

Corangamite Shire Council

Group: large shire

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 large shires. 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.

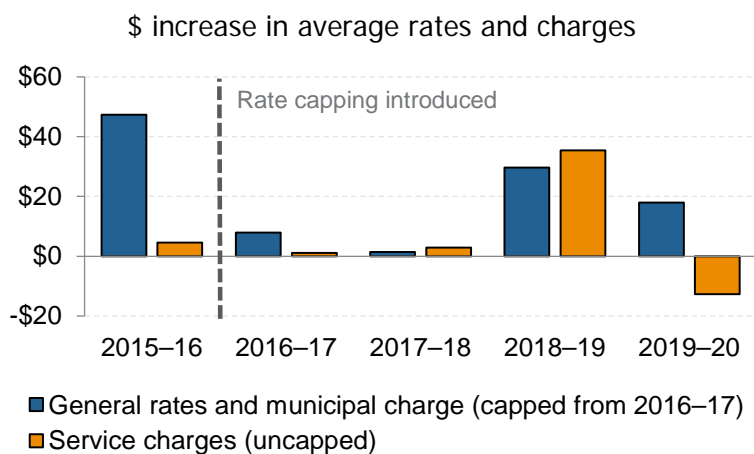


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| Key facts | |
|---|--------|
| Population (June 2019): | 16,020 |
| Size (km ²): | 4,408 |
| Length of local roads (km): | 2,369 |
| Population per km of roads: | 7 |
| Council employees (FTE, 2019–20): | 187 |
| Submitted an application for a higher 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 | \$2,175 | n/a |
| 2016–17 | \$2,184 | 2.50% |
| 2017–18 | \$2,188 | 2.00% |
| 2018–19 | \$2,253 | 2.25% |
| 2019–20 | \$2,258 | 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%) |
|---|-----------------|-----------------|
| Immaterially non-compliant (0.01 above the cap) | Yes | Yes |

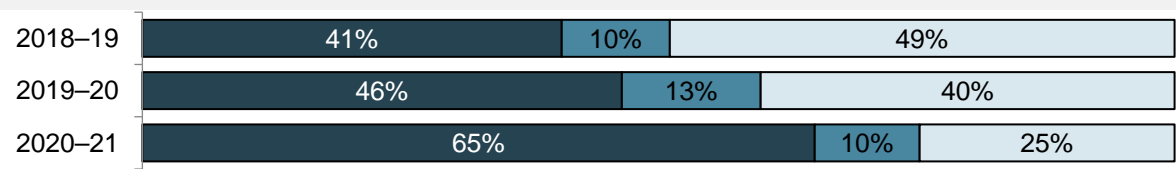
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 4 differential rates (for different types of property), a municipal charge 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 |
|--|--|--|---|--|
| | 64% of ratepayers | 7% of ratepayers | <1% of ratepayers | 28% of ratepayers |
| | \$8.4m (38%) of rates and charges revenue in 2019–20 | \$0.8m (4%) of rates and charges revenue in 2019–20 | \$2.2m (10%) of rates and charges revenue in 2019–20 | \$10.6m (48%) of rates and charges revenue in 2019–20 |
| | 2% average annual increase between 2015–16 and 2019–20 | 1% average annual increase between 2015–16 and 2019–20 | -9.9% average annual increase between 2015–16 and 2019–20 | 1.4% 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?

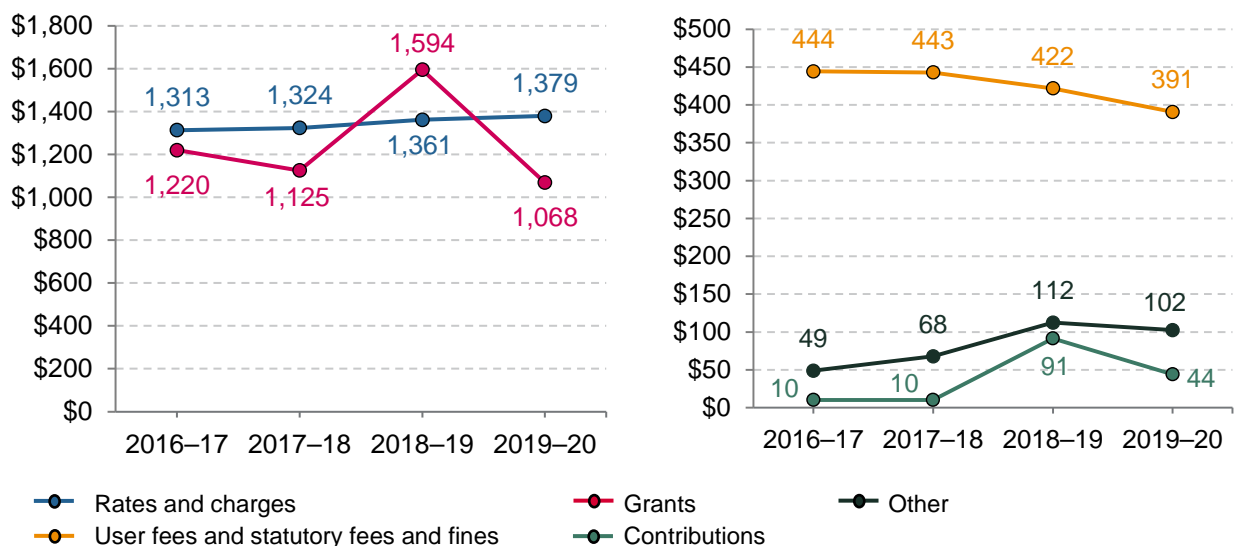
Revenue (2019–20 \$m and % of total revenue)

| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|--|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | \$m | % | \$m | % | \$m | % | \$m | % |
| Rates and charges | 21.3 | (43%) | 21.5 | (45%) | 22.0 | (38%) | 22.1 | (46%) |
| User fees and statutory fees and fines | 7.2 | (15%) | 7.2 | (15%) | 6.8 | (12%) | 6.3 | (13%) |
| Grants | 19.8 | (40%) | 18.2 | (38%) | 25.7 | (45%) | 17.1 | (36%) |
| Contributions | 0.2 | (0%) | 0.2 | (0%) | 1.5 | (3%) | 0.7 | (1%) |
| Other | 0.8 | (2%) | 1.1 | (2%) | 1.8 | (3%) | 1.6 | (3%) |
| Total | 49.3 | | 48.1 | | 57.8 | | 47.8 | |

In real terms, Corangamite Shire Council's total revenue was relatively stable between 2016–17 and 2019–20, except for an increase in 2018–19 when council received one-off natural disaster grants, and additional operating grants to improve council processes.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 83 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 grants fluctuated between 2016–17 and 2019–20. Revenue per person from rates and charges and contributions trended upwards in real terms over the same period.

Expenditure



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

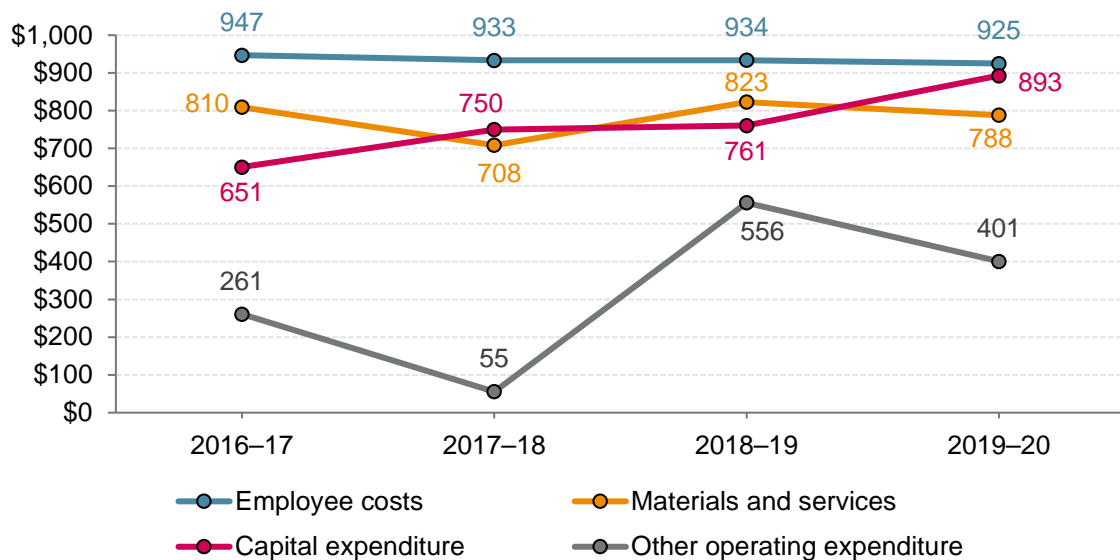
Expenditure (2019–20 \$m and % of total expenditure)

| | 2016–17 | 2017–18 | 2018–19 | 2019–20 |
|-----------------------------|-------------|-------------|-------------|-------------|
| | \$m | \$m | \$m | \$m |
| Operating expenditure | 32.8 (76%) | 27.5 (69%) | 37.3 (75%) | 33.9 (70%) |
| Employee costs | 15.4 (35%) | 15.1 (38%) | 15.1 (30%) | 14.8 (31%) |
| Materials and services | 13.1 (30%) | 11.5 (29%) | 13.3 (27%) | 12.6 (26%) |
| Other operating expenditure | 4.2 (10%) | 0.9 (2%) | 9.0 (18%) | 6.4 (13%) |
| Capital expenditure | 10.6 (24%) | 12.2 (31%) | 12.3 (25%) | 14.3 (30%) |
| Total | 43.3 | 39.7 | 49.6 | 48.2 |

In real terms, Corangamite Shire Council's total expenditure increased between 2016–17 and 2019–20 due to increases in other operating expenditure and capital expenditure. Employee costs and expenditure on materials and services decreased in real terms between 2016–17 and 2019–20.

Employee costs was council's largest area of expenditure between 2016–17 and 2019–20, although the proportion of council's expenditure it accounted for reduced over this period. In 2019–20, council's capital expenditure was almost equal to its employee costs.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), capital expenditure increased between 2016–17 and 2019–20, while employee costs trended downwards in real terms. Expenditure on materials and services, and 'other operating expenditure' fluctuated in real terms between 2016–17 and 2019–20.



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Has council's capital expenditure pattern changed?

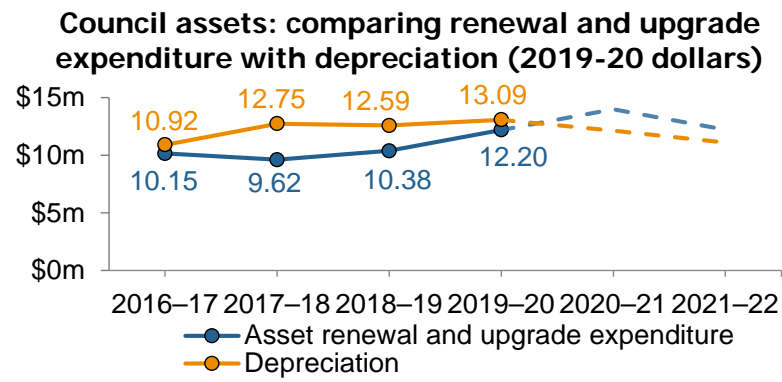
Capital expenditure (2019–20 \$m and % of total capital expenditure)

| | 2016–17 | | 2017–18 | | 2018–19 | | 2019–20 | |
|--------------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | \$m | | \$m | | \$m | | \$m | |
| Renewal | 10.0 | (95%) | 9.5 | (78%) | 10.0 | (81%) | 10.1 | (70%) |
| Upgrade | 0.1 | (1%) | 0.1 | (1%) | 0.4 | (3%) | 2.1 | (15%) |
| Expansion | 0.0 | (0%) | 0.0 | (0%) | 0.0 | (0%) | 0.0 | (0%) |
| New | 0.4 | (4%) | 2.5 | (21%) | 1.9 | (15%) | 2.1 | (15%) |
| Total | 10.6 | | 12.2 | | 12.3 | | 14.3 | |

Corangamite Shire Council's capital expenditure trended upwards in real terms between 2016–17 and 2019–20, with a focus on asset renewal (which remained relatively consistent and accounted for over 70 per cent of capital expenditure in each of these years).

In real terms, there was a jump in council's spending on new assets in 2017–18, while spending on asset upgrades increased in 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

| | |
|---------|----------------------|
| 2016–17 | 93% |
| 2017–18 | 75% |
| 2018–19 | 82% |
| 2019–20 | 93% |
| 2020–21 | 115% (forecast data) |
| 2021–22 | 110% (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.

Renewal and upgrade spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use) between 2016–17 and 2019–20. However, this spending was forecast to increase above 100 per cent of depreciation in 2020–21 and 2021–22.



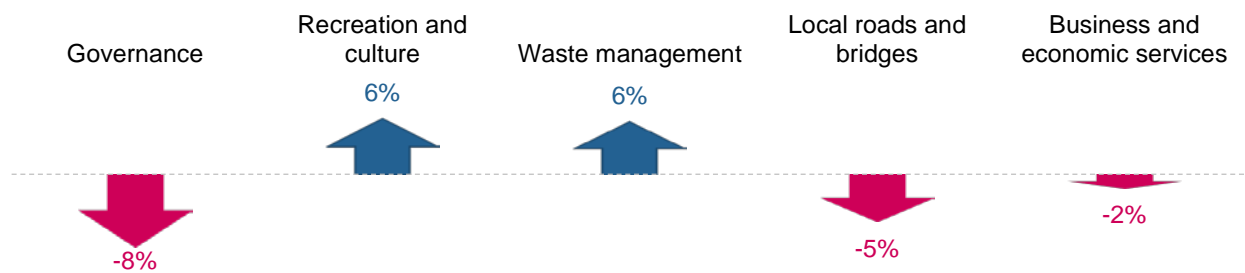
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Which service areas is council spending its money in?

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

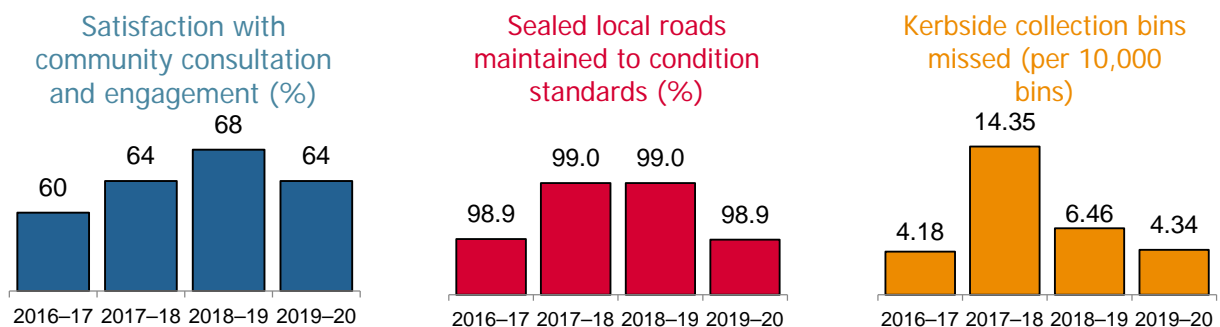
| | 2016–17 | 2017–18 | 2018–19 | 2019–20 |
|--------------------------------|-------------|-------------|-------------|-------------|
| | \$m | \$m | \$m | \$m |
| Aged and disabled services | 1.9 (4%) | 1.8 (4%) | 1.8 (5%) | 1.9 (4%) |
| Business and economic services | 2.9 (6%) | 2.8 (7%) | 2.6 (7%) | 2.8 (6%) |
| Environment | 2.8 (6%) | 1.9 (4%) | 1.7 (4%) | 2.8 (6%) |
| Family and community services | 3.4 (7%) | 3.6 (9%) | 3.3 (8%) | 3.5 (8%) |
| Governance | 8.7 (19%) | 9.4 (22%) | 5.4 (14%) | 6.8 (15%) |
| Local roads and bridges | 15.6 (33%) | 16.2 (38%) | 13.3 (34%) | 13.3 (30%) |
| Recreation and culture | 5.0 (11%) | 4.3 (10%) | 4.9 (13%) | 5.9 (13%) |
| Traffic and street management | 1.5 (3%) | 0.9 (2%) | 1.6 (4%) | 1.7 (4%) |
| Waste management | 4.3 (9%) | 1.0 (2%) | 4.3 (11%) | 5.1 (11%) |
| Other | 0.7 (2%) | 0.5 (1%) | 0.5 (1%) | 0.4 (1%) |
| Total | 46.8 | 42.3 | 39.4 | 44.2 |

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality and community satisfaction?

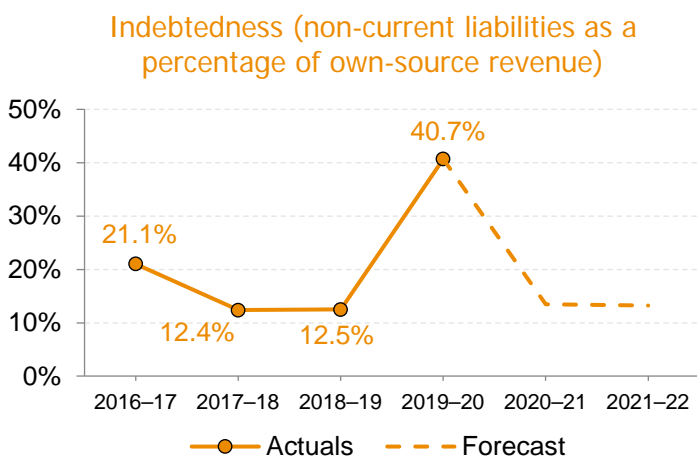
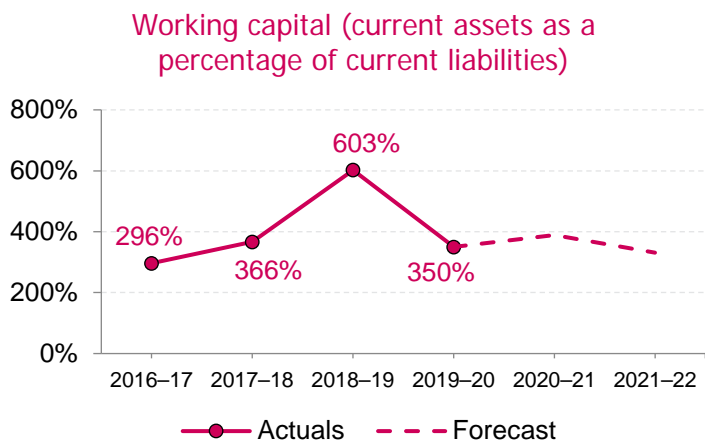
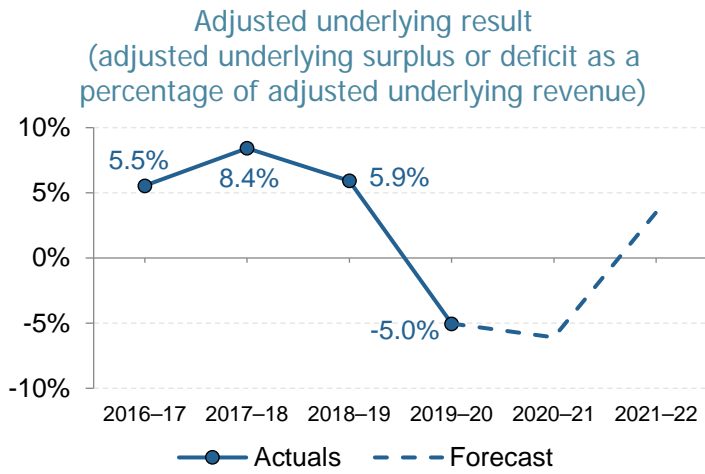


Financial position



See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2016–17 and 2019–20, Corangamite Shire Council reported an average **adjusted underlying result** of 3.7 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 reflects an increase in expenditure and reduction in grant funding (related to capital projects carried forward), and also the impacts of coronavirus (both reduced revenue and increased costs).

Council could meet its current financial obligations with a reported average **working capital ratio** of 404 per cent between 2016–17 and 2019–20. The increase in 2018–19 reflects grant revenue and other cash reserves for future capital projects.

The reported average **indebtedness ratio** of 21.7 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 increase in 2019–20 reflects an increase in non-current liabilities (due to a change in accounting standards relating to recognition of future commitments for leases and grants).

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.