

Northern Grampians 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>.



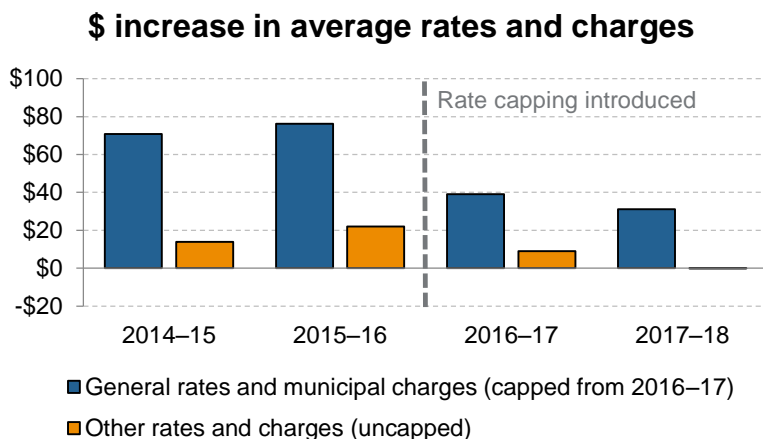
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Key facts

Population:	11,518
Size (km ²):	5,729
Length of local roads (km):	3,426
Population per km of roads:	3.4
Council employees (FTE, 2017–18):	165
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	\$1,627	n/a
2015–16	\$1,725	n/a
2016–17	\$1,773	2.50%
2017–18	\$1,804	2.00%

Rates (continued)

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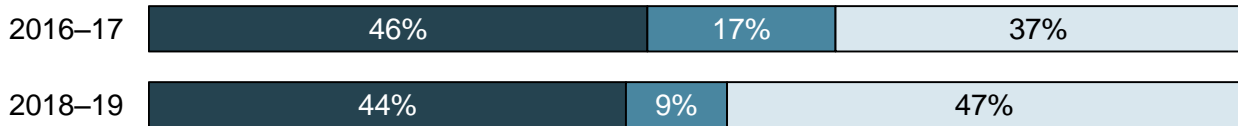
Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Immaterially non-compliant (0.02 above the cap)	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).

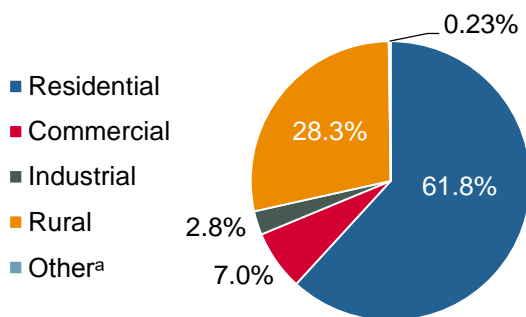


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

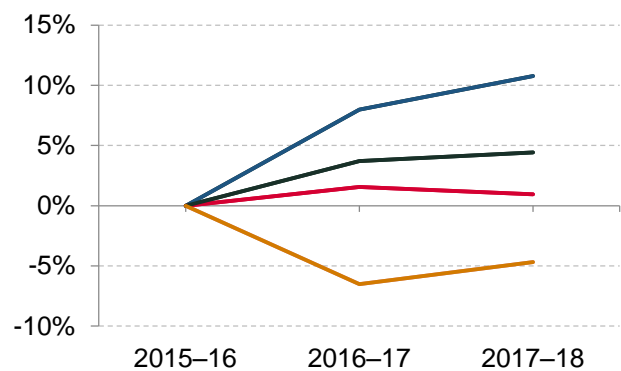
Ratepayers by property class

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 Northern Grampians Shire Council's rates and charges. This group of ratepayers, on average, experienced a 10.8 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 \$1,725 to \$1,804 (4.6 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?

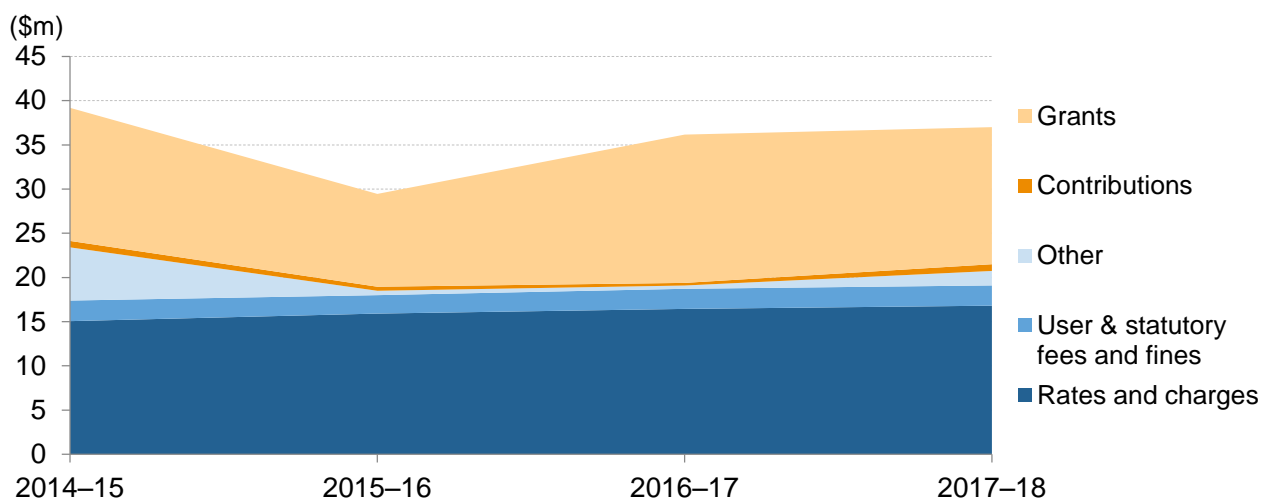
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	15.5	45	16.6	45
Grants	12.8	37	16.1	44
User fees and statutory fees and fines	2.2	6	2.3	6
Contributions	0.6	2	0.5	1
Other	3.3	9	1.0	3
Total	34.3	100	36.6	100

Northern Grampians Shire Council's average revenue from rates and charges, grants and user fees and statutory fees and increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportion of council's revenue from each source remained relatively stable after the introduction of rate capping. The changes in the composition of council's revenue reflect the decrease in average revenue from 'other' sources and the increase in 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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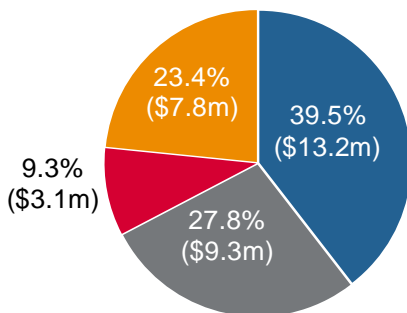
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$26.1m	\$7.8m	\$2,220	\$665
2015–16	\$24.8m	\$7.7m	\$2,134	\$665
2016–17	\$25.1m	\$6.5m	\$2,172	\$564
2017–18	\$30.4m	\$5m	\$2,638	\$437

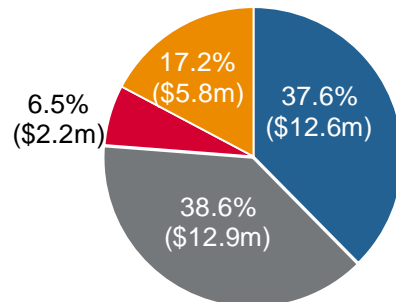
Northern Grampians Shire Council's operating expenses increased in 2017–18 due to flood recovery works, after having trended downward from a previous peak in 2011–12. Capital expenditure has also trended downward, reflecting spending on asset renewal in particular, as well as decreases in other categories of capital works.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

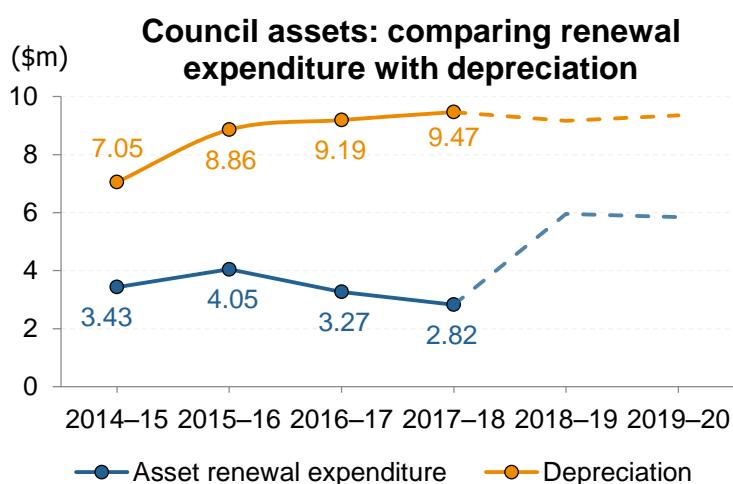


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Northern Grampians Shire Council's expenditure, reflecting an increase in average spending on materials and services (for flood recovery works) and a reduction in average capital expenditure in the two years after rate capping was introduced. Average employee costs and 'other' expenditure both decreased over the same period.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	49
2015-16	46
2016-17	36
2017-18	30
2018-19	65 (forecast data)
2019-20	63 (forecast data)

Northern Grampians 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 be higher 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 in the two years after the introduction of rate capping decreased across all categories of capital expenditure. Asset renewal increased as a proportion of total expenditure, despite decreasing in terms of average dollars spent.
	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	3.7	48	3.0	53	
New	1.9	25	1.3	23	
Upgrade	1.8	23	1.4	25	
Expansion	0.4	5	0.0	0	
Total	7.8	100	5.8	100	

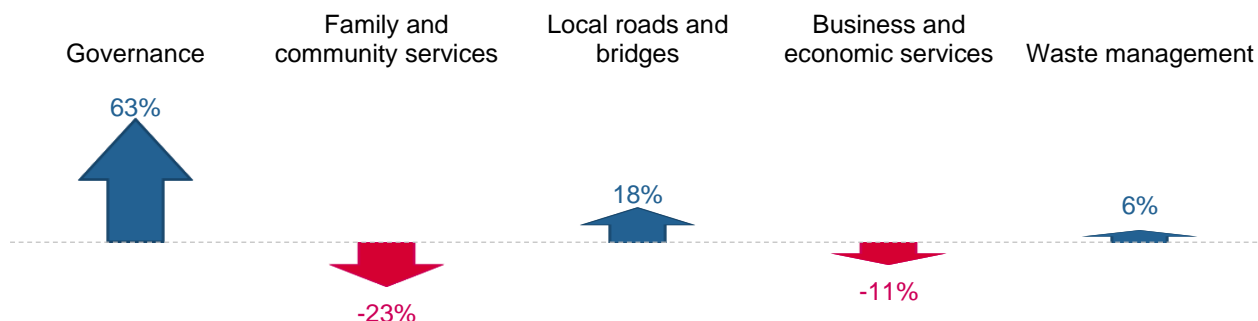
Services

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

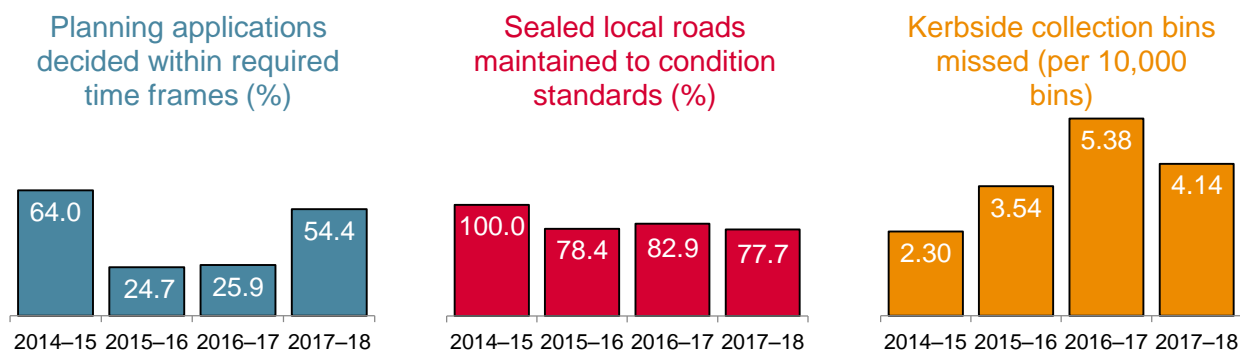
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	610	22.6	993	31.3
Local roads and bridges	825	30.6	970	30.6
Recreation and culture	369	13.7	391	12.3
Business and economic services	277	10.3	246	7.8
Waste management	136	5.1	144	4.5
Aged and disabled services	132	4.9	128	4.0
Family and community services	152	5.6	117	3.7
Environment	95	3.5	80	2.5
Traffic and street management	68	2.5	65	2.0
Other	30	1.1	39	1.2

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)

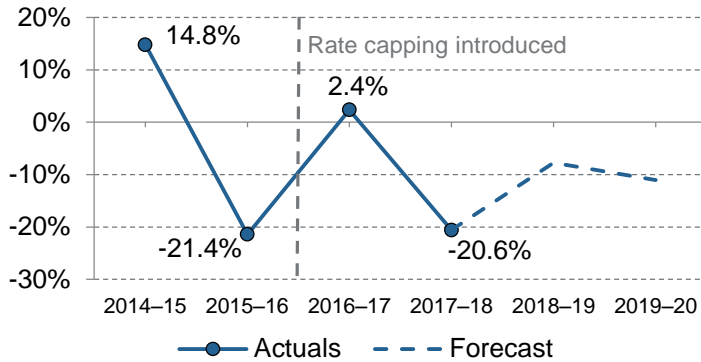


Financial position

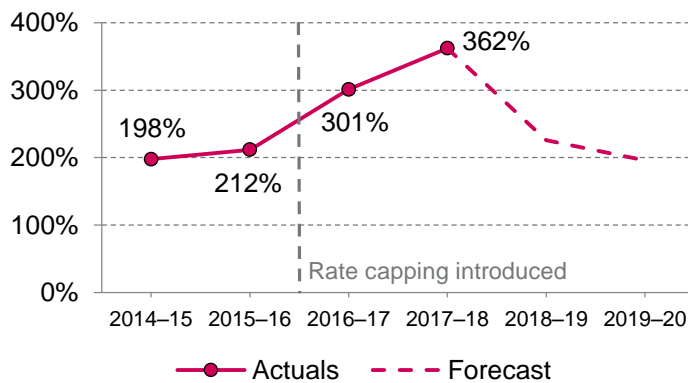
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Is council operating sustainably?

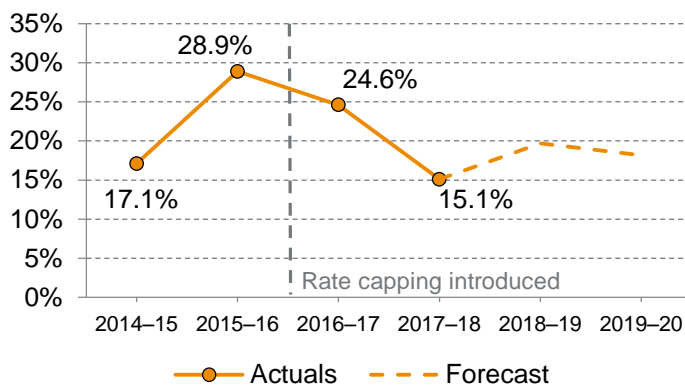
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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



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



Between 2014–15 and 2017–18, Northern Grampians Shire Council reported an average **adjusted underlying result** of -6 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 327 per cent between 2014–15 and 2017–18. The increase in working capital relates to the timing of grants and planned capital works being deferred into the next year.

The falling **indebtedness ratio** reflects council repaying some of its borrowings.

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.