

East Gippsland 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.



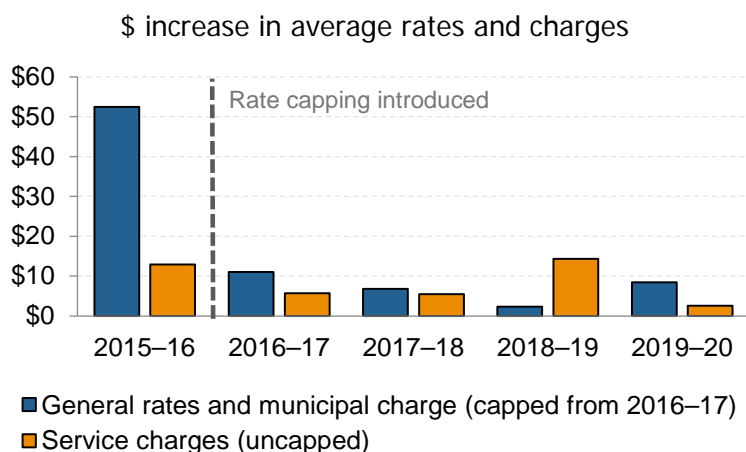
© OpenStreetMap contributors

Key facts

Population (June 2019):	47,316
Size (km ²):	20,940
Length of local roads (km):	2,971
Population per km of roads:	16
Council employees (FTE, 2019–20):	345
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	\$1,754	n/a
2016–17	\$1,771	2.50%
2017–18	\$1,783	2.00%
2018–19	\$1,800	2.25%
2019–20	\$1,811	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%)
Yes	Yes	Yes

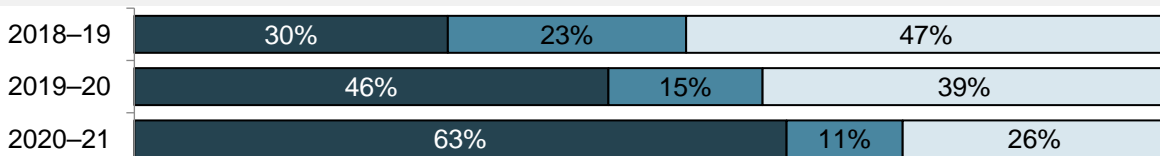
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 3 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 & Industrial ratepayers	Rural ratepayers
	85% of ratepayers	6% of ratepayers	8% of ratepayers
	\$46.8m (80%) of rates and charges revenue in 2019–20	\$6.4m (11%) of rates and charges revenue in 2019–20	\$5.1m (9%) of rates and charges revenue in 2019–20
	1.3% average annual increase between 2015–16 and 2019–20	-0.3% average annual increase between 2015–16 and 2019–20	0.0% 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.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Where is council's money coming from?

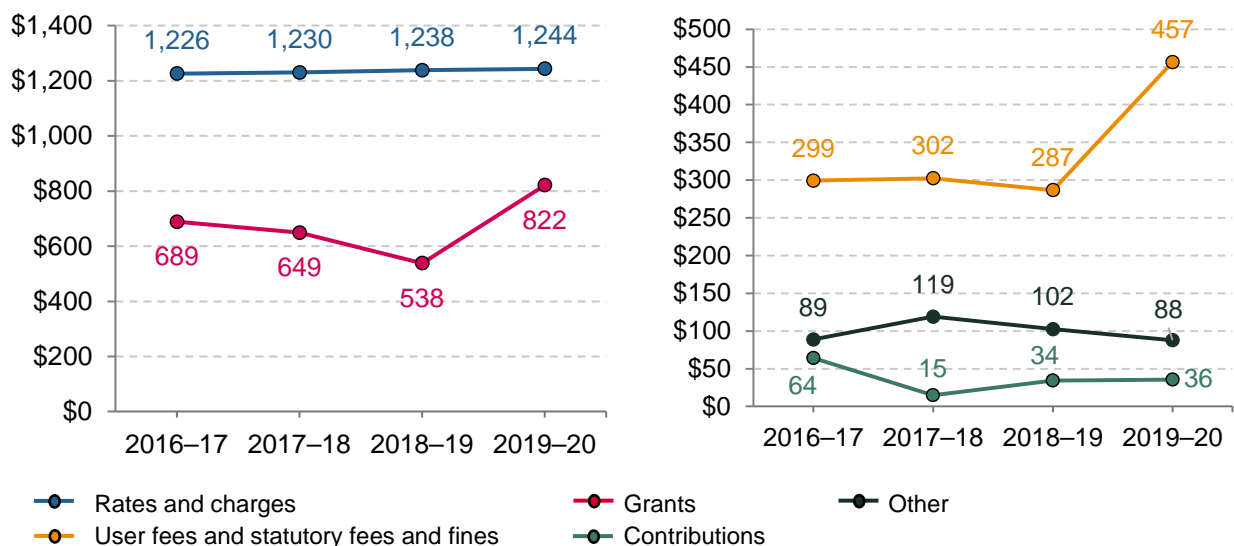
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	55.9	(52%)	56.8	(53%)	58.0	(56%)	58.8	(47%)
User fees and statutory fees and fines	13.6	(13%)	14.0	(13%)	13.4	(13%)	21.6	(17%)
Grants	31.4	(29%)	29.9	(28%)	25.2	(24%)	38.9	(31%)
Contributions	2.9	(3%)	0.7	(1%)	1.6	(2%)	1.7	(1%)
Other	4.0	(4%)	5.5	(5%)	4.8	(5%)	4.2	(3%)
Total	107.9		106.8		103.0		125.2	

In real terms, East Gippsland Shire Council's total revenue decreased between 2016–17 and 2018–19, reflecting decreases in revenue from grants. In 2019–20, council's revenue increased in real terms due to the receipt of natural disaster grants, and an increase in user fees and statutory fees and fines associated with the disposal of bushfire waste at landfill sites.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 80 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 user fees and statutory fees and fines, and grants trended downwards in real terms between 2016–17 and 2018–19, before increasing in 2019–20.

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.

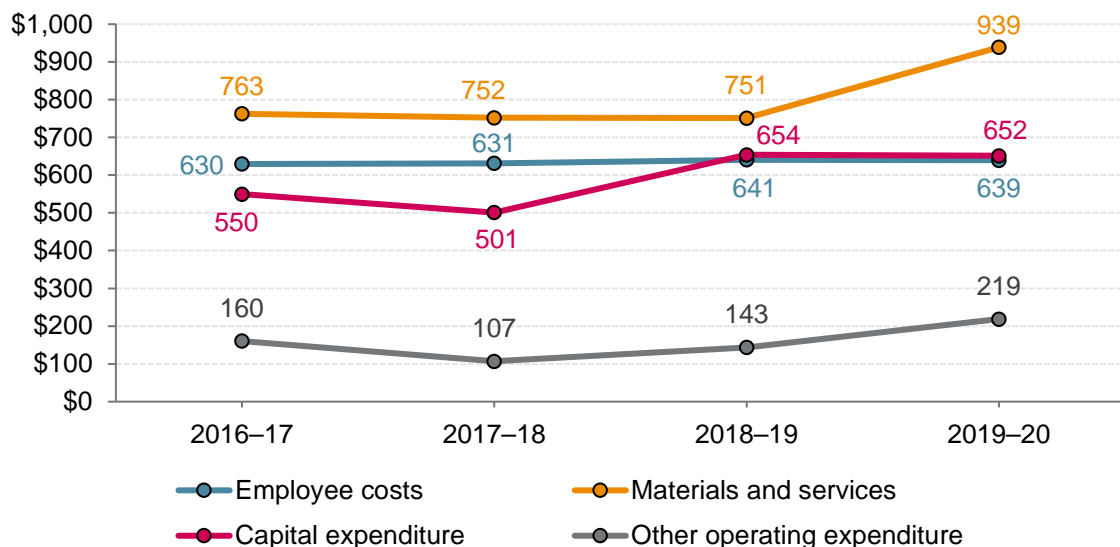
How much money is council spending?

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

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	70.8 (74%)	68.8 (75%)	71.9 (70%)	85.0 (73%)
Employee costs	28.7 (30%)	29.1 (32%)	30.0 (29%)	30.3 (26%)
Materials and services	34.8 (36%)	34.7 (38%)	35.2 (34%)	44.4 (38%)
Other operating expenditure	7.3 (8%)	4.9 (5%)	6.7 (7%)	10.3 (9%)
Capital expenditure	25.1 (26%)	23.1 (25%)	30.6 (30%)	30.8 (27%)
Total	95.9	91.9	102.5	115.9

In real terms, East Gippsland Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in capital expenditure in 2018–19 and expenditure on materials and services in 2019–20. Employee costs also trended upwards between 2016–17 and 2019–20. Materials and services was council's largest area of expenditure, accounting for 37 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), capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20. Employee costs per person remained relatively stable 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 council's capital expenditure pattern changed?

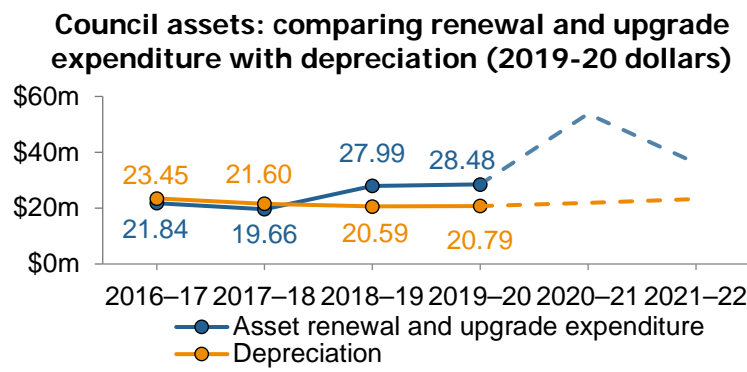
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	21.1	(84%)	15.5	(67%)	23.2	(76%)	21.8	(71%)
Upgrade	0.7	(3%)	4.1	(18%)	4.8	(16%)	6.7	(22%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	3.2	(13%)	3.5	(15%)	2.6	(9%)	2.3	(8%)
Total	25.1		23.1		30.6		30.8	

East Gippsland Shire Council's spending on asset upgrades trended upwards in real terms between 2016–17 and 2019–20. Spending on new assets trended downwards in real terms between 2017–18 and 2019–20, after increasing in 2017–18.

Asset renewal remained the highest share of council's capital expenditure between 2016–17 and 2019–20 (accounting for 67 to 84 per cent of total capital expenditure).

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	93%
2017–18	91%
2018–19	136%
2019–20	137%
2020–21	245% (forecast data)
2021–22	155% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, increasing above the amount of depreciation (the decline in value of council's assets caused by age and use) from 2018–19.

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

Services



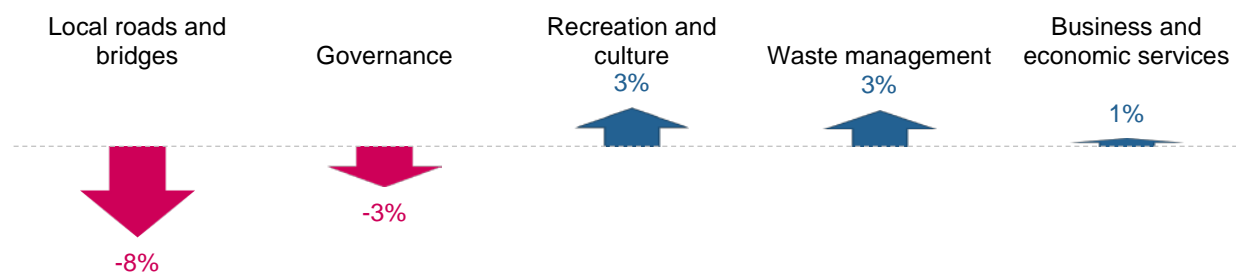
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Which service areas is council spending its money in?

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

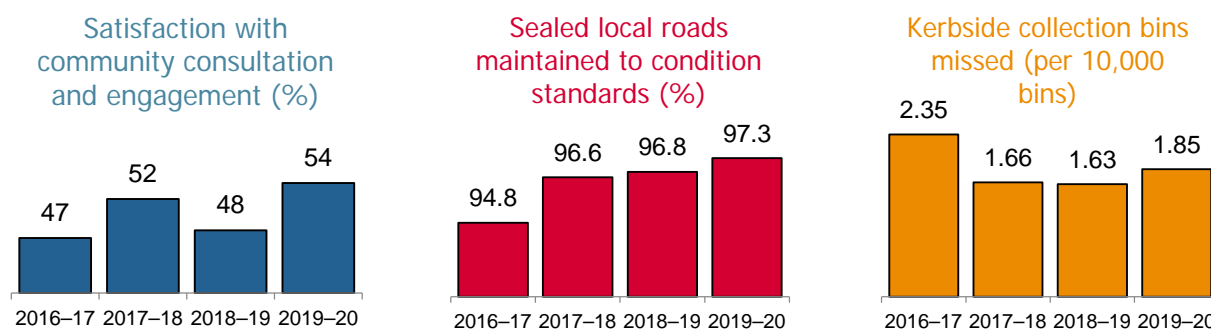
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	1.7 (2%)	1.6 (2%)	1.4 (2%)	1.5 (2%)
Business and economic services	10.6 (12%)	12.5 (14%)	11.2 (13%)	10.8 (12%)
Environment	1.7 (2%)	2.1 (2%)	3.4 (4%)	3.1 (3%)
Family and community services	2.2 (2%)	2.0 (2%)	1.5 (2%)	1.6 (2%)
Governance	20.2 (23%)	18.8 (21%)	19.6 (22%)	18.2 (21%)
Local roads and bridges	25.9 (29%)	21.1 (24%)	20.3 (23%)	20.4 (23%)
Recreation and culture	15.4 (17%)	16.0 (18%)	16.6 (19%)	16.9 (19%)
Traffic and street management	1.2 (1%)	3.1 (4%)	3.6 (4%)	3.9 (4%)
Waste management	10.9 (12%)	10.6 (12%)	11.5 (13%)	12.0 (14%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	89.7	87.9	89.1	88.4

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?



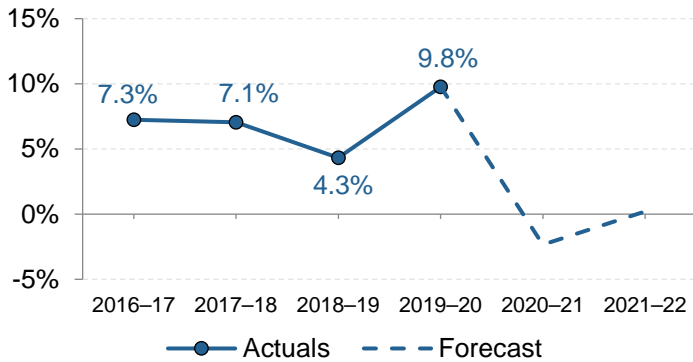
Financial position



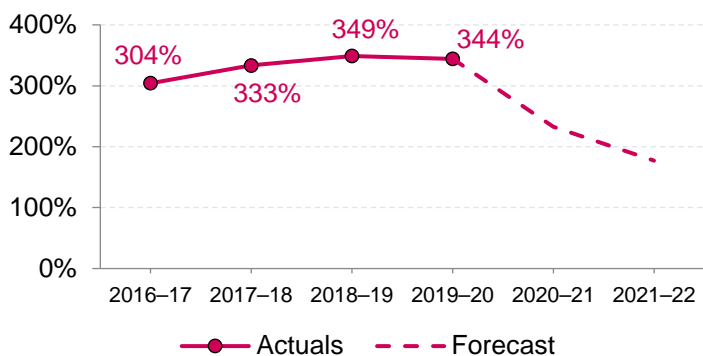
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Is council operating sustainably?

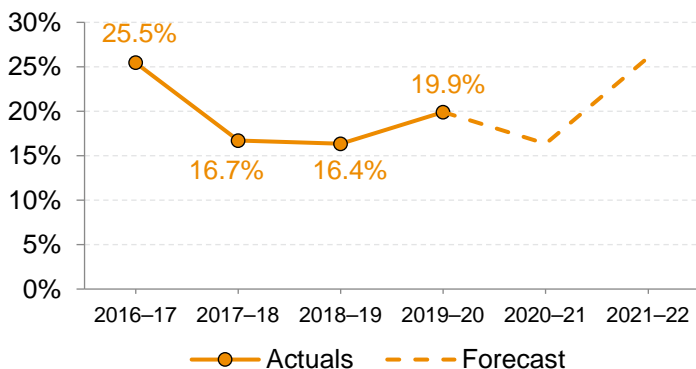
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2016–17 and 2019–20, East Gippsland Shire Council reported an average **adjusted underlying result** of 7.1 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The increase in 2019–20 reflects an increase in both operating grants related to bushfire support, and user fees for the disposal of bushfire waste at landfill sites.

Council could meet its current financial obligations with a reported average **working capital ratio** of 333 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 19.6 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.

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.