

Large shire council group

This fact sheet uses graphs and other data to show whether there have been any significant changes in services, infrastructure and financial outcomes for the large shire group of councils since the introduction of rate capping — a system that restricts the amount a council can increase its general rates and municipal charges in each financial year.

A reader's guide is available to help you understand the terms used in this fact sheet. You can compare your council's data against its 'group' by looking at this fact sheet. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



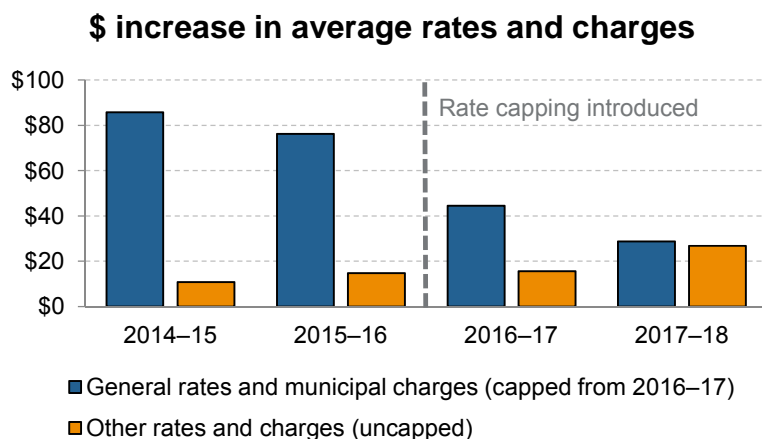
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Key Facts (average large shire council)

Population:	30,564
Size (km ²):	4912
Length of local roads (km):	2,299
Population per km of roads:	13.3
Council employees (FTE, 2017–18):	261
Number of applications for a higher cap for 2016–17 or 2017–18	1 application from 1 council (0 unsuccessful)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Minister's cap
2014–15	\$1,751	n/a
2015–16	\$1,842	n/a
2016–17	\$1,902	2.50%
2017–18	\$1,958	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

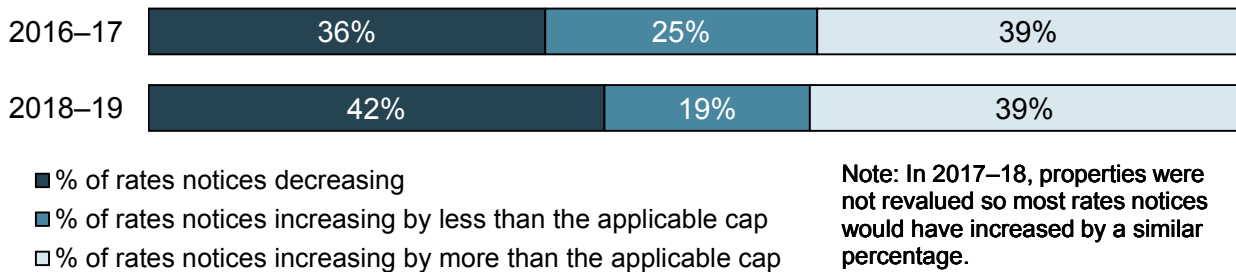
How many large shire councils complied with the applicable rate caps?

	2016–17	2017–18	2018–19
Councils with an approved higher cap	1 of 19	0 of 19	0 of 19
Councils complying with applicable cap	19 of 19	17 of 19	17 of 19

How have rates changed for individual ratepayers?

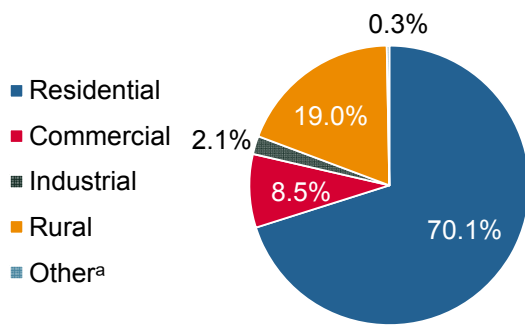
Distribution of rates increases and decreases in revaluation years

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 (or even decreased).



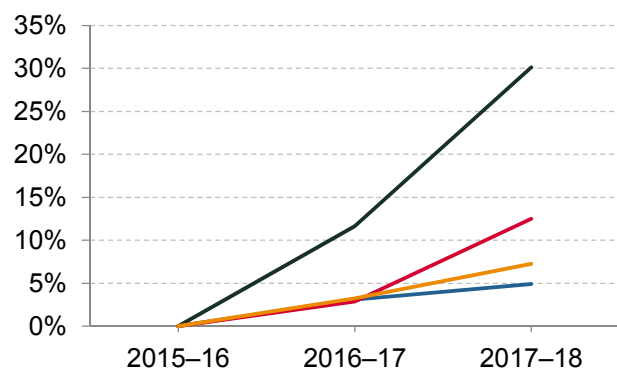
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^a Category has been omitted from the line chart

Percentage change in average rates and charges since 2015–16



Source: Victoria Grants Commission (unaudited data). Includes both capped and uncapped rates and charges.

Residential ratepayers pay the majority of the average large shire council's rates and charges. This group of ratepayers experienced an average 4.9 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rates increases can be due to relative changes in property valuations, and changes in property numbers, councils' rating structures, and uncapped rates and charges. For the group as a whole, average rates and charges (a combination of all classes) increased from \$1,842 to \$1,958 (6.3 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
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Where is the average large shire council's money coming from?

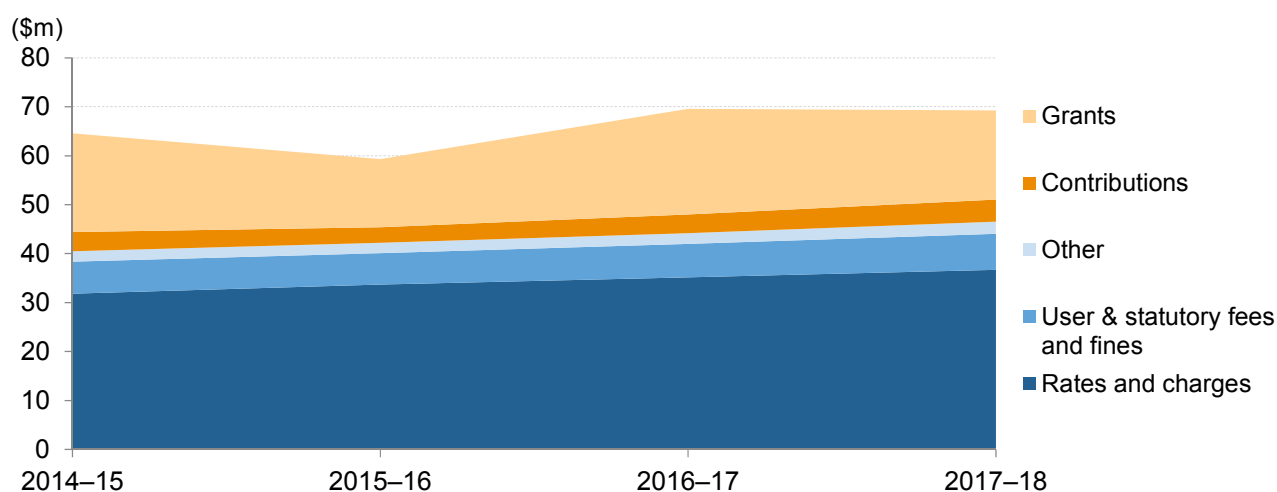
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	32.7	53	35.9	52
Grants	17.1	28	19.9	29
User fees and statutory fees and fines	6.5	10	7.1	10
Contributions	3.5	6	4.2	6
Other	2.1	3	2.3	3
Total	62.0	100	69.4	100

The average revenue for large shire councils across Victoria from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The changes in the composition of the average large shire council's revenue were a decrease in the proportion of revenue from rates and charges and an increase in the proportion of revenue from grants over the two years after rate capping commenced. The proportions of revenue from the other sources remained the same.

Note: Revenue from grants may have been affected by the advance payment of annual Commonwealth grant allocations in 2014–15, 2016–17 and 2017–18.

Revenue growth by source



Expenditure

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

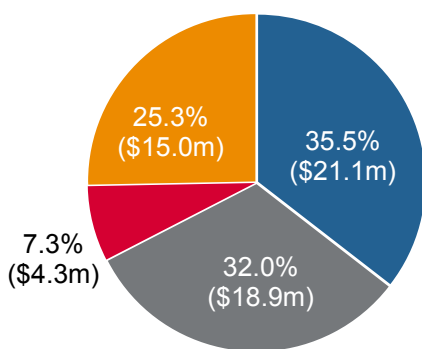
Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$44.8m	\$14.3m	\$1,532	\$490
2015–16	\$43.8m	\$15.7m	\$1,477	\$529
2016–17	\$45.5m	\$15.9m	\$1,510	\$529
2017–18	\$47.3m	\$15.8m	\$1,548	\$517

Operating expenses for the average large shire council trended upward in recent years, driven by higher employee costs and spending on materials and services. Capital expenditure was more stable, but also trended upward over the same period.

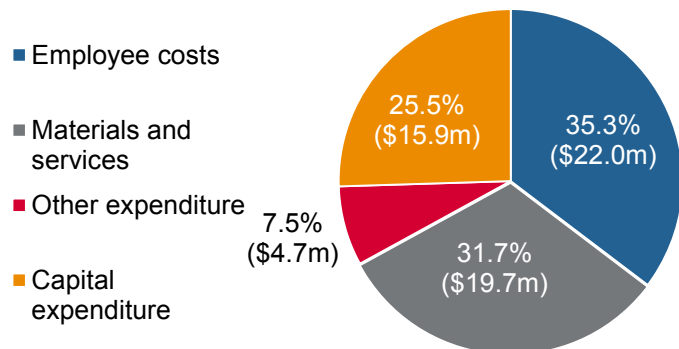
The ratio of capital expenditure to operating expenditure remained relatively stable over time, with a slight decline since 2015–16.

How is the average large shire council spending its money?

Average expenditure by category in the 2 years before rate capping

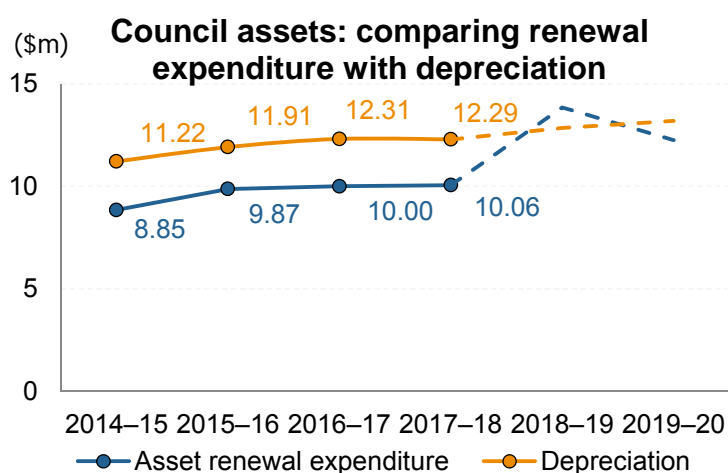


Average expenditure by category in the 2 years after rate capping



There were small changes in the composition of expenditure for the average large shire council, reflecting proportionally higher increases in average capital and 'other' expenditure in the two years after rate capping was introduced. Employee costs and spending on materials and services decreased as a proportion of total expenditure over the same period, despite increasing in terms of average dollars spent.

Is the average large shire council renewing its assets?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	79
2015-16	83
2016-17	81
2017-18	82
2018-19	108 (forecast data)
2019-20	93 (forecast data)

Spending on asset renewal for the average large shire council has trended upward in recent years, while remaining below the average amount of depreciation (the decline in value of council assets caused by age and use) for large shire councils. The average renewal expenditure is planned to increase above average depreciation in 2018-19.

This means asset renewal expenditure as a percentage of depreciation (asset renewal ratio) for the large shire council group as a whole is projected to be slightly above 100 per cent in 2018-19.

Note: Asset renewal ratio figures are for the large shire group as a whole, not the average asset renewal ratio amongst large shire councils.

Has the average large shire council's capital expenditure pattern changed?

Capital expenditure

	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)	
	\$m	% of total	\$m	% of total
Renewal	9.4	62	10.0	63
New	2.6	17	2.5	16
Upgrade	2.4	16	2.7	17
Expansion	0.7	5	0.6	4
Total	15.0	100	15.9	100

Average spending in the two years after rate capping was introduced has remained relatively stable for the average large shire council. Average spending on asset renewal and upgrade projects increased, while average spending on new assets and expansion projects decreased.

Services

See the reader's guide for data sources and useful information.
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Which service areas is the average large shire council spending its money in?

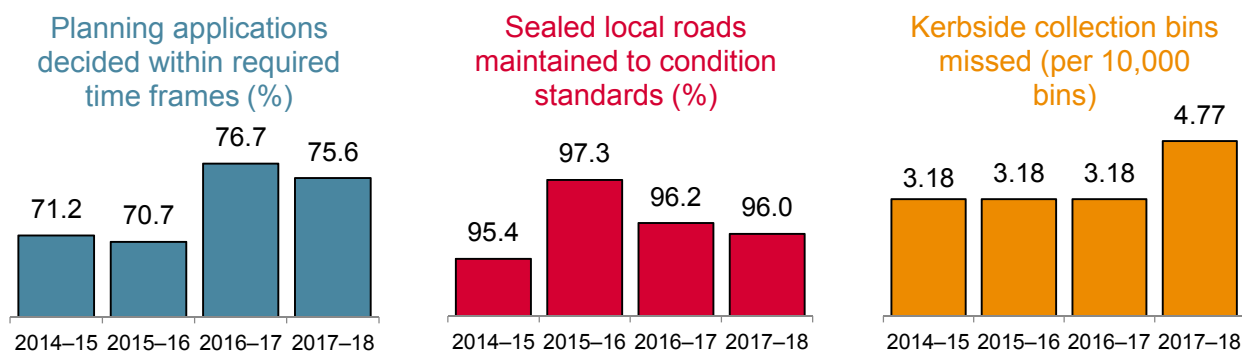
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	397	21.4	440	23.4
Governance	415	22.4	410	21.8
Recreation and culture	290	15.6	302	16.1
Business and economic services	187	10.1	187	9.9
Waste management	171	9.2	176	9.4
Family and community services	112	6.0	112	6.0
Environment	90	4.8	85	4.5
Aged and disabled services	91	4.9	83	4.4
Traffic and street management	90	4.8	72	3.8
Other	12	0.6	13	0.7

Which service areas have experienced the biggest changes in spending?



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

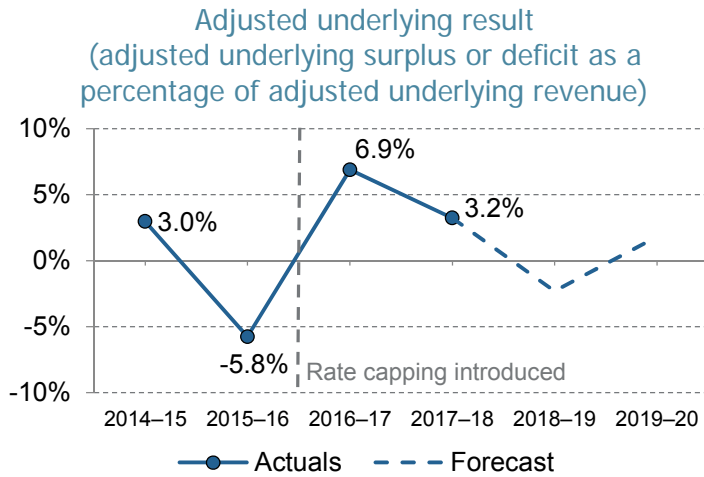
Has there been a change in service quality? (selected services only)



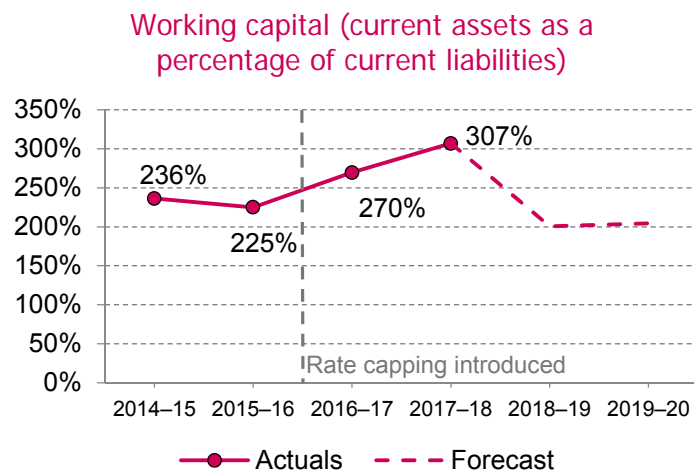
Financial position

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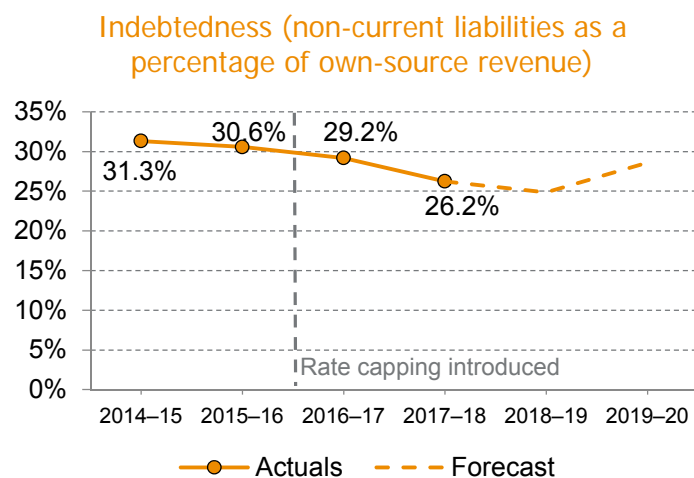
Is the average large shire council operating sustainably?



Between 2014-15 and 2017-18, the large shire council group reported an average **adjusted underlying result** of 1.8 per cent. A positive result indicates that there is enough ongoing revenue to continue to fund the current level of service provision.



Working capital for the average large shire council trended upward between 2014-15 and 2017-18. This was due to a number of councils building up cash reserves to fund future capital works. Overall, the high ratio indicates that councils are well placed to fund their short term obligations.



The falling **indebtedness** ratio reflects large shire councils repaying some of their borrowings. In 2014-15, 19 large shire councils had \$136.1 million in long term borrowings on their balance sheets. In 2017-18, this figure for 18 councils was \$115.6 million.

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	