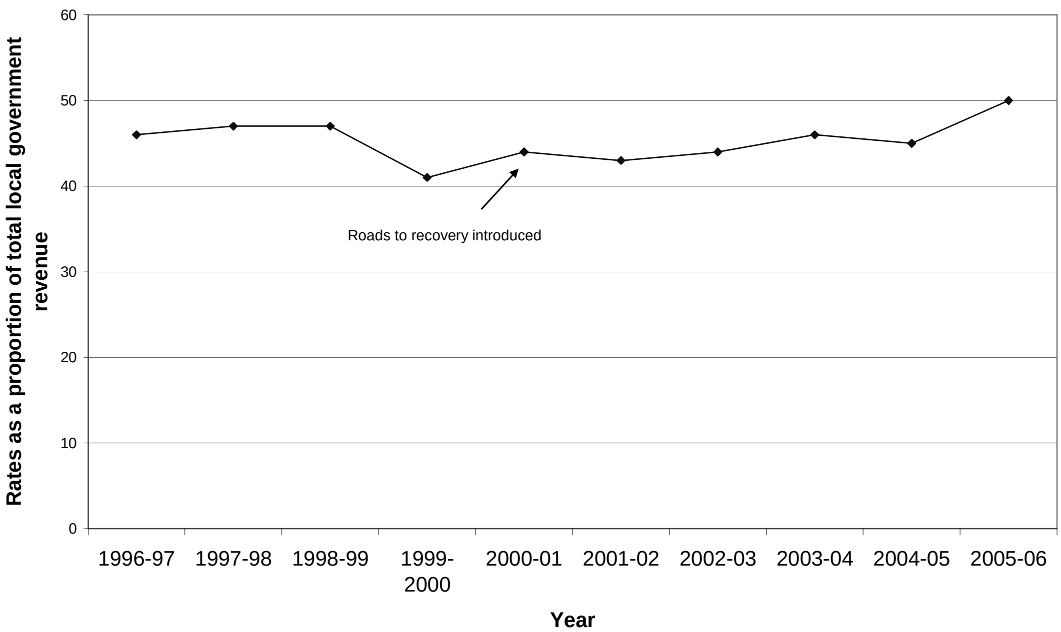
[5] Given by dividing total "rural" and "commercial & industrial" rates given in 2004-05 Victoria Grants Commission Returns by total expenses of Victorian firms in "agriculture" and "all business excluding agriculture

The same type of land may be treated very differently in different council areas. Under the legislation, the equity and efficiency of rate setting must be transparent. A consideration of benefit and capacity to pay is implied but often the decision-making is not based on clearly established rationales relevant to each council.

In addition, councils have access to waiver provisions and may provide rebates under the legislation for specific ratepayers based on affordability issues, or more generally, for the development of the municipality. It is common for councils to provide concessional pricing of some services/facilities to broaden access arising from their acceptance of community service obligations for example, increasing consumption by low income or disadvantaged groups. A small number of councils further subsidise the Pensioner Rate Concession program. In addition, some councils apply lower rates generally apply to retirement villages and low-income housing.

The share of revenue reflected by rates has not progressively declined in Victoria, as illustrated in Table 3. In interpreting rates data, it is essential to note the MAV classifies garbage and recycling charges as rates as several councils still fund them through rates and they are generally recognised as such. The Roads to Recovery program, introduced in 2000-01, reduced councils' reliance on rates for a short time, although it has continued to grow recently.

Table 3: Proportion of revenue from rates 1996-97 to 2005-06



Source: MAV data

Aggregate rates revenue has increased by 8.7 per cent per annum between 2000-01 and 2005-06. This indicates councils are making significant efforts to increase rates to address long-term challenges to their financial capacity, the most severe of which is the backlog related to infrastructure renewal.

Potential further increases in rates are limited in many councils. Affordability varies across the sector due to economic factors (income, disadvantage, household size, declining or aged population, reducing/static numbers of rateable assessments, cyclic factors for example, rural downturn, diversity in economic base) and many of these councils have already shown annual average increases in rates well above inflation over recent years. There is a serious imbalance between revenue raising ability and responsibilities that is not adequately addressed by funding programs. Those councils in most need of additional revenue most frequently have the least capacity to obtain further rates or LCFF revenue.

For example, Table 4 provides selected characteristics reflecting on rates affordability of 12 councils. These councils have been selected to exhibit a range of council types – from high socio-economic inner Melbourne, to outer suburban, regional cities and small rural communities. The implication for rates on these communities varies considerably, with areas of high SEIFA indexes, low unemployment and high income typically requiring a lower proportion of wage and salary income.

These data indicate the extent of variation within councils in the capacity to raise rates revenue. For example, in the case of Buloke, the data indicate:

- a population with (a) high levels of economic disadvantage; (b) low levels of economic advantage; and (c) low levels of economic resources

- a high proportion of their community are income earners, however, the incomes in the community are low relative to state averages

- rates consume a substantial proportion of the total wage and salary income for the community.

In interpreting these data, it is important to note that the wage and salary data is based on the mean taxable income for 2003-04 and the number of wage and salary earners. Business income and non-wage income is not included and therefore, the data will overstate the actual proportion of resident's income consumed by rates.[6] However, this measure is useful as it allows the analysis to examine the average rates levied by each council against a measure of local affluence.

Given the average rate increases have consistently been above growth in expenditure, the implications of proportionately reducing value in grants and constraints in raising LCFFs are clear. Those councils with significant infrastructure gaps also levy high rates relative to the state averages and local socio-economic indicators.

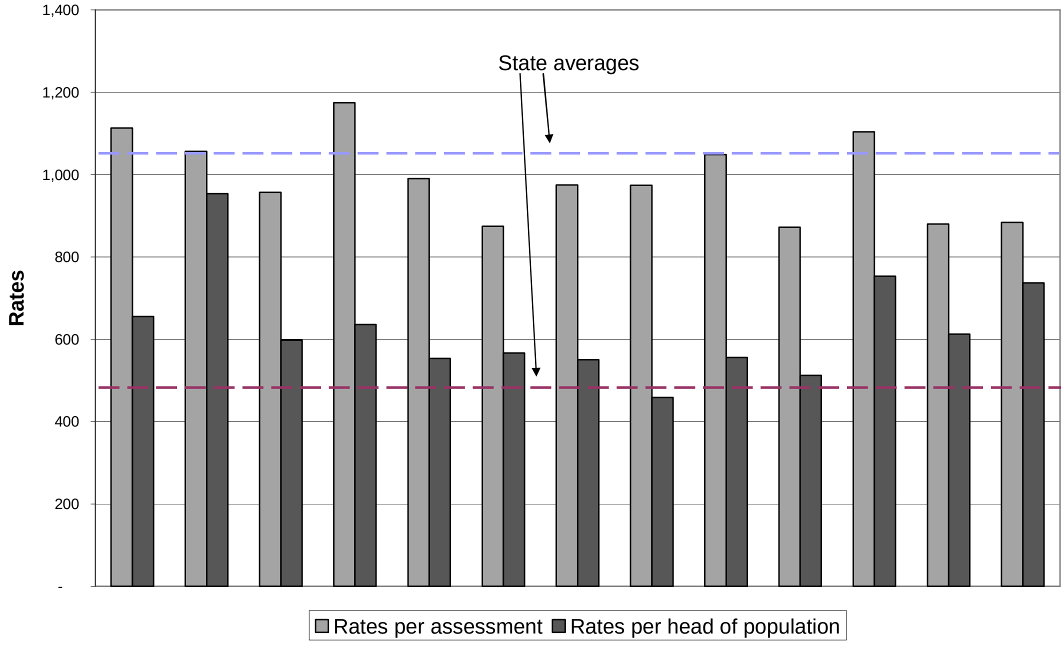
[6] By way of comparison, based on the ABS Housing Expenditure Survey the MAV estimates that rates consume approximately 0.92 per cent of household expenditure in Victoria for 2003-04.

Table 4: Selected characteristics of 12 councils

Council	Latest SEIFA Indexes	No. Wage & Salary Earners	Mean Income of Wage & Salary Earners 2003-04	Median Income of Wage & Salary Earners 2003-04	Total General Rates as % Income Wage and Salary Earners	Average Annual Growth in Rate Assessments	Total Income of Wages and Salary Earners per Rate Assessment	Unemployment Rate 2006
ALPINE	1.01	4,379	33,028	30,099	5%	0.9%	19,194	5.1
BAYSIDE	1.44	35,673	60,817	43,354	2%	0.8%	55,787	2.6
BULOKE	0.88	1,983	30,201	28,442	10%	-0.2%	9,454	3.7
CORANGAMITE	0.92	4,757	31,932	29,210	6%	-0.2%	16,272	3.5
GREATER BENDIGO	0.90	34,578	34,668	31,827	3%	1.9%	26,844	7.2
MACEDON RANGES	1.11	15,247	41,932	36,582	3%	1.5%	36,544	2.9
MANNINGHAM	1.31	46,555	46,061	38,055	2%	1.3%	50,521	4.2
NILLUMBIK	1.35	28,472	44,663	37,407	2%	10.5%	60,757	1.7
SURF COAST	1.10	7,681	38,997	34,196	6%	5.6%	18,498	3.9
SWAN HILL	0.86	7,392	30,263	28,009	5%	11.0%	20,527	6.1
WYNDHAM	1.03	47,435	39,953	37,395	2%	2.9%	47,274	5.4
YARRIAMBIACK	0.90	2,158	31,096	28,996	8%	-0.9%	10,251	6.2

Source: VGC data

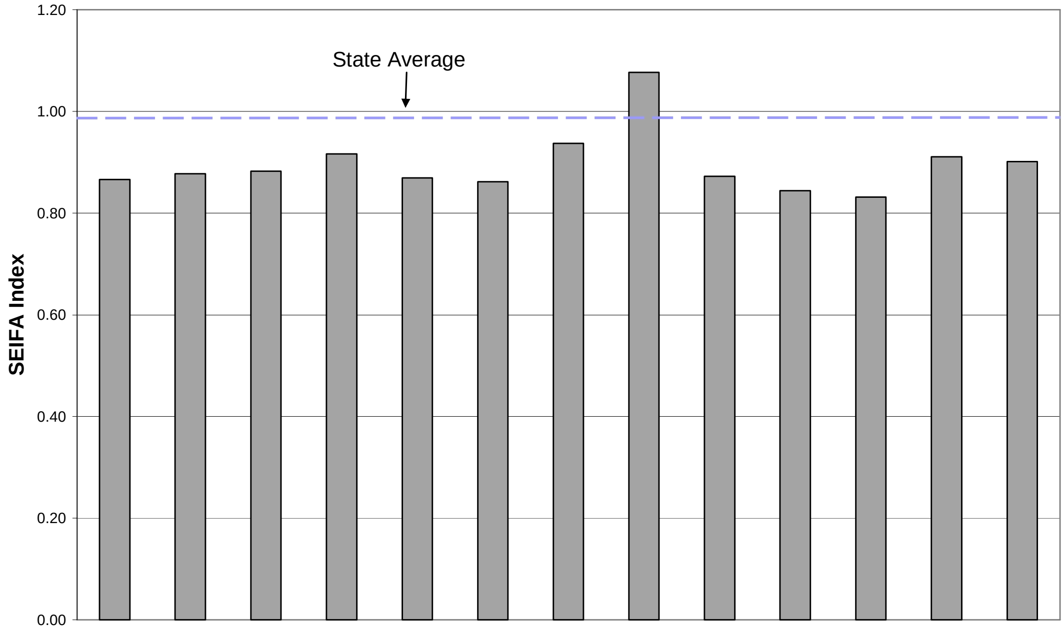
Figure 3: Rates per assessment and rates per head for councils with low financial sustainability



Source: MAV data

Councils with the financial difficulties above have high rates relative to their respective local incomes, SEIFA measures and state-wide averages for rates per head and per assessment. Accordingly, consideration of the taxing effort and the ability to obtain own-source revenue needs to consider both the financial performance of councils (that is, whether there is a strong need to increase revenue) and the current ability to raise rates and other sources of own-source revenue.

Figure 4: SEIFA Indexes for councils with low financial sustainability



Source: ABS data

Factors affecting license, charges, fees and fines

The following table provides an overview of the top 10 sources of LFFCs revenue received by councils. As can be seen, parking, active recreation (that is, recreation centres such as swimming pools), commercial and industrial undertakings, sanitation and other parking collect a significant proportion of the revenue from LCFFs. .

Table 5: Revenue from top 10 sources of LCFFs 2005-06

LCFF Source	Revenue from LCFFs	Recurrent Revenue from all sources	LCFFs as % Total Recurrent Revenue	% of Total Revenue from LCFFs
Parking Fines	98,521,285	99,354,745	99.2%	12%
Active Recreation	79,466,457	98,355,117	80.8%	9%
Business Undertakings (Property)	78,289,095	91,511,876	85.6%	9%
Sanitation	70,546,366	77,030,139	91.6%	8%
Other Parking	69,572,717	70,347,401	98.9%	8%
Community Care	51,649,650	219,930,978	23.5%	6%
Community Development	49,437,216	74,110,103	66.7%	6%
Families & Children	48,068,861	124,611,568	38.6%	6%
Local Laws, Law Enforcement	33,872,555	37,199,436	91.1%	4%
Swimming Areas & Beaches	30,476,241	34,315,887	88.8%	4%

Source: VGC data

Deriving revenue from LCFFs is useful to the extent that it defrays service costs, affects consumption patterns in a desired way or provides a surplus that can be re-invested in other areas. There may be capacity to obtain additional revenue through user charges that would otherwise need to be sourced from rates revenue, although this needs to be evaluated not only in terms of the range of practical considerations identified, including the constraints imposed by regulation and funding agreements, but within a pricing framework that evaluates the rationales for a user-pays approach.

Table 6 provides data on the ‘profitability’ of the top 10 sources of LCFFs in 2005-06. These data indicate the revenue derived from LCFFs as a proportion of total expenses. Of the top 10 sources of revenue, only parking related activities generate significant excess revenue against expenses. These data indicate that many of the services provided by councils are heavily subsidised by rates and other sources of revenue. For example, community care (predominantly HACC), which is a widespread activity of councils, obtains only 16.3 per cent of its nominal cost in the form of LCFFs. Specific purpose grants assist in offsetting some of the remaining cost, but a significant proportion remains unfunded.

As the below data indicates, of the LCFFs currently being utilised by councils, parking (and saleyards) are the only services that generate surpluses for the sector. The ‘profitability’ of these services are heavily dependent on their physical location (for parking, proximity to inner city Melbourne or concentrated shopping precincts, for saleyards, the attributes of the local economy), the capacity of councils to utilise further LCFF revenue to subsidise the cost of delivering services is severely limited.

Table 6: Top 10 sources of LCFFs as a proportion of expenses and revenue 2005-06

LCFF Source	LCFFs as % Total Expenses for the activity[7]	LCFFs as % Recurrent Expenses for the activity[8]	Total Revenue from activity as % Total Expenses[9]	Recurrent Revenues from activity as % Recurrent Expenses [10]
Parking Fines	198.2%	198.4%	199.9%	200.1%
Active Recreation	35.7%	36.6%	53.1%	288.2%
Business Undertakings (Property)	96.5%	98.1%	123.3%	36.3%
Sanitation	20.8%	20.9%	23.4%	22.8%
Other Parking	218.0%	285.0%	229.9%	56.0%
Community Care	16.2%	16.3%	70.6%	56.1%
Community Development	22.1%	22.2%	48.5%	62.4%
Families & Children	27.1%	27.1%	71.9%	54.8%
Local Laws, Law Enforcement	51.0%	51.0%	56.2%	114.7%
Swimming Areas & Beaches	48.3%	48.6%	60.4%	61.6%
Total	18.1%	18.6%	112.9%	100.0%

Source: VGC data

Of the other sources of LCFFs, saleyards also provide a 'profit' to councils, although this could not be applied to councils without the appropriate socio-economic attributes. .

Table 7 provides information on the seven most and least reliant councils on LCFFs for their recurrent revenue. In addition, the data indicate the sources of LCFFs and their proportional contribution to the total value of LCFFs collected by council. There are few surprises in these data, as the councils with the highest reliance on LCFFs fall into two distinct categories: inner metropolitan councils with major parking activities (in the case of Melbourne City Council, they also undertake significant entrepreneurial activities in the form of CityWide Services) and rural councils with natural comparative advantages with respect to, and a direct involvement in, tourism.

Councils least reliant on LCFFs for recurrent revenue are typically rural (except one outer metropolitan council). In addition, within these councils, there is a strong reliance on community care charges to obtain revenue. As this source is typically characterised by its inability to defray a substantial proportion of the costs due to specified maximum fees and insufficient grant revenue, this suggests these councils have very limited capacity to increase user charges.

Indeed, the financially challenged cohort identified by the MAV, have responsibilities concentrated in "less profitable" services. They have limited involvement in areas where surpluses may be generated such as other parking, parking fines, private drainage, property business undertakings and markets and saleyards or tourism. These councils may be compared with others that make a considerable surplus from parking, have growing populations and where constituents are relatively better-off

[7] Indicates the revenue from the LCFF source as a proportion of total expenses of providing the activity. A 'profit' implies a percentage in excess of 100 per cent.

[8] Indicates the revenue from the LCFF sources as a proportion of recurrent expenses for the activity.

[9] Indicates the total proportion of expenses covered by sources of revenue in the LCFF activity..

[10] Indicates the total proportion of recurrent expenses covered by sources of recurrent revenue in the LCFF activity.

and hence have a greater capacity to pay. Rural councils cannot readily introduce parking meters in the main streets, apply tolls to roads, invent and manage tourist attractions or undertake entrepreneurial activities. Given the debt position of these councils, many would be quite averse to risk taking in order to increase non-rate revenues

Table 7: Seven most reliant (shaded grey) and seven least reliant (white) councils on LCFFs for their recurrent revenue

LCFFs	% Recurrent Revenue	Major sources of LCFFs					
Melbourne	50%	Business Undertakings (Property)	39%	Parking Fines	24%	Other Parking	14%
Campaspe	33%	Tourism & Area Promotion	25%	Families & Children	17%	Swimming Areas & Beaches	16%
Yarra	30%	Parking Fines	32%	Active Recreation	23%	Other Parking	22%
Stonnington	29%	Parking Fines	41%	Other Parking	11%	Swimming Areas & Beaches	9%
Indigo	28%	Business Undertakings (Property)	78%	Building Control	4%	Community Care	4%
Warrnambool	27%	Active Recreation	18%	Tourism & Area Promotion	18%	Families & Children	15%
Port Phillip	26%	Other Parking	63%	Families & Children	12%	Community Amenities	4%
Hepburn	7%	Community Care	27%	Community Development	20%	Community Health	12%
Yarra Ranges	6%	Community Care	16%	Community Development	16%	Sanitation	14%
Yarriambiack	6%	Community Care	42%	Other Services	9%	Markets & Saleyards	9%
Moorabool	6%	Local Laws, Law Enforcement	17%	Community Care	16%	Community Development	16%
Golden Plains	6%	Community Care	21%	Building Control	19%	Community Development	17%
South Gippsland	6%	Sanitation	34%	Community Care	16%	Community Development	15%
Buloke	4%	Other Administration	64%	Markets & Saleyards	8%	Swimming Areas & Beaches	8%

Source: VGC data

Local Government Challenges

This section examines challenges facing councils. The MAV and councils have been progressively working through these issues and real improvement has been exhibited in the sector.

Efficiency

The above analysis suggests that councils facing the most severe financial difficulties are those with the least capacity to increase own-source revenue to overcome their difficulties. In effect, the data suggests that the inner metropolitan and councils with natural comparative advantages, and a direct involvement, in tourism have the greatest capacity to raise own source revenue due to higher local wealth or spending by tourists.

The MAV hypothesises that there are factors that may explain why some apparently comparable municipalities find themselves in dichotomous financial positions. An issue with the management of small rural councils was noted as one factor earlier in this submission. While Figure 1 suggests a correlation between council population and expenditure per capita on services, employees and contracts, it is unclear whether the outlying councils exhibit greater or lesser efficiency, or indeed, whether all councils could reduce costs. The data presented in Figure 1 suggest substantial variation in employee and contract costs per head of population within similarly grouped councils. The existence of councils with significantly lower costs per head of population suggests differing efficiency exists within the sector. In addition, unit-costing studies undertaken by the MAV provide clear evidence of this, with significant variation in the cost of providing services that do not appear to be supported by arguments solely around scale economies or regional differences.

The MAV contends that the industrial environment local government operates in is conducive to increasing employee costs. Organisation-wide enterprise bargaining agreements (EBA) may not offer sufficient subtlety to identify and discriminate between the various occupations within a council. This could break any nexus between council and general market wages by specific occupations. For example, if the council EBA moves by four per cent per annum, this may be insufficient for occupations experiencing strong demand such as planners while providing a windfall gain for other employees. The MAV believes this industrial pattern may reduce the attractiveness of local government as an employer for certain, high demand occupations unless wages above the EBA levels are offered.

This industrial structure may limit councils' efficiency. The MAV contends there are further opportunities to critically examine the efficiency of councils to possibly generate reductions in their expenditure. The MAV is not supporting a move to individual contracts, but believes Local Area Work Agreements, successfully used in the past may be appropriate.

Pricing and rating strategies

As part of its general activities, the MAV collects data on the unit costs of areas subsidised by Commonwealth and State government, but which potentially have a financial consequence to councils. Consistently, limitations in councils' corporate overhead allocation systems are evident, indicating imperfect systems for costing activities, influencing the development of pricing policy including rating strategies. This seriously limits the capacity of councils to develop unit costs for services to recoup the actual cost of delivery. Since the abolition of CCT in the sector, with its requirement to measure internal costs of delivering services, it appears there is generally less capacity within councils to undertake costing activities reliably and consistently.

In addition to the technical capacity of councils to measure the cost of providing services, the MAV notes a lack of principles for pricing and rating strategies. For example, decisions on rating strategies are often a product of local political priorities rather than informed principles about who should be paying rates and why. The latter scenario involves councils establishing principles to guide the use of rating tools such as the municipal charge and differential rates rather than simply relying on an ad hoc, evolutionary and expedient approach.

A lack of clear data on pricing will also impinge on a council's ability to develop firm pricing policies on its range of services. If there is insufficient data on the cost of accommodation, management oversight, IT systems, for example, how can council know exactly what the service will cost, and consequently, how much a fee or charge will offset the cost of service provision? This limits the capacity of councils to effectively advocate for the removal of regulatory limits to LCFFs or for more extensive external grant funding for the programs. However, council charges are still subject to limitations as indicated above.

Better consideration of these issues may address affordability issues for rates and provide some limited potential for increasing income or more equitably spreading the tax burden among ratepayers.

Rationalisation of Community Assets & Programs

Councils are significant custodians of community assets, which require rationalisation when the community demographics change or when increasing financial pressure requires cost reductions. Ultimately, councils need to ensure their assets are relevant to the community as retention of unused or unvalued assets places a financial burden on the community. Options for asset rationalisation include: asset sales, downgrading their standard, centralising activities in a single asset, etc. Particularly for councils facing concerns with their capacity to maintain and renew their infrastructure, asset rationalisation may be an appropriate strategy to reduce further upward pressure on council costs.

Similar rationalisation may also be appropriate for various councils services. Over-servicing the population from funded programs such as HACC can place significant financial costs onto the broader community. Councils may have the capacity to reduce expenditure needs by rationalising these services.

What can be done to improve the revenue position (capacity) of councils?

Existing variation in taxation effort is largely explained by local political priorities for service provision and demographic and structural factors. The MAV believes that a majority of councils do not face significant financial challenges based on these variables. The data in this paper support the view that for most councils, local incomes and wealth are sufficient to support the current levels of rates and charges levied. However, certain pressure points may periodically arise with respect to responsibilities under specific purpose programs, particularly where the true costs of service provision are not recognised by State and Commonwealth governments and where responsibilities are being devolved.

The main issue with financial sustainability in Victoria largely concerns rural councils, with small population, large geographic areas and significant infrastructure portfolios. These municipalities already exhibit above average rating effort relative to state averages and local socio-economic characteristics. In addition, there is limited capacity for these councils to raise revenue through the imposition of LCFFs given their scope of activities. These councils have also been more susceptible to variable management and decision-making in the past. A relatively small decision-making error in these councils is likely to have significant consequences due to their size. While there are always opportunities to improve the efficiency of any business, the real resolution of the issues facing councils can only be achieved through the following recommendations.

The MAV believes that in order to maintain the viability of the sector the following reforms are appropriate for consideration by other levels of government:

1. Structural adjustment is required across Australian local government to overcome entrenched financial concerns. Adjustment will involve significant reform to councils, including improved financial and asset management practices and council consolidation (where this has not already occurred). To support councils, further funding assistance should be provided to at-risk councils from the Commonwealth Government.

   Such a pool of funding would target those councils with clear sustainability concerns for a specific period of time. To ensure funding is used for internal adjustment, it would be essential that efficiency criteria are used in the distribution of these grants. In particular, the MAV believes that councils would need to accurately identify their infrastructure gap, identify a plan to overcome the gap, identify options for internal efficiency reform and the introduction of appropriate management systems and to produce detailed community plans to match community expectations with local government services.

2. Better targeting of major specific purpose programs to ensure that some councils are not over-serviced while other councils lack support.

3. Increase funding for specific purpose programs that currently under-fund councils, requiring cross-subsidy from rates income. Many of the services delivered by councils on behalf of Commonwealth and State governments are characterised by insufficient funding and require a major cross subsidy from the rates. The Commonwealth and State governments should either increase funding and/or the fees able to be levied by councils in order to recoup more of the full cost of delivering these services.

4. Councils in the at-risk category should consider withdrawing or rationalising services where the level of cost-recovery and/or cost-benefit is low. This may involve rejecting government grant programs based on an inability to fully recoup costs, reducing the level of a service, and resisting community demands to take on additional responsibilities.

Appendix 1: Attributes of Victorian Councils

Council	Area Sq Km	Kms Local Roads	Kms Local Sealed Roads	2005r	2006p	Average Annual Popn. Change 5 yrs	Average Annual Popn Change 1 yr	Latest SEIFA Indexes
ALPINE (S)	4,885	800	297	13,312	13,427	0.8%	0.9%	1.01
ARARAT (RC)	4,210	2,246	641	11,435	11,424	-0.5%	-0.1%	0.87
BALLARAT (C)	727	1,275	928	88,618	90,303	1.6%	1.9%	0.92
BANYULE (C)	63	557	551	117,455	117,930	-0.1%	0.4%	1.18
BASS COAST (S)	865	1,040	480	29,512	30,191	3.3%	2.3%	0.83
BAW BAW (S)	4,031	1,782	851	38,658	39,765	1.8%	2.9%	0.93
BAYSIDE (C)	36	351	351	89,335	89,852	0.2%	0.6%	1.44
BENALLA (C)	2,341	1,340	552	14,055	14,134	0.2%	0.6%	0.91
BOROONDARA (C)	60	582	578	158,320	158,878	0.2%	0.4%	1.52
BRIMBANK (C)	123	830	811	175,953	177,807	1.1%	1.1%	0.83
BULOKE (S)	8,004	5,168	1,017	7,017	6,981	-1.0%	-0.5%	0.88
CAMPASPE (S)	4,519	4,077	1,126	37,786	38,261	1.0%	1.3%	0.90
CARDINIA (S)	1,281	1,349	436	57,134	60,276	5.1%	5.5%	1.00
CASEY (C)	410	1,288	1,058	216,995	223,424	4.2%	3.0%	0.99
CENTRAL GOLDFIELDS (S)	1,536	1,119	492	12,994	13,041	-0.1%	0.4%	0.73
COLAC-OTWAY (S)	3,530	1,670	587	21,676	21,802	0.7%	0.6%	0.88
CORANGAMITE (S)	4,600	2,723	905	17,297	17,344	-0.2%	0.3%	0.92
DAREBIN (C)	53	508	504	127,911	129,114	0.2%	0.9%	0.94
EAST GIPPSLAND (S)	20,941	2,837	1,027	41,411	42,075	1.3%	1.6%	0.83
FRANKSTON (C)	129	664	626	120,539	122,247	1.4%	1.4%	0.97
GANNAWARRA (S)	3,740	2,281	507	11,811	11,851	-0.3%	0.3%	0.87
GLEN EIRA (C)	39	427	427	122,908	123,567	0.1%	0.5%	1.28
GLENELG (S)	6,224	2,627	1,140	20,265	20,337	-0.1%	0.4%	0.86
GOLDEN PLAINS (S)	2,706	1,831	908	16,862	17,255	2.7%	2.3%	0.92
GREATER BENDIGO (C)	2,998	2,965	1,346	95,855	97,774	1.6%	2.0%	0.90
GREATER DANDENONG (C)	130	626	590	127,297	128,745	0.0%	1.1%	0.75
GREATER GEELONG(C)	1,250	2,026	1,577	204,875	207,515	1.3%	1.3%	0.94
GREATER SHEPPARTON (C)	2,420	2,463	1,025	60,463	61,420	1.1%	1.6%	0.89
HEPBURN (S)	1,463	1,299	588	14,809	14,959	0.6%	1.0%	0.86
HINDMARSH (S)	7,422	3,257	574	6,349	6,316	-0.9%	-0.5%	0.85
HOBSON'S BAY (C)	65	421	418	83,252	83,502	0.0%	0.3%	0.99
HORSHAM (RC)	4,239	2,948	943	19,165	19,528	1.0%	1.9%	0.94
HUME (C)	504	947	913	151,850	155,829	2.8%	2.6%	0.90
INDIGO (S)	2,019	1,860	423	15,282	15,487	1.0%	1.3%	0.97
KINGSTON (C)	91	582	571	136,966	137,751	0.6%	0.6%	1.08
KNOX (C)	114	706	686	149,822	150,444	0.4%	0.4%	1.13
LATROBE (C)	1,405	1,458	871	70,416	71,073	0.1%	0.9%	0.85
LODDON (S)	6,701	4,706	919	8,367	8,351	-0.6%	-0.2%	0.81
MACEDON RANGES (S)	1,749	1,502	771	40,800	41,586	2.0%	1.9%	1.11
MANNINGHAM (C)	112	589	559	113,607	113,825	0.0%	0.2%	1.31
MANSFIELD (C)	3,907	840	198	7,249	7,460	1.9%	2.9%	0.91
MARIBYRNONG (C)	31	275	273	62,285	62,986	0.6%	1.1%	0.86
MAROONDAH (C)	64	478	468	101,071	101,229	0.2%	0.2%	1.14
MELBOURNE (C)	36	188	188	65,044	67,193	5.8%	3.3%	1.32
MELTON (S)	530	763	595	76,188	83,002	9.5%	8.9%	1.00
MILDURA (RC)	22,214	5,113	948	51,937	52,972	1.3%	2.0%	0.86
MITCHELL (S)	2,847	1,389	588	32,532	33,144	3.1%	1.9%	0.94
MOIRA (S)	4,058	3,573	1,011	27,925	28,671	1.4%	2.7%	0.87
MONASH (C)	81	725	721	161,980	162,838	0.0%	0.5%	1.19
MOONEE VALLEY (C)	44	422	421	108,943	109,248	-0.2%	0.3%	1.10
MOORABOOL (S)	2,112	1,439	890	26,688	27,150	1.6%	1.7%	0.98
MORELAND (C)	51	516	516	135,877	136,596	0.0%	0.5%	0.96
MORNINGTON PENINSULA (S)	723	1,674	1,301	140,062	141,777	1.4%	1.2%	1.02
MOUNT ALEXANDER (S)	1,531	1,240	500	17,285	17,339	0.2%	0.3%	0.84
MOYNE (S)	5,500	3,473	1,661	15,901	16,060	0.4%	1.0%	0.93
MURRINDINDI (S)	3,889	1,213	453	14,071	14,367	1.0%	2.1%	0.92
NILLUMBIK (S)	436	701	379	60,834	61,090	0.1%	0.4%	1.35
NORTHERN GRAMPIANS (S)	5,918	3,412	720	12,683	12,526	-0.8%	-1.2%	0.87

Council	Area Sq Km	Kms Local Roads	Kms Local Sealed Roads	2005r	2006p	Average Annual Popn. Change 5 yrs	Average Annual Popn Change 1 yr	Latest SEIFA Indexes
PORT PHILLIP (C)	20	211	210	83,489	84,136	0.9%	0.8%	1.36
PYRENEES (S)	3,432	2,026	743	6,549	6,576	-0.2%	0.4%	0.79
QUEENSCLIFFE (B)	12	45	44	3,193	3,230	-0.3%	1.2%	1.13
SOUTH GIPPSLAND (S)	3,297	2,085	816	27,187	27,440	1.0%	0.9%	0.91
SOUTHERN GRAMPIANS (S)	6,810	2,659	1,694	16,883	16,831	-0.4%	-0.3%	0.92
STONNINGTON (C)	25	257	257	90,302	90,587	0.1%	0.3%	1.49
STRATHBOGIE (S)	3,293	2,190	733	9,618	9,722	0.2%	1.1%	0.83
SURF COAST (S)	1,554	1,016	517	23,090	24,195	3.0%	4.8%	1.10
SWAN HILL (RC)	6,103	3,496	943	21,513	21,611	0.2%	0.5%	0.86
TOWONG (S)	6,641	1,258	389	6,175	6,181	-0.4%	0.1%	0.93
WANGARATTA (RC)	3,677	1,941	666	26,736	26,959	0.2%	0.8%	0.89
WARRNAMBOOL (C)	120	283	247	31,048	31,569	1.3%	1.7%	0.93
WELLINGTON (S)	10,990	3,161	1,378	41,684	42,147	0.3%	1.1%	0.91
WEST WIMMERA (S)	9,024	2,765	807	4,711	4,697	-0.8%	-0.3%	0.86
WHITEHORSE (C)	64	604	600	144,566	145,137	-0.3%	0.4%	1.22
WHITTLESEA (C)	490	780	678	127,590	130,171	2.0%	2.0%	0.89
WODONGA (RC)	432	446	343	34,958	35,280	1.7%	0.9%	0.93
WYNDHAM (C)	538	901	782	115,914	122,574	7.1%	5.7%	1.03
YARRA (C)	20	215	215	69,927	70,573	0.5%	0.9%	1.21
YARRA RANGES (S)	2,471	1,755	904	142,668	142,701	0.0%	0.0%	1.06
YARRIAMBIACK (S)	7,176	4,808	765	7,913	7,853	-1.1%	-0.8%	0.90
All	**227,896**	**128,063**	**55,136**	**5,022,703**	**5,091,209**	**1.2%**	**1.4%**	**0.99**