

# Loddon Shire Council

## Group: Small 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 small shires. 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>.



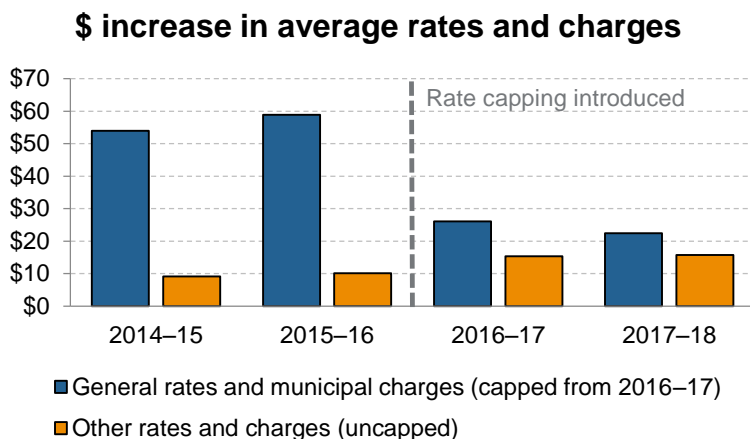
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### Key facts

Population:	7,507
Size (km <sup>2</sup> ):	6,696
Length of local roads (km):	4,718
Population per km of roads:	1.6
Council employees (FTE, 2017–18):	150
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	\$1,195	n/a
2015–16	\$1,264	n/a
2016–17	\$1,305	2.50%
2017–18	\$1,343	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.

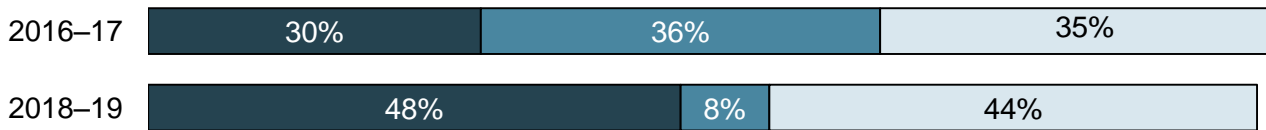
## Have council's average rates complied with the applicable rate caps?

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).

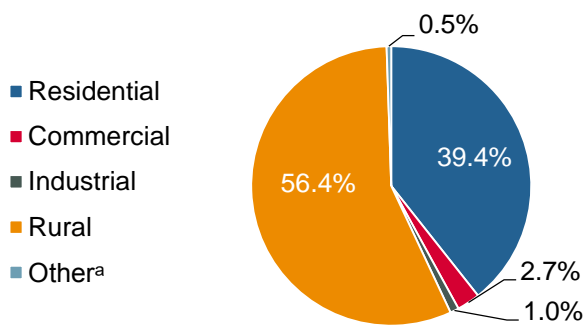


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

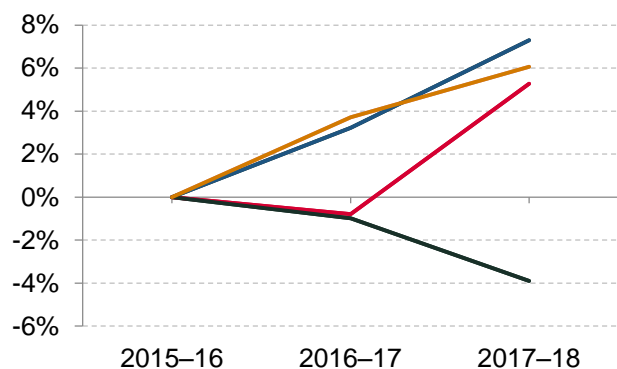
## Ratepayers by property class

### 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.

Rural ratepayers pay the majority of Loddon Shire Council's rates and charges. This group of ratepayers, on average, experienced a 6.1 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 \$1,264 to \$1,343 (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 council's money coming from?

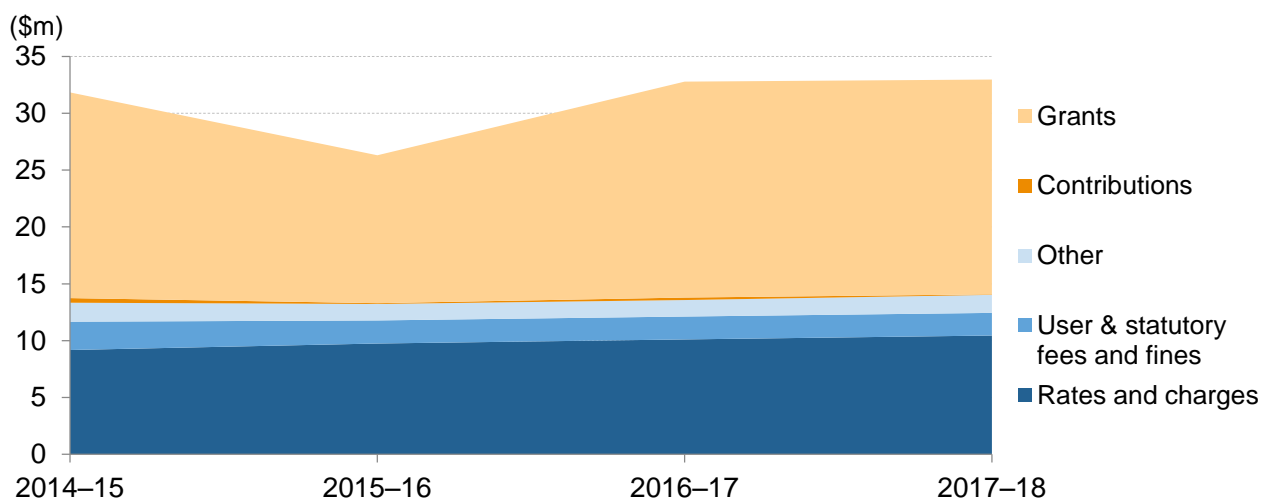
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	9.5	33	10.3	31
Grants	15.6	54	19.0	58
User fees and statutory fees and fines	2.3	8	2.0	6
Contributions	0.2	1	0.1	0
Other	1.6	5	1.5	5
<b>Total</b>	<b>29.1</b>	<b>100</b>	<b>32.9</b>	<b>100</b>

Loddon Shire Council's average revenue from user fees and statutory fees and fines, contributions and 'other' sources decreased 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 average revenue from rates and charges and user fees and statutory fees and fines and an increase to the proportion of average 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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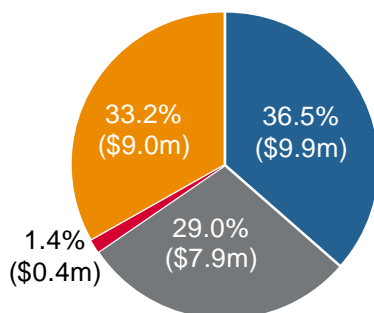
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$18.1m	\$8.2m	\$2,404	\$1,093
2015–16	\$18.3m	\$9.8m	\$2,430	\$1,307
2016–17	\$19.7m	\$7.8m	\$2,611	\$1,030
2017–18	\$24.6m	\$8.4m	\$3,271	\$1,116

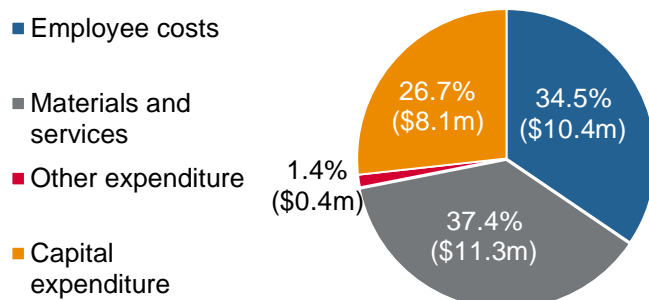
Loddon Shire Council's operating expenses have been trending upward in recent years, driven by increases in spending on materials and services in the two years following the introduction of rate capping (including a variance of \$4.17 million above budget expectations for flood restoration works in 2017–18). Capital expenditure has trended slightly downward, fluctuating with spending on new assets and expansion projects.

## How is council spending its money?

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

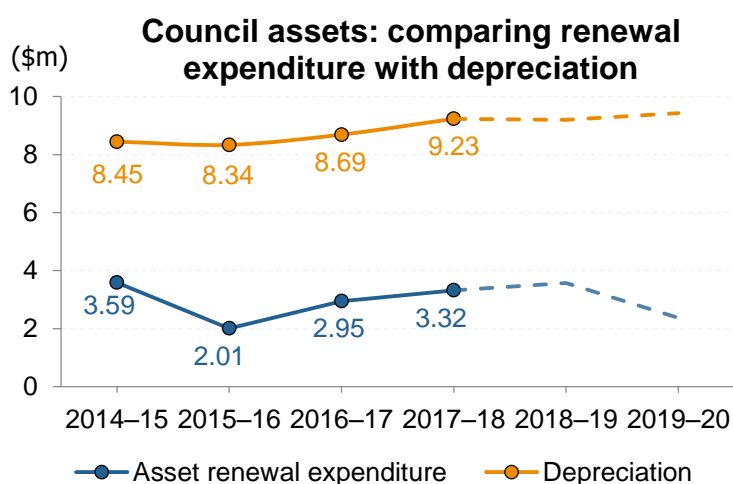


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of Loddon Shire Council's expenditure, reflecting an increase in average spending on materials and services, and a reduction in average capital expenditure in the two years after rate capping was introduced. Employee costs decreased as a proportion of total expenditure over the same period, 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	42
2015-16	24
2016-17	34
2017-18	36
2018-19	39 (forecast data)
2019-20	25 (forecast data)

Loddon Shire Council's spending on the renewal of its assets, which previously had been trending downward over time, has trended upward in recent years. However, it remains less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain below 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 in the two years after rate capping was introduced has increased. Spending on new, upgrade and expansion projects shows peaks and troughs, which is typical of small shires.
	\$m	% of total	\$m	% of total	
Renewal	2.8	31	3.1	39	
New	2.4	26	0.8	10	
Upgrade	2.3	26	2.9	36	
Expansion	1.5	17	1.3	16	
<b>Total</b>	<b>9.0</b>	<b>100</b>	<b>8.1</b>	<b>100</b>	

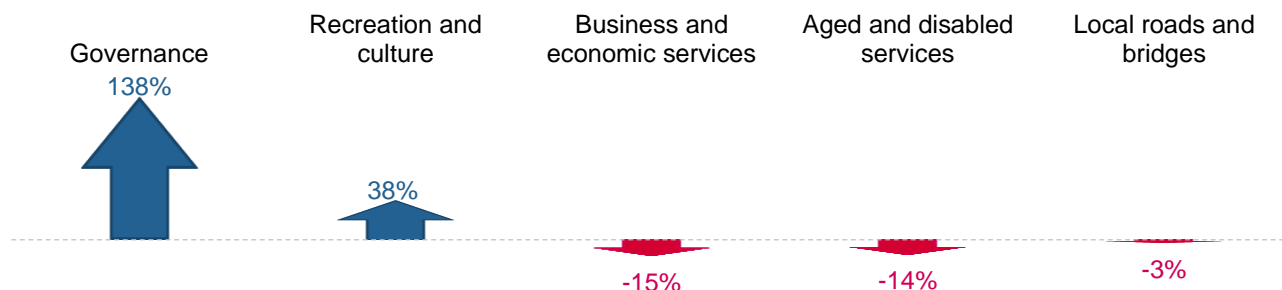
# Services

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

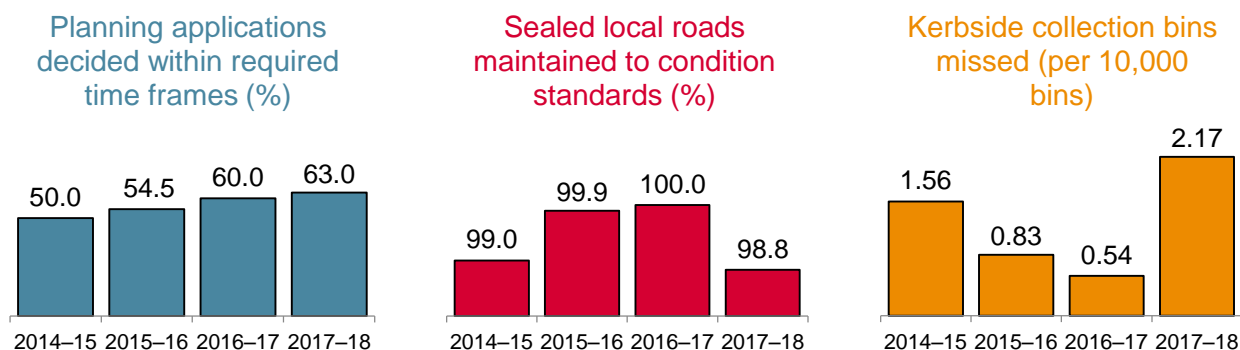
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	1,508	42.8	1,465	35.6
Governance	448	12.7	1,067	25.9
Recreation and culture	454	12.9	626	15.2
Aged and disabled services	303	8.6	262	6.4
Business and economic services	274	7.8	232	5.6
Family and community services	168	4.8	164	4.0
Waste management	171	4.9	113	2.7
Environment	84	2.4	75	1.8
Traffic and street management	47	1.3	74	1.8
Other	65	1.8	38	0.9

## 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.

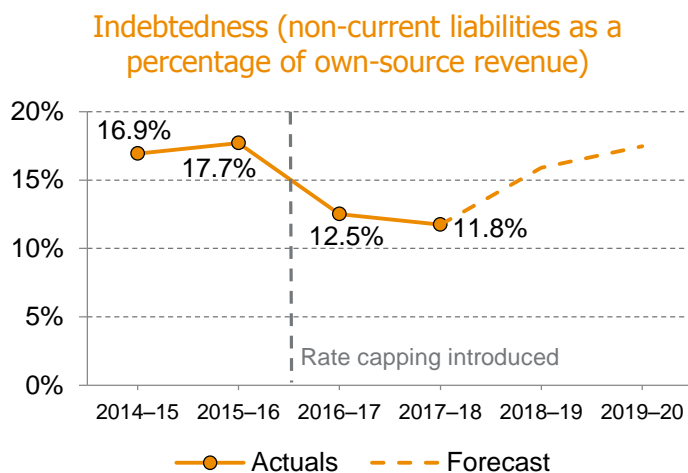
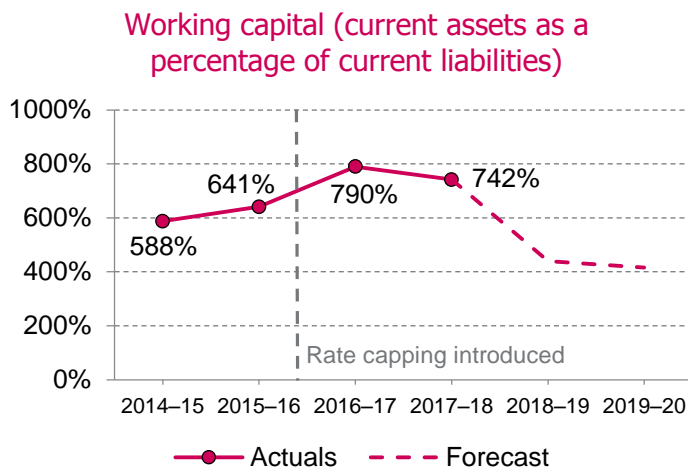
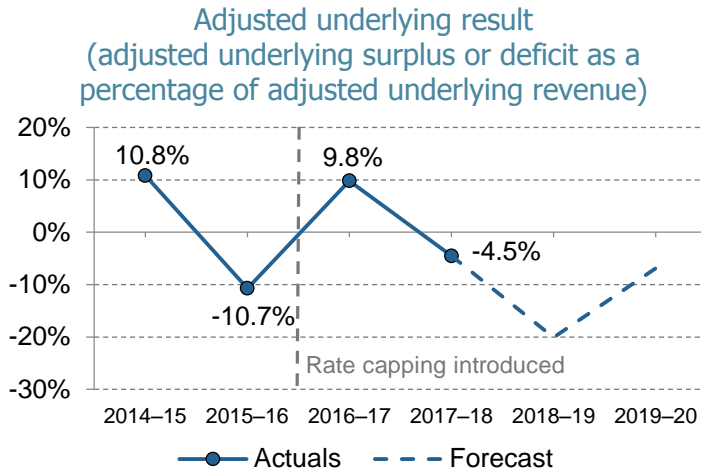
## Has there been a change in service quality? (selected services only)



# 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, Loddon Shire Council reported an average **adjusted underlying result** of 1 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 690 per cent between 2014-15 and 2017-18. The increase in working capital reflects council building cash reserves to fund future capital works.

Council has no borrowings. The **indebtedness ratio** reflects changes in other long-term liabilities.

**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.