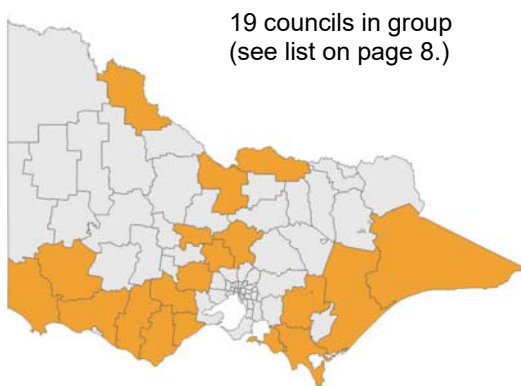


Large shire council group

This fact sheet uses graphs and data to examine revenue, expenditure and financial sustainability for the large shire group of councils over recent years.

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. You can compare your council's data against its 'group' by looking at the relevant fact sheet. Unless otherwise indicated, the averages presented in this fact sheet are for the large shire group as a whole, not the average of the results for individual councils.



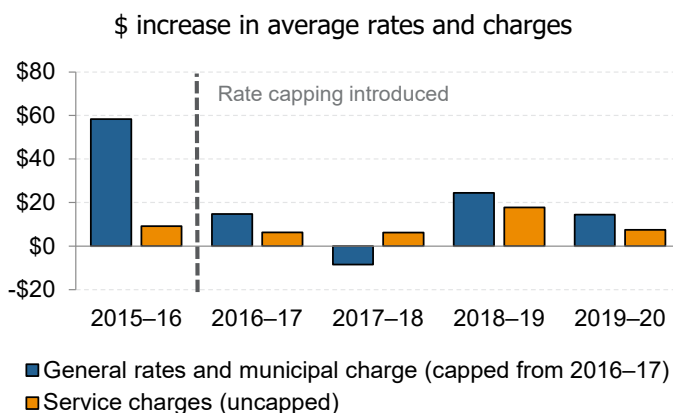
© OpenStreetMap contributors

Key facts

Population (June 2019, average):	31,480
Size (km ² , average):	4,912
Length of local roads (km, average):	2,330
Population per km of roads:	14
Council employees (FTE, 2019–20, average):	268
Number of applications for a higher cap for any year between 2016–17 and 2019–20	1 application from 1 council (0 unsuccessful)

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Minister's rate cap
2015–16	\$1,947	n/a
2016–17	\$1,968	2.50%
2017–18	\$1,966	2.00%
2018–19	\$2,008	2.25%
2019–20	\$2,030	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.

How many large shire councils complied with the applicable rate caps?

	2018–19	2019–20	2020–21
Councils complying with applicable cap	17 of 19	19 of 19	19 of 19
Councils with an approved higher cap	0 of 19	0 of 19	0 of 19

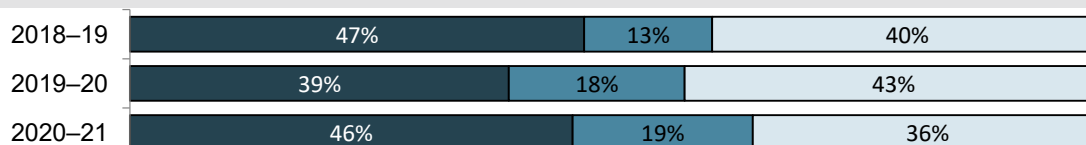
How have rates changed for different ratepayers?

Council rating strategies 2020–21

Information about councils' differential rate categories and charges can be found in their adopted budgets.

Distribution of rates increases and decreases

The applicable rate cap is applied to each 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
	81% of ratepayers	4% of ratepayers	1% of ratepayers	14% of ratepayers
	\$28.7m (72%) of rates and charges revenue in 2019–20	\$3.2m (8%) of rates and charges revenue in 2019–20	\$0.7m (2%) of rates and charges revenue in 2019–20	\$7.1m (18%) of rates and charges revenue in 2019–20
	1.1% average annual increase between 2016–17 and 2019–20	1.1% average annual increase between 2016–17 and 2019–20	1.5% average annual increase between 2016–17 and 2019–20	1.8% average annual increase between 2016–17 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.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Where are councils in the large shire group getting their money from?

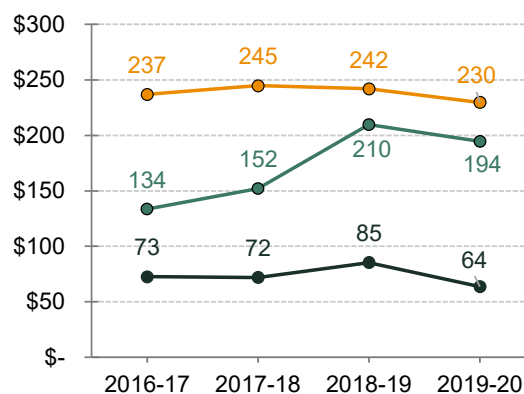
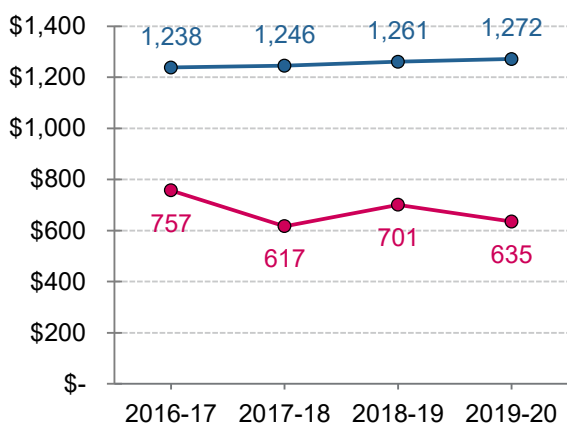
Average revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	37.3	(51%)	38.1	(53%)	39.1	(50%)	40.0	(53%)
User fees and statutory fees and fines	7.1	(10%)	7.5	(11%)	7.5	(10%)	7.2	(10%)
Grants	22.8	(31%)	18.9	(26%)	21.7	(28%)	20.0	(27%)
Contributions	4.0	(5%)	4.6	(7%)	6.5	(8%)	6.1	(8%)
Other	2.2	(3%)	2.2	(3%)	2.6	(3%)	2.0	(3%)
Total	73.5		71.2		77.5		75.4	

In real terms, the large shire council group's average total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges and contributions. Revenue from grants fluctuated, reflecting an advance payment of Commonwealth financial assistance grants in 2016–17, and the receipt of regional improvement and natural disaster grants in 2018–19.

Rates and charges was the largest source of revenue for the group, accounting for 52 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



● Rates and charges ● Grants ● Other
● User fees and statutory fees and fines ● Contributions

In terms of revenue per person (which adjusts for population growth), revenue from grants fluctuated in real terms between 2016–17 and 2019–20. This compares with an upward trend in revenue per person from rates and charges, and contributions.

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 are councils in the large shire group spending?

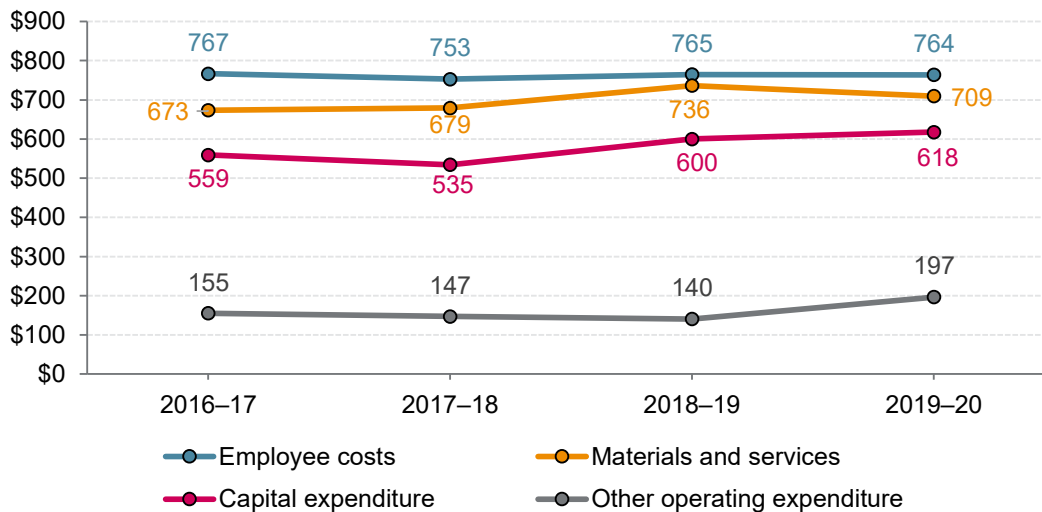
Average expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	48.1	(74%)	48.3	(75%)	50.9	(73%)	52.6	(73%)
Employee costs	23.1	(36%)	23.0	(36%)	23.7	(34%)	24.1	(33%)
Materials and services	20.3	(31%)	20.8	(32%)	22.8	(33%)	22.3	(31%)
Other operating expenditure	4.7	(7%)	4.5	(7%)	4.4	(6%)	6.2	(9%)
Capital expenditure	16.9	(26%)	16.3	(25%)	18.6	(27%)	19.4	(27%)
Total	64.9		64.6		69.5		72.0	

In real terms, the large shire council group's average total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, particularly capital expenditure in 2018–19 and 2019–20, and 'other operating expenditure' in 2019–20.

Employee costs was the group's largest area of expenditure, accounting for 35 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), all areas of the large shire council group's expenditure (except employee costs) trended upwards between 2016–17 and 2019–20. Employee costs per person decreased in real terms between 2016–17 and 2019–20.



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.

Has the capital expenditure pattern changed?

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

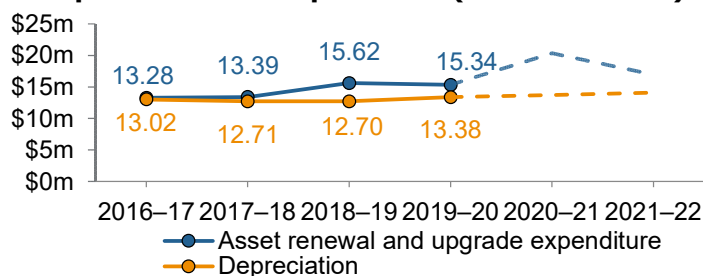
	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	10.6	(63%)	10.4	(64%)	12.5	(67%)	11.6	(60%)
Upgrade	2.7	(16%)	3.0	(18%)	3.1	(17%)	3.7	(19%)
Expansion	0.7	(4%)	0.5	(3%)	0.6	(3%)	1.0	(5%)
New	2.9	(17%)	2.4	(15%)	2.4	(13%)	3.1	(16%)
Total	16.9		16.3		18.6		19.4	

In real terms, the large shire council group's average spending on asset upgrades trended upwards between 2016–17 and 2019–20. Spending across all other categories trended upwards following a drop in 2017–18.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 60 to 67 per cent of total capital expenditure). Asset upgrades overtook new assets as the second highest share from 2017–18.

Are councils in the large shire group renewing their assets (such as roads, parks and buildings)?

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	102%
2017–18	105%
2018–19	123%
2019–20	115%
2020–21	148% (forecast data)
2021–22	121% (forecast data)

Average spending by councils in the large shire group on the renewal and upgrade of assets trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20. This spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use).

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

Services



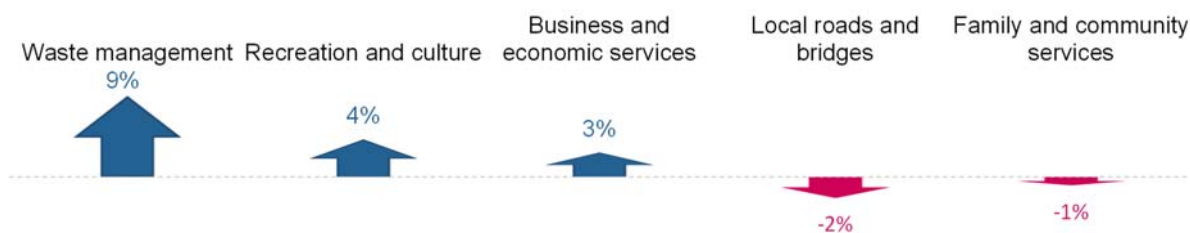
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Which service areas are councils in the large shire group spending their money in?

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

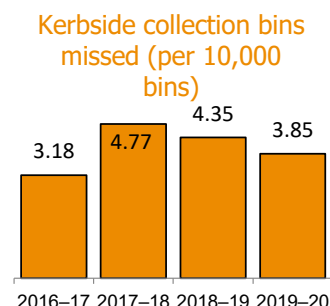
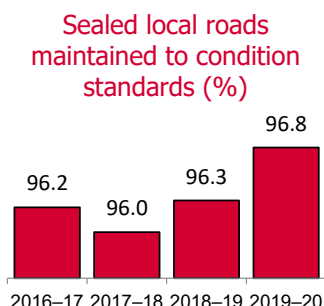
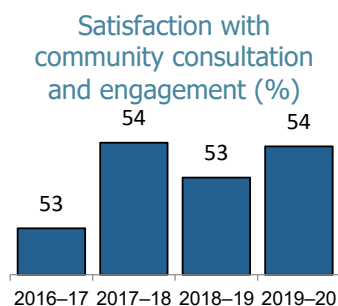
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	2.8 (5%)	2.5 (4%)	2.6 (4%)	2.4 (4%)
Business and economic services	5.7 (9%)	6.2 (10%)	6.2 (10%)	6.1 (10%)
Environment	2.8 (5%)	2.6 (4%)	3.0 (5%)	3.3 (5%)
Family and community services	3.6 (6%)	3.5 (6%)	3.4 (5%)	3.5 (6%)
Governance	13.2 (22%)	12.8 (22%)	13.9 (22%)	13.5 (22%)
Local roads and bridges	14.5 (24%)	13.4 (23%)	13.6 (22%)	13.6 (22%)
Recreation and culture	9.4 (16%)	9.8 (16%)	10.4 (17%)	10.6 (17%)
Traffic and street management	2.2 (4%)	2.4 (4%)	2.7 (4%)	2.8 (4%)
Waste management	5.3 (9%)	5.9 (10%)	6.5 (10%)	6.7 (11%)
Other	0.5 (1%)	0.3 (0%)	0.2 (0%)	0.3 (0%)
Total	60.0	59.4	62.4	62.8

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?



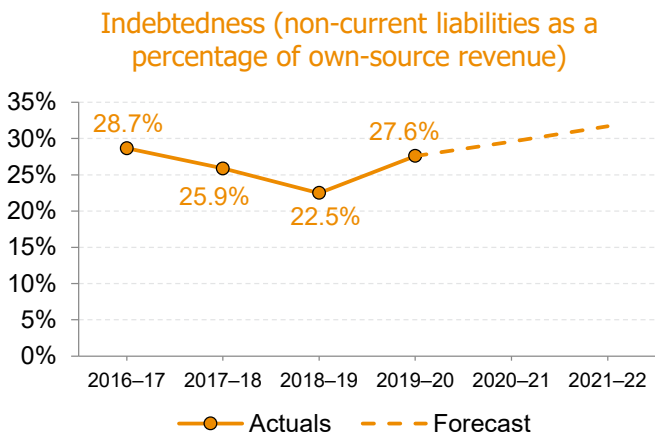
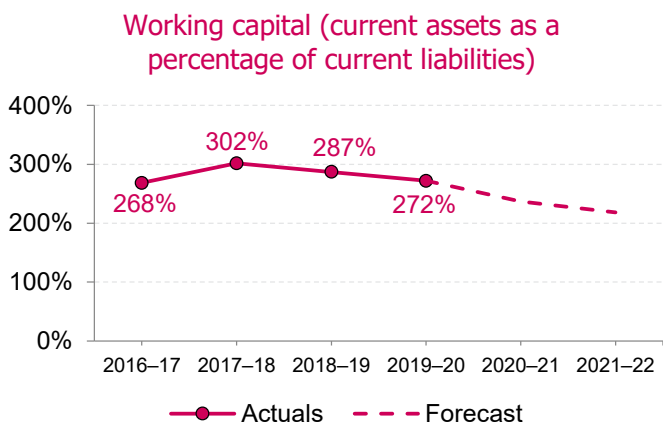
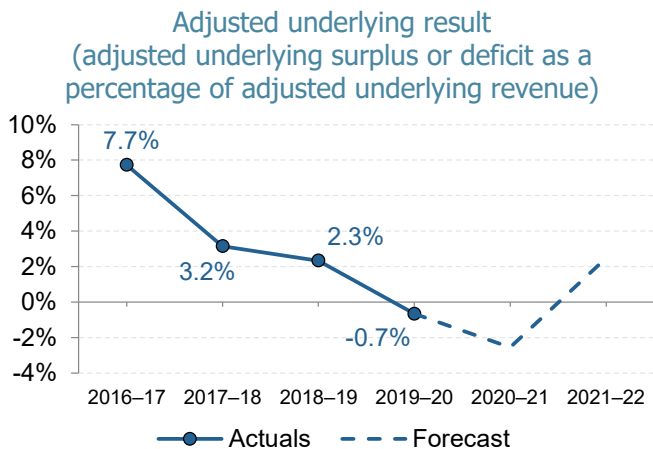
Note: These group results are an average of individual council results.

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.

Are councils in the large shire group operating sustainably?



Between 2016–17 and 2019–20, the large shire group had an average **adjusted underlying result** of 3.1 per cent.

The large shire group had an average **working capital ratio** of 282 per cent between 2016–17 and 2019–20.

Between 2016–17 and 2019–20, the large shire group had an average **indebtedness ratio** of 26.2 per cent.

Note: Some of the year-on-year change in the adjusted underlying result and the working capital ratio may be due to the timing of Commonwealth grant payments.

Large shire councils

Councils in this group	
Bass Coast Shire Council	Moira Shire Council
Baw Baw Shire Council	Moorabool Shire Council
Campaspe Shire Council	Mount Alexander Shire Council
Colac Otway Shire Council	Moyne Shire Council
Corangamite Shire Council	South Gippsland Shire Council
East Gippsland Shire Council	Southern Grampians Shire Council
Glenelg Shire Council	Surf Coast Shire Council
Golden Plains Shire Council	Swan Hill Rural City Council
Macedon Ranges Shire Council	Wellington Shire Council
Mitchell Shire Council	