

Surf Coast 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>.



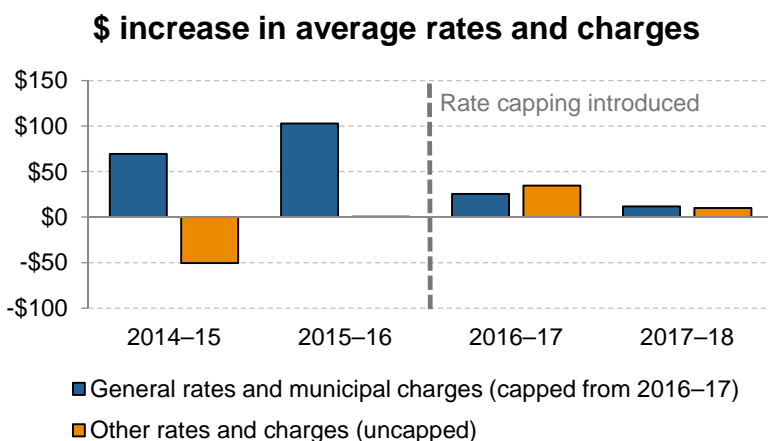
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Key facts

Population:	31,324
Size (km ²):	1,552
Length of local roads (km):	1,114
Population per km of roads:	28.1
Council employees (FTE, 2017–18):	305
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	\$2,085	n/a
2015–16	\$2,188	n/a
2016–17	\$2,248	2.50%
2017–18	\$2,270	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).

2016–17

Council did not provide data

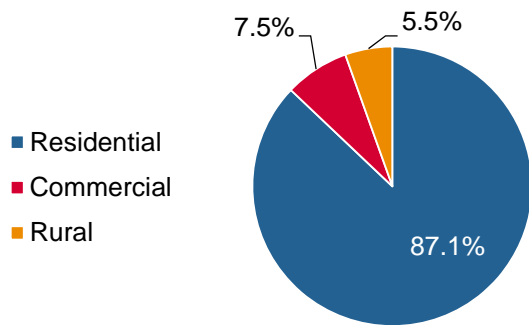
2018–19

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

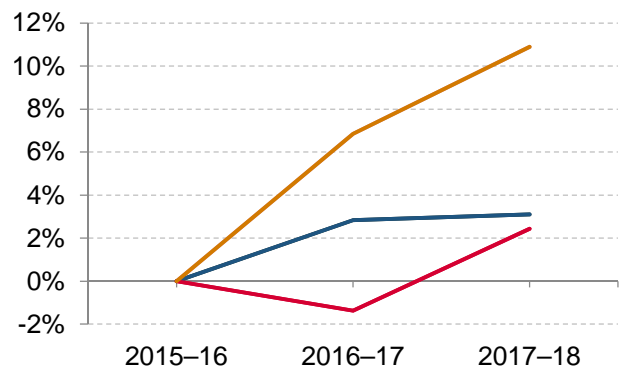
Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

Ratepayers by property class

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



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 Surf Coast Shire Council's rates and charges. This group of ratepayers, on average, experienced a 3.1 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 \$2,188 to \$2,270 (3.8 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?

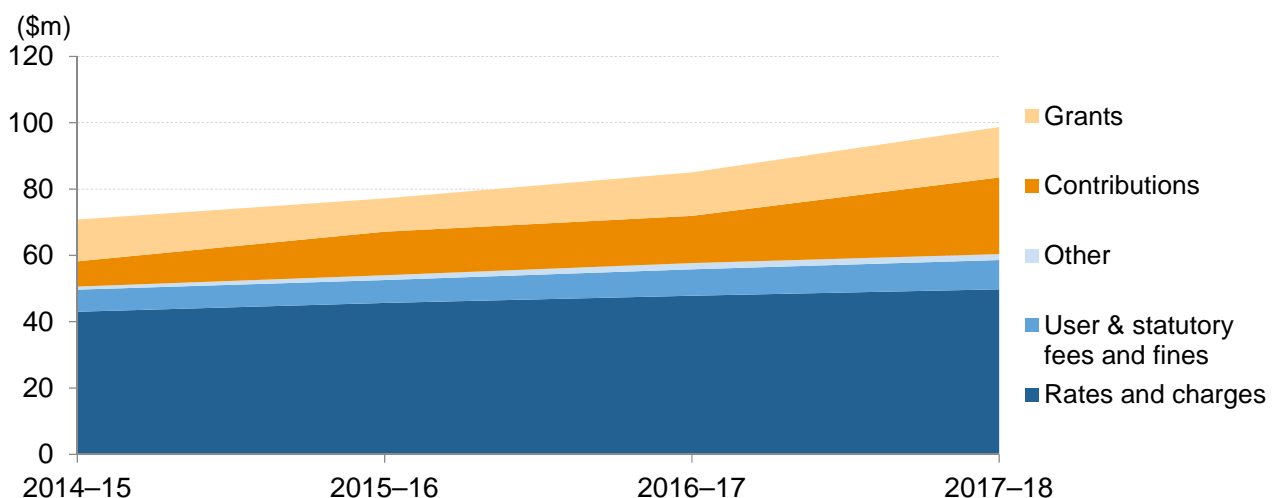
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	44.3	60	48.8	53
Grants	11.3	15	14.2	15
User fees and statutory fees and fines	6.8	9	8.4	9
Contributions	10.4	14	18.7	20
Other	1.2	2	1.8	2
Total	74.0	100	91.9	100

Surf Coast Shire Council's average revenue 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 council's revenue were the decrease in the proportion of revenue from rates and charges and the increase in the proportion of revenue from contributions 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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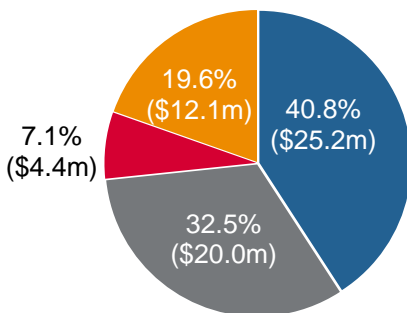
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$48.3m	\$10.6m	\$1,671	\$369
2015–16	\$50.9m	\$13.5m	\$1,717	\$456
2016–17	\$57.1m	\$13.1m	\$1,874	\$430
2017–18	\$58.1m	\$16.6m	\$1,853	\$530

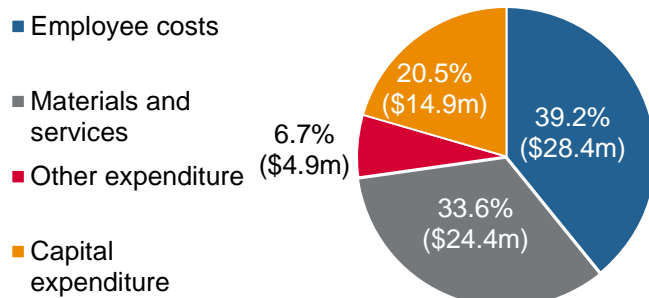
Surf Coast Shire Council's operating expenses have trended upward over time, driven by increased employee costs, and higher spending on materials and services (particularly contract payments and sub-contractors) in the two years following the introduction of rate capping. Capital expenditure trended upward over the same period, reflecting increased spending on new assets and upgrade projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

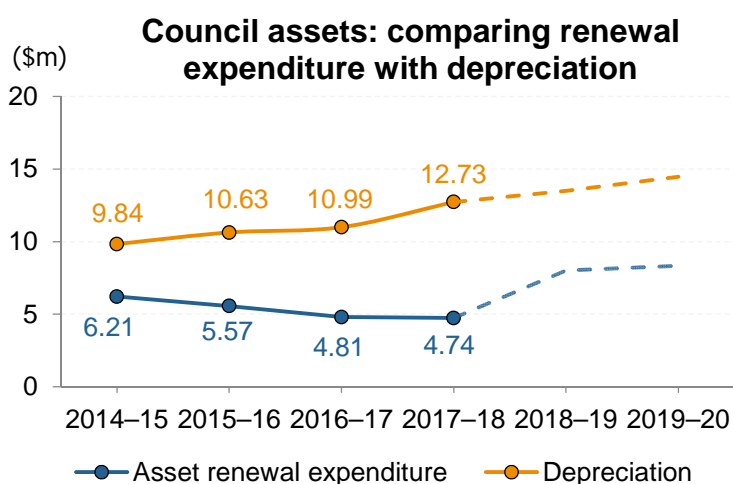


Average expenditure by category in the 2 years after rate capping



There were small changes in the composition of Surf Coast Shire Council's expenditure, reflecting proportionally higher increases in average spending on materials and services and capital expenditure in the two years after rate capping was introduced. Employee costs and 'other' expenditure 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	63
2015-16	52
2016-17	44
2017-18	37
2018-19	59 (forecast data)
2019-20	58 (forecast data)

Surf Coast Shire Council's spending on the renewal of its assets has trended downward in recent years, widening the gap between expenditure and the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to increase in 2018-19 and 2019-20, although remaining below 100 per cent of depreciation. 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					Council's average spending on asset renewal in the two years after rate capping was introduced has decreased. Average spending on new assets and upgrade projects increased.
	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	5.9	49	4.8	32	
New	4.2	35	6.3	42	
Upgrade	1.6	13	3.5	24	
Expansion	0.4	4	0.3	2	
Total	12.1	100	14.9	100	

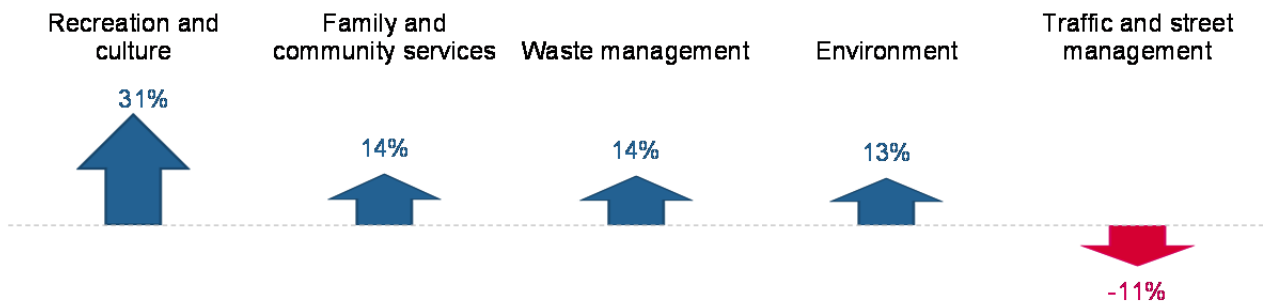
Services

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

Which service areas is council spending its money in?

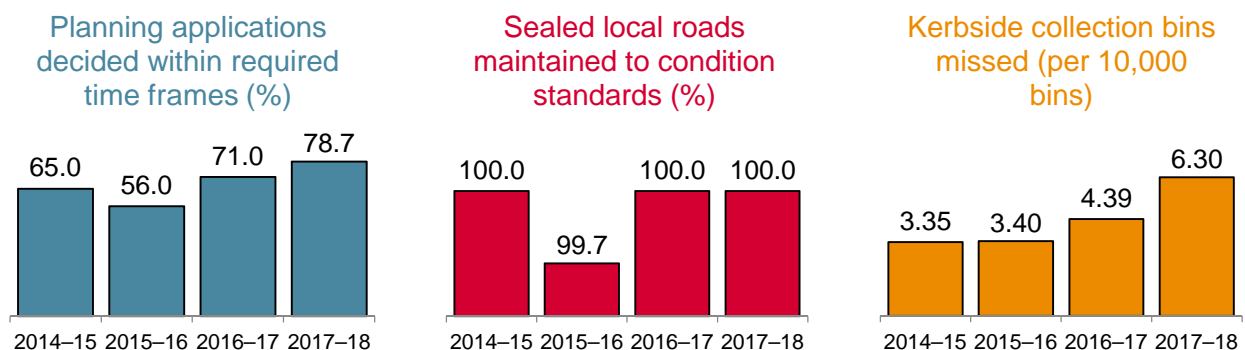
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	520	26.1	556	25.7
Recreation and culture	310	15.6	408	18.8
Local roads and bridges	300	15.1	289	13.3
Waste management	193	9.7	220	10.2
Business and economic services	180	9.0	184	8.5
Environment	149	7.5	169	7.8
Family and community services	106	5.3	122	5.6
Traffic and street management	132	6.6	117	5.4
Aged and disabled services	103	5.2	101	4.7
Other	0	0.0	0	0.0

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.

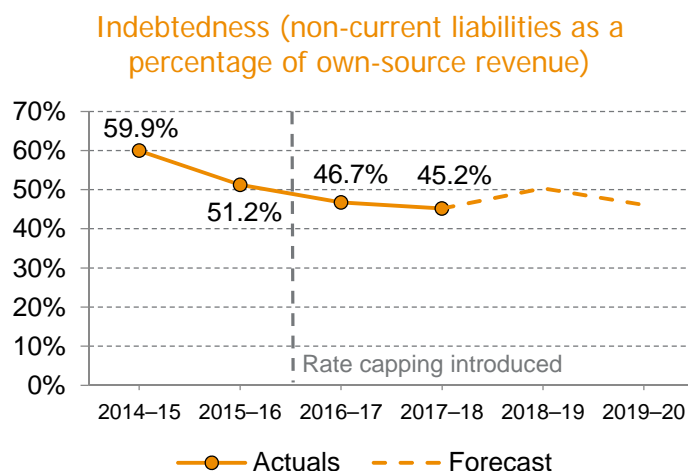
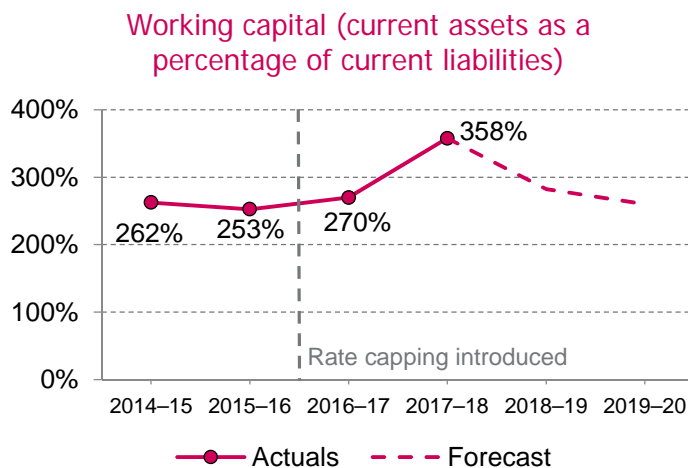
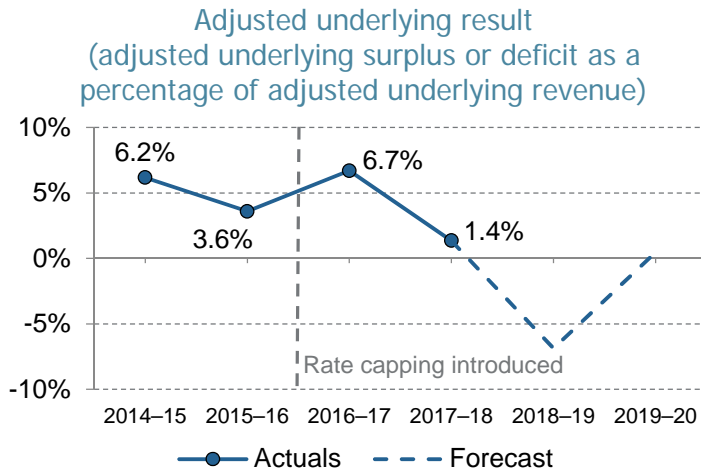
Has there been a change in service quality? (selected services only)



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, Surf Coast Shire Council reported an average **adjusted underlying result** of 4 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 286 per cent between 2014–15 and 2017–18. The increase in 2017–18 relates to council building cash reserves to fund future capital works.

The falling **indebtedness ratio** reflects council repaying some of its borrowings and reductions in provisions for landfill rehabilitation.

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.