

Horsham Rural City Council

Group: Regional City

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 regional cities. 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>.



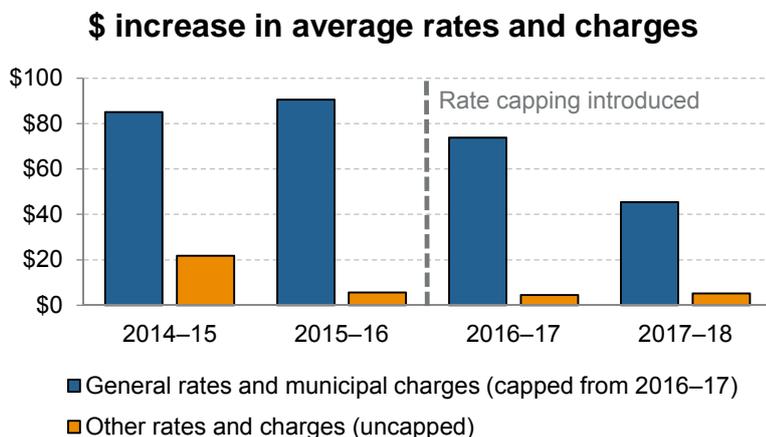
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Key facts

Population:	19,889
Size (km ²):	4,266
Length of local roads (km):	2,974
Population per km of roads:	6.7
Council employees (FTE, 2017–18):	196
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,855	n/a
2015–16	\$1,951	n/a
2016–17	\$2,029	3.50% ^a
2017–18	\$2,080	2.00%

^a Approved higher cap. Minister's cap was 2.50%.

Rates (continued)

See the reader's guide for data sources and useful information.
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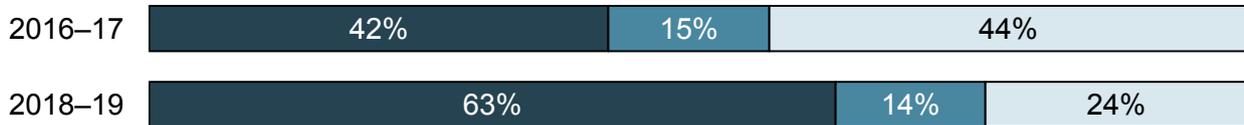
Have council's average rates complied with the applicable rate caps?

2016–17 (3.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes (approved higher cap)	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).

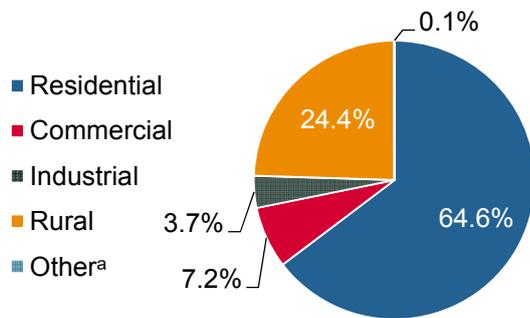


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

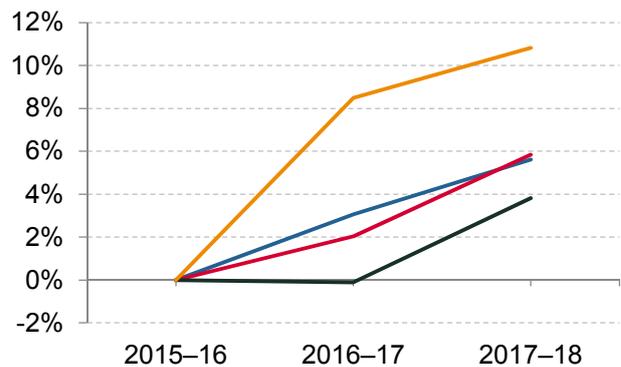
Ratepayers by property class

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



^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 Horsham Rural City Council's rates and charges. This group of ratepayers, on average, experienced a 5.6 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 \$1,951 to \$2,080 (6.6 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?

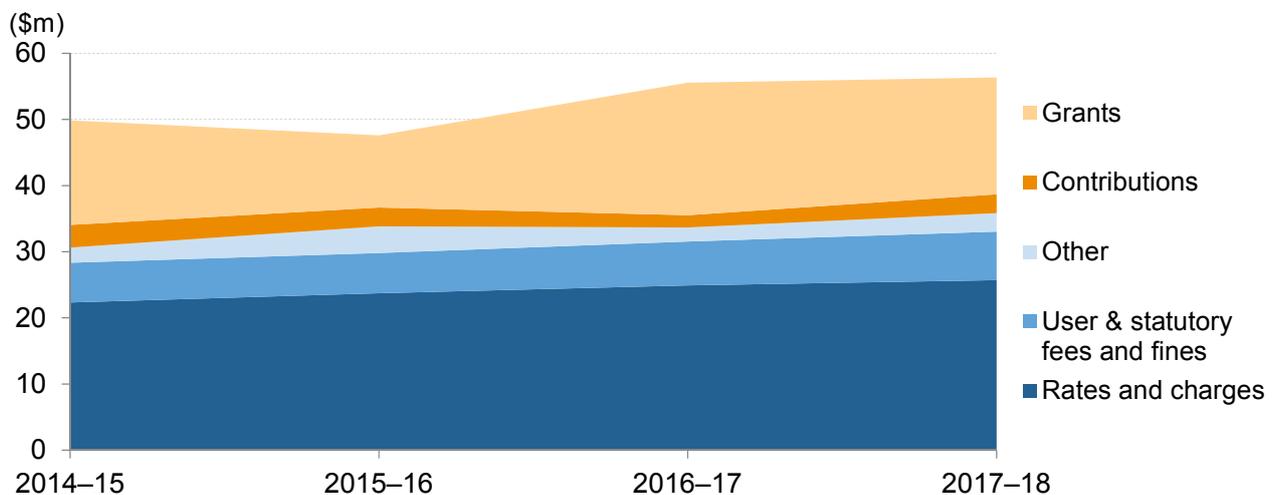
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	23.0	47	25.3	45
Grants	13.4	27	18.8	34
User fees and statutory fees and fines	6.1	12	7.0	12
Contributions	3.1	6	2.3	4
Other	3.2	6	2.5	4
Total	48.7	100	55.9	100

Horsham Rural City Council's average revenue from rates and charges, grants and user fees and statutory fees and fines 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 decreases in the proportions of revenue from rates and charges, contributions and 'other' sources 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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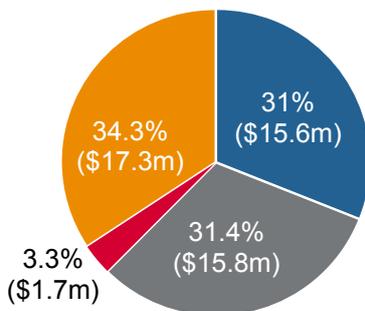
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$31.2m	\$19.4m	\$1,581	\$984
2015–16	\$34.9m	\$15.1m	\$1,764	\$762
2016–17	\$36.4m	\$12.8m	\$1,833	\$644
2017–18	\$39m	\$15.3m	\$1,959	\$770

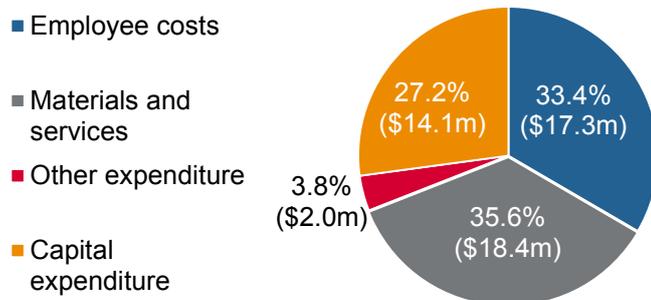
Horsham Rural City Council's operating expenses have been trending upward over time, driven by increased employee costs and spending on materials and services (including \$1.4 million in flood recovery works in 2017–18). Capital expenditure has been more varied over the same period, reflecting fluctuation in spending on upgrade projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

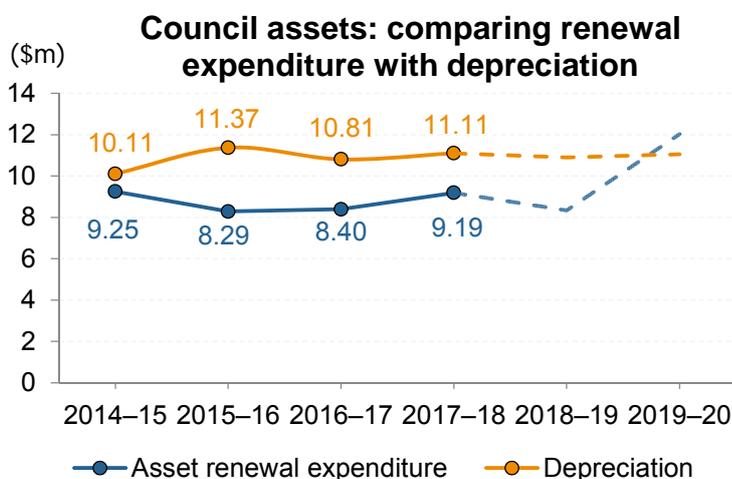


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Horsham Rural City Council's expenditure, reflecting a reduction in average capital expenditure and an increase in average employee costs, spending on materials and services and 'other' expenditure in the two years after rate capping was introduced.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	92
2015-16	73
2016-17	78
2017-18	83
2018-19	76 (forecast data)
2019-20	109 (forecast data)

Horsham Rural City Council's spending on the renewal of its assets has been relatively stable in recent years, but remains less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to increase to above 100 per cent of depreciation in 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					Council's spending on asset renewal has remained relatively stable over time. Spending on new and upgrade projects shows peaks and troughs, with average spending on each category in the two years after rate capping was introduced decreasing.
	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	8.8	51	8.8	63	
New	4.2	24	3.7	26	
Upgrade	4.3	25	1.6	11	
Expansion	0.0	0	0.0	0	
Total	17.3	100	14.1	100	

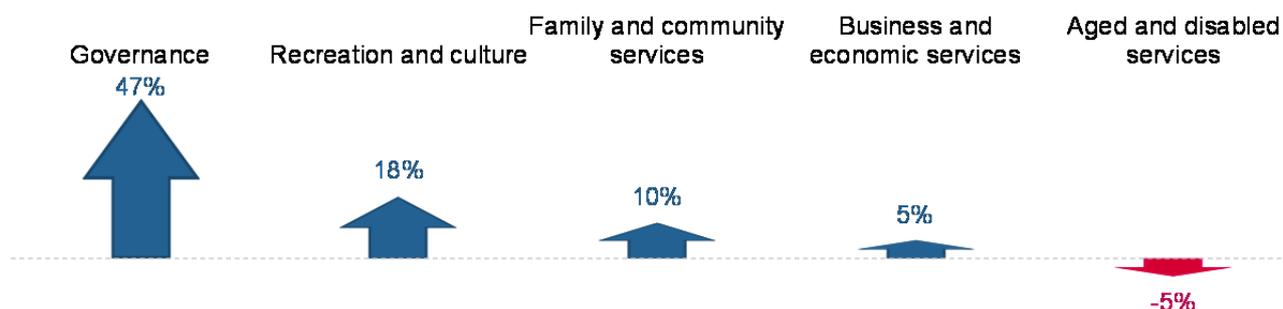
Services

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

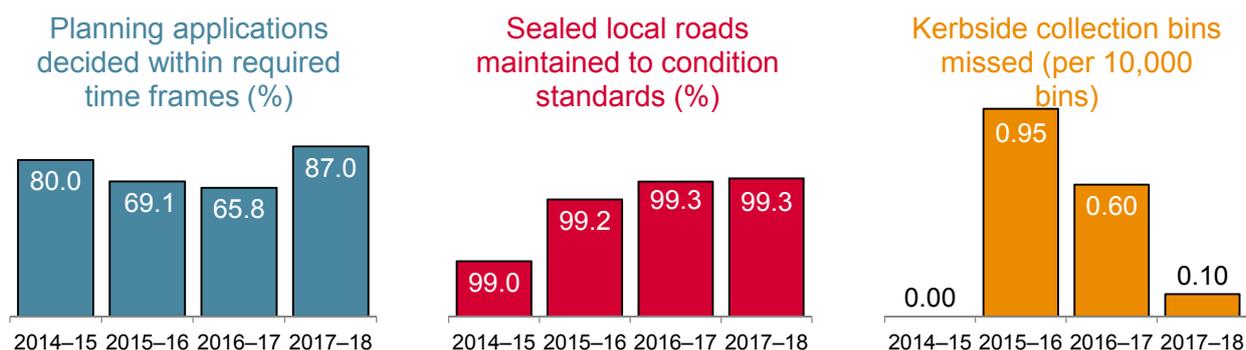
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	506	23.4	532	22.4
Recreation and culture	411	19.0	485	20.4
Governance	193	8.9	283	11.9
Business and economic services	241	11.2	254	10.7
Waste management	264	12.2	254	10.7
Traffic and street management	181	8.3	187	7.8
Family and community services	134	6.2	148	6.2
Aged and disabled services	135	6.2	128	5.4
Environment	69	3.2	77	3.3
Other	29	1.3	33	1.4

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.

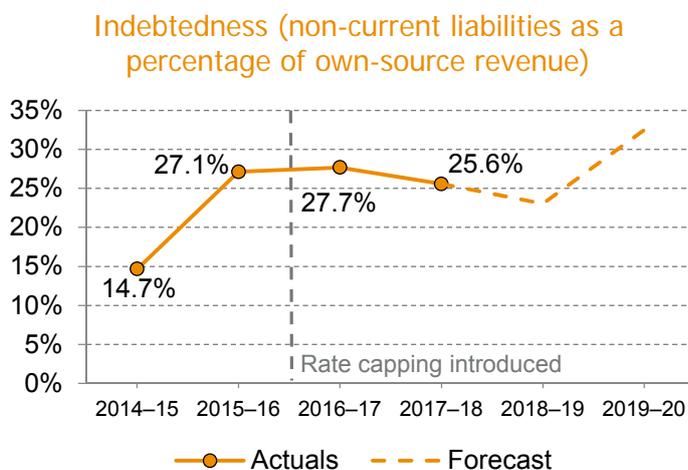
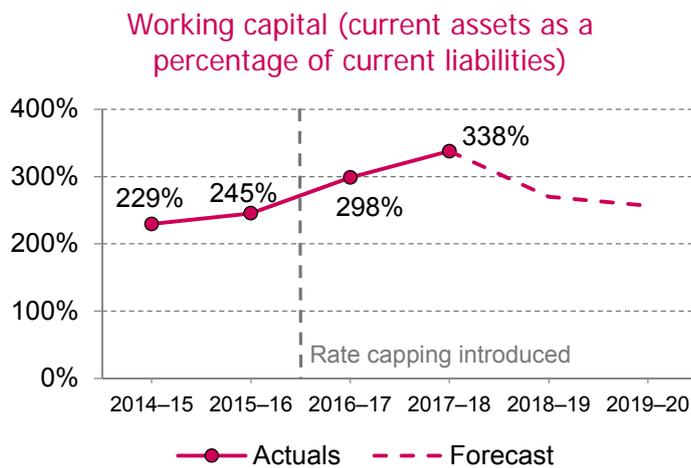
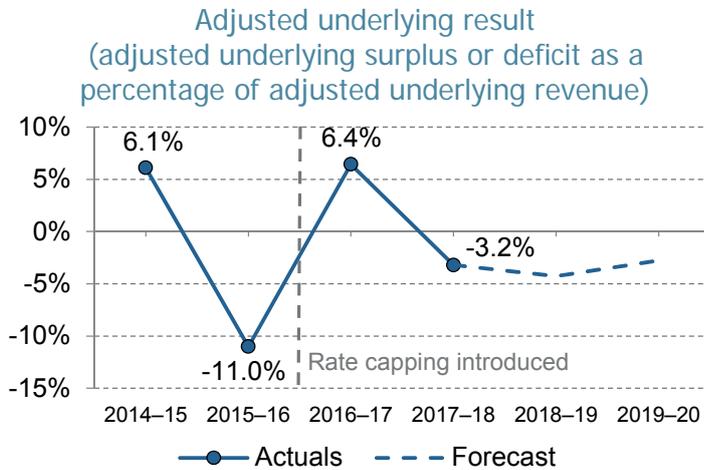
Has there been a change in service quality? (selected services only)



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, Horsham Rural City Council reported an average **adjusted underlying result** of -0.4 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.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 278 per cent between 2014–15 and 2017–18. The increase in working capital in 2016–17 and 2017–18 reflects capital works not being completed within the year.

Council borrowed money to fund capital works, increasing its **indebtedness ratio**.

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.