

# Southern Grampians Shire Council

## Group: Large Shire

This fact sheet uses graphs and other data to show whether there have been any significant changes in this council's services, infrastructure and financial outcomes 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 this council's data against its 'group' by looking at the fact sheet for large shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <http://www.esc.vic.gov.au/outcomes-reports>.



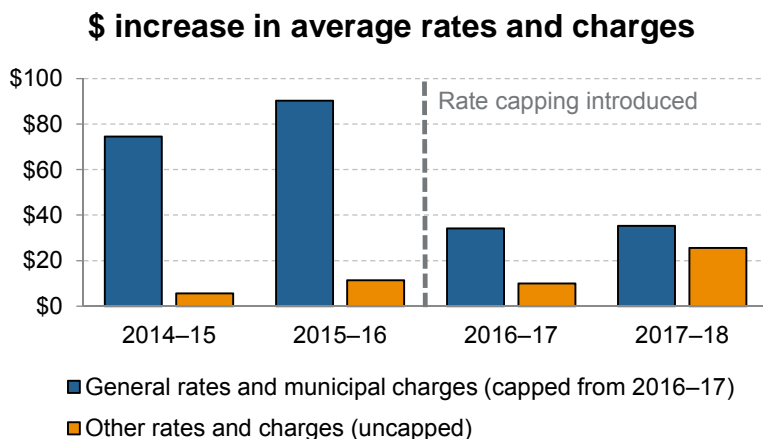
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### Key facts

Population:	16,125
Size (km <sup>2</sup> ):	6,654
Length of local roads (km):	2,988
Population per km of roads:	5.4
Council employees (FTE, 2017–18):	222
Submitted an application for a higher cap for 2016–17 or 2017–18?	No

## Rates

### What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,592	n/a
2015–16	\$1,693	n/a
2016–17	\$1,737	2.50%
2017–18	\$1,798	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.

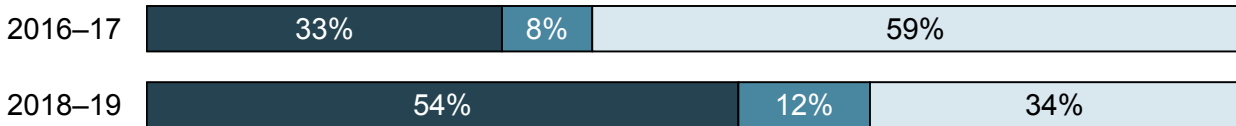
## Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Yes

## How have rates changed for individual ratepayers?

### Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

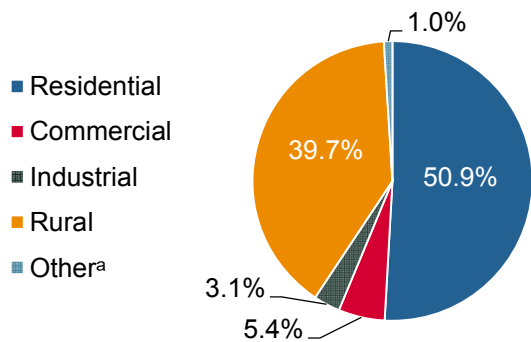


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

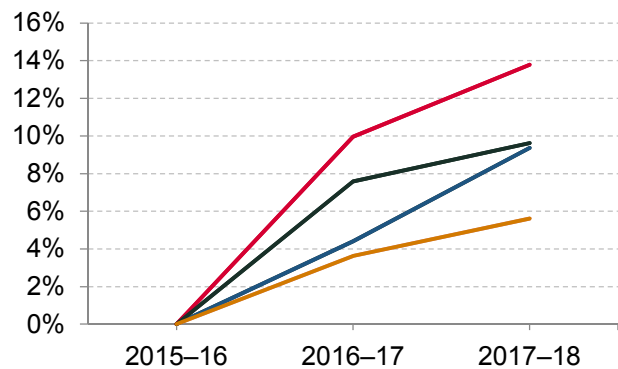
## Ratepayers by property class

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



<sup>a</sup> 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 Southern Grampians Shire Council's rates and charges. This group of ratepayers, on average, experienced a 9.4 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rate increases can be due to relative changes in property valuations, and changes in property numbers, the council's rating structure, and uncapped rates and charges. Council's average rates and charges (a combination of all classes) increased from \$1,693 to \$1,798 (6.2 per cent) over the same period.

# Revenue

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

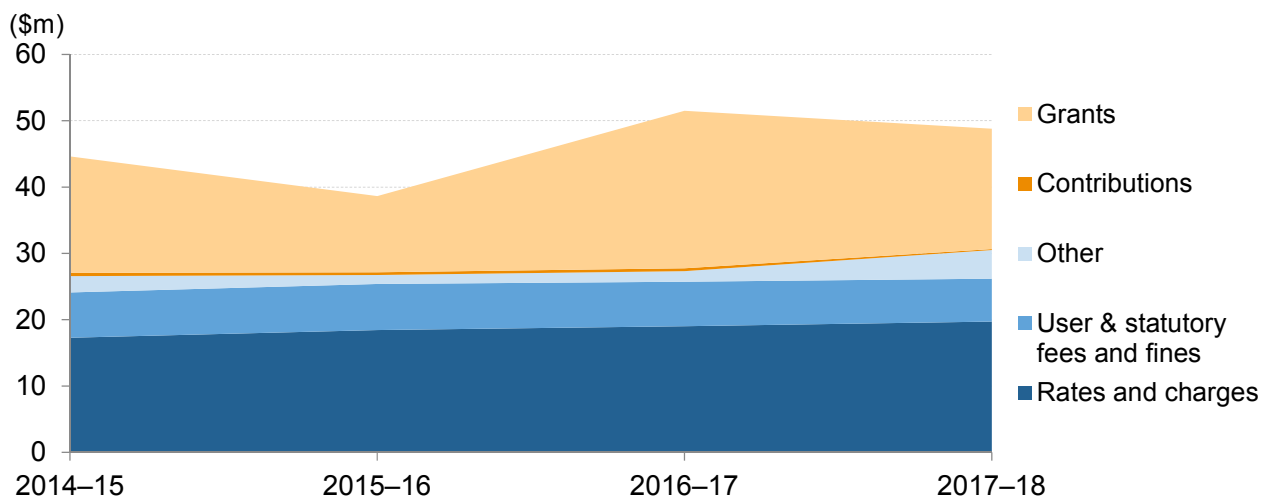
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	17.9	43	19.4	39
Grants	14.5	35	21.0	42
User fees and statutory fees and fines	6.9	17	6.6	13
Contributions	0.5	1	0.3	1
Other	1.9	5	2.9	6
<b>Total</b>	<b>41.6</b>	<b>100</b>	<b>50.2</b>	<b>100</b>

Southern Grampians Shire Council's average revenue from rates and charges, grants and 'other' sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The biggest changes in the composition of council's revenue were the decreases in the proportions of revenue from rates and charges and user fees and statutory fees and fines, and the increase in the proportion of revenue from grants over the two years after rate capping commenced.

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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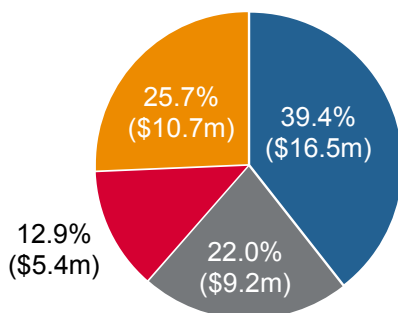
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$31.3m	\$10.1m	\$1,924	\$620
2015–16	\$30.9m	\$11.4m	\$1,912	\$706
2016–17	\$45.5m	\$8.7m	\$2,823	\$538
2017–18	\$36.7m	\$17.3m	\$2,275	\$1,075

Southern Grampians Shire Council's operating expenses have fluctuated in recent years, reflecting a storm event in 2016 (which resulted in an adjustment relating to asset values in 2016–17 and spending on recovery works in 2017–18). Capital expenditure had been trending downward until a spike in asset renewal in 2017–18, which was largely in response to the same storm event.

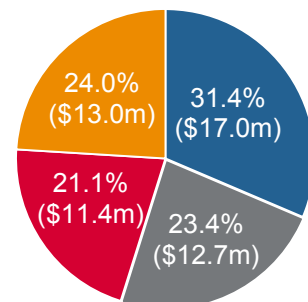
## How is council spending its money?

**Average expenditure by category in the 2 years before rate capping**



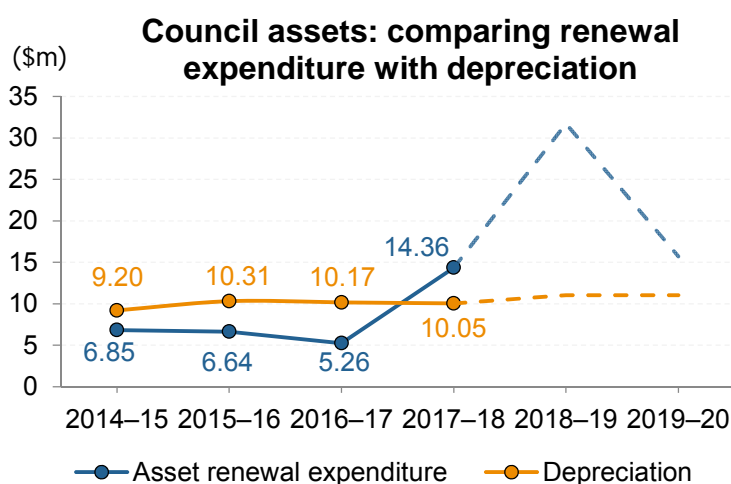
**Average expenditure by category in the 2 years after rate capping**

- Employee costs
- Materials and services
- Other expenditure
- Capital expenditure



There was a change in the composition of Southern Grampians Shire Council's expenditure, reflecting proportionally higher increases in average 'other' expenses (from the adjustment relating to asset values in 2016–17) and spending on materials and services (from the flood recovery works in 2017–18). Capital expenditure and employee costs decreased as a proportion of total expenditure, despite increasing in terms of average dollars spent.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	74
2015-16	64
2016-17	52
2017-18	143
2018-19	287 (forecast data)
2019-20	142 (forecast data)

Southern Grampians Shire Council's spending on the renewal of its assets, which had been trending downward, increased in 2017-18 (from renewal of storm damaged assets). Renewal expenditure increased above the amount of depreciation (the decline in value of its assets caused by age and use) in 2017-18, and is planned to be above 100 per cent of depreciation in 2018-19 and 2019-20. A sustained gap between expenditure and depreciation can lead to a backlog of renewal expenditure required and increase a council's costs in the long term.

## Has 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)		Council's average spending on asset renewal and new assets in the two years after rate capping was introduced has increased. Spending on upgrade and expansion projects fluctuated year on year, with average spending on these categories decreasing.
	\$m	% of total	\$m	% of total	
Renewal	6.7	63	9.8	75	
New	0.9	8	1.5	12	
Upgrade	1.9	18	1.6	12	
Expansion	1.2	11	0.0	0	
<b>Total</b>	<b>10.7</b>	<b>100</b>	<b>13.0</b>	<b>100</b>	

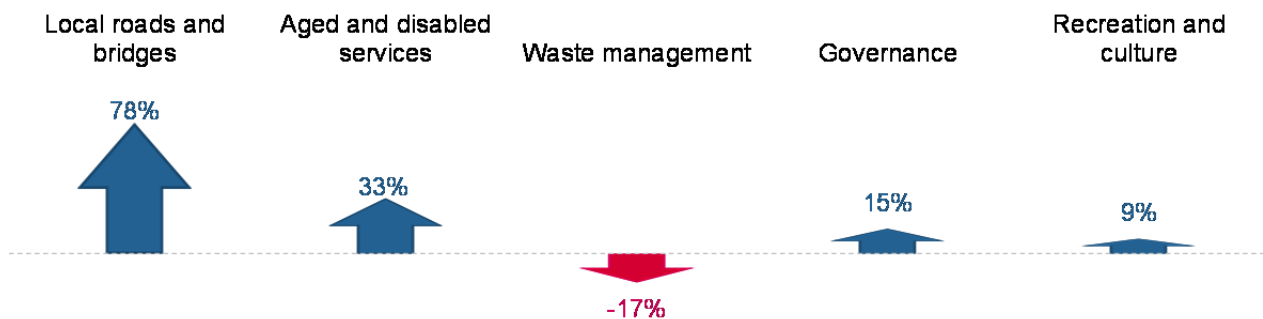
# Services

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

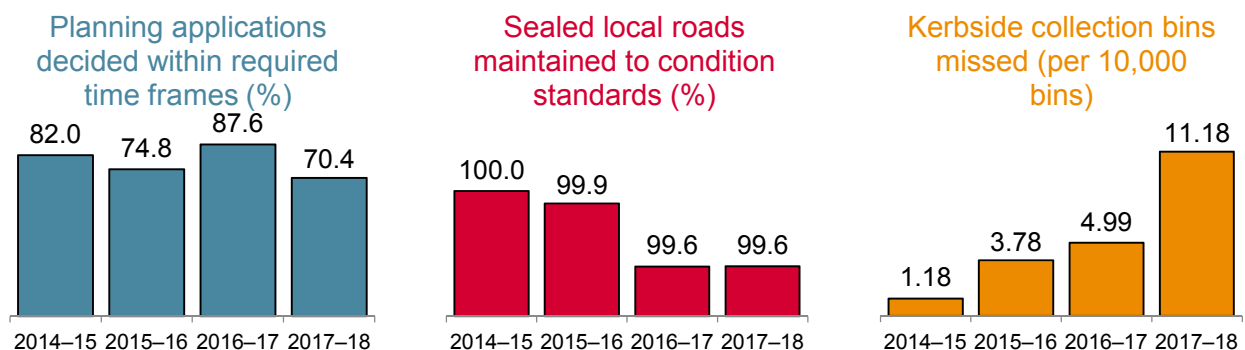
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	721	29.4	1,282	42.0
Governance	500	20.4	574	18.8
Recreation and culture	403	16.5	438	14.4
Business and economic services	253	10.3	248	8.1
Aged and disabled services	121	4.9	161	5.3
Waste management	179	7.3	148	4.9
Traffic and street management	78	3.2	80	2.6
Family and community services	119	4.8	70	2.3
Environment	47	1.9	42	1.4
Other	27	1.1	8	0.2

## 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.

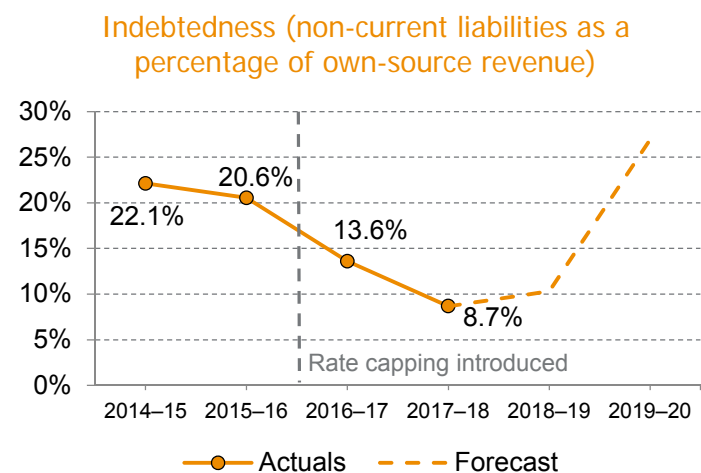
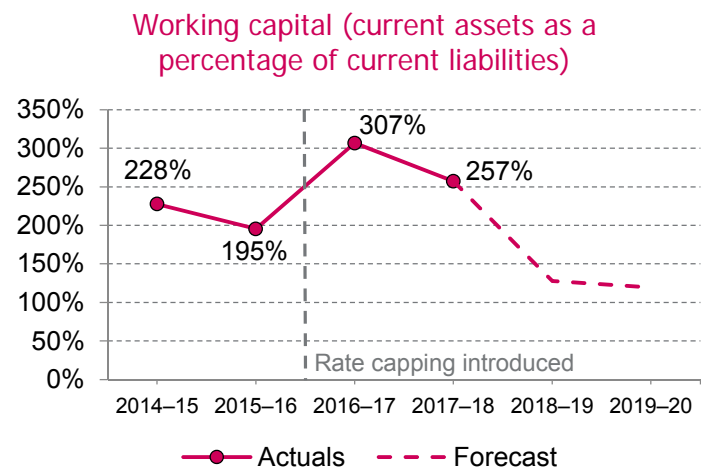
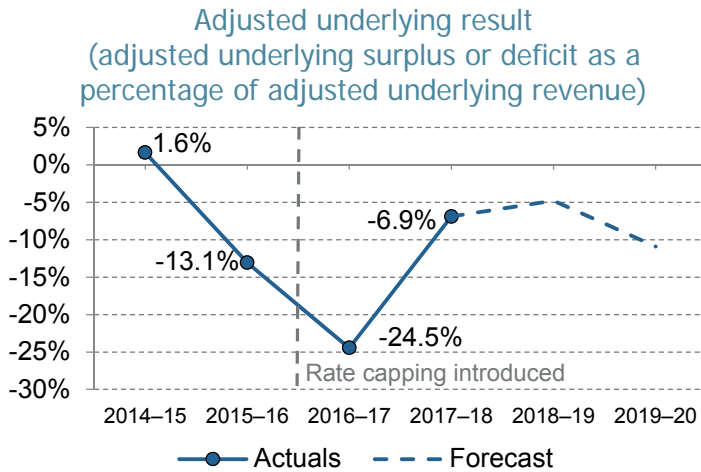
## Has there been a change in service quality? (selected services only)



# Financial position

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



Between 2014–15 and 2017–18, Southern Grampians Shire Council reported an average **adjusted underlying result** of -10.7 per cent. An ongoing negative result suggests that without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to continue to fund the range and level of services it has been providing.

The negative result in 2016-17 reflects adjustments relating to assets that were damaged by a flood in 2016.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 247 per cent between 2014–15 and 2017–18.

The falling **indebtedness ratio** reflects decreases in provisions and the repayment of some debt.

**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.