

# Buloke Shire Council

## Group: small 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 small 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.



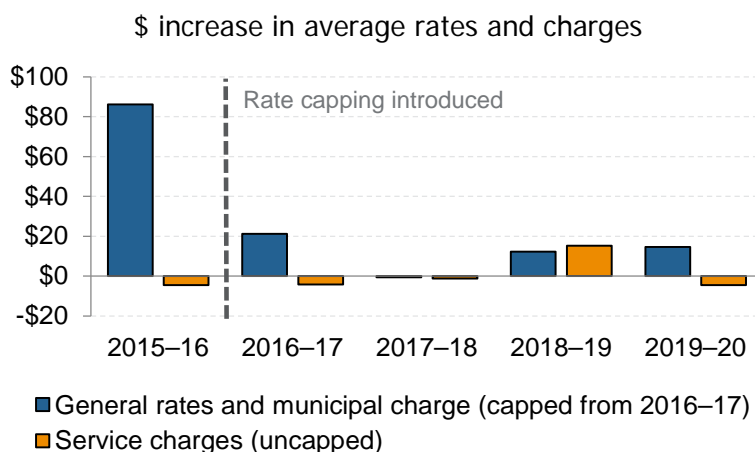
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### Key facts

|   |                       |
|---|-----------------------|
| Population (June 2019):   | 6,124                 |
| Size (km <sup>2</sup> ):  | 8,000                 |
| Length of local roads (km):   | 5,381                 |
| Population per km of roads:   | 1                     |
| Council employees (FTE, 2019–20):   | 115                   |
| Submitted an application for a higher cap for any year between 2016–17 and 2019–20? | Yes (see table below) |

## Rates

### What has happened to average rates and charges (2019–20 dollars)?



| Year    | Average rates and charges | Applicable rate cap |
|---------|---------------------------|---------------------|
| 2015–16 | \$2,109                   | n/a                 |
| 2016–17 | \$2,126                   | 3.05% <sup>a</sup>  |
| 2017–18 | \$2,124                   | 2.00%               |
| 2018–19 | \$2,152                   | 2.25%               |
| 2019–20 | \$2,162                   | 2.50%               |

<sup>a</sup> Approved higher cap.

# 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 2 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).

Council did not provide data

### Ratepayers by property class (2019–20 dollars)

|  | Residential ratepayers  | Commercial & Industrial ratepayers                                  | Rural ratepayers   |
|--|---|---|--|
|  | <b>47%</b><br>of ratepayers   | <b>7%</b><br>of ratepayers  | <b>46%</b><br>of ratepayers  |
|  | <b>\$4.1m</b><br>(30%) of rates and charges revenue in 2019–20      | <b>\$0.8m</b><br>(6%) of rates and charges revenue in 2019–20       | <b>\$8.5m</b><br>(63%) of rates and charges revenue in 2019–20     |
|  | <b>-0.9%</b><br>average annual increase between 2015–16 and 2019–20 | <b>-1.7%</b><br>average annual increase between 2015–16 and 2019–20 | <b>1.7%</b><br>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?

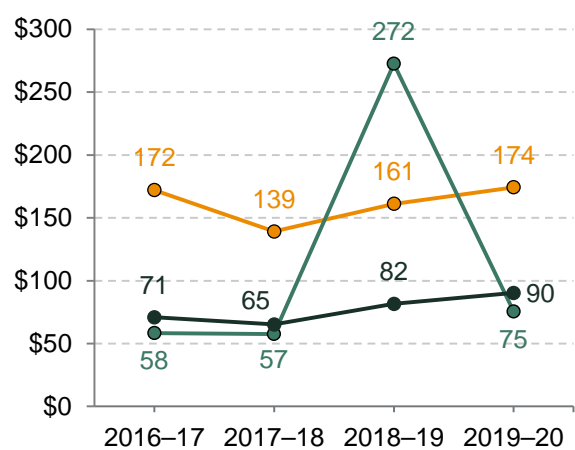
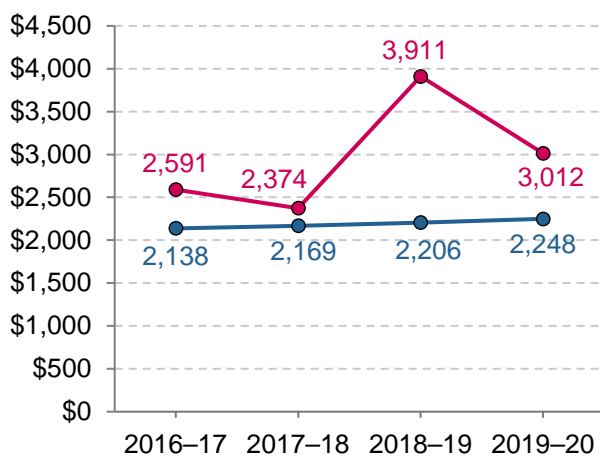
**Revenue** (2019–20 \$m and % of total revenue)

|  | 2016–17     |       | 2017–18     |       | 2018–19     |       | 2019–20     |       |
|--|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
|  | \$m         | %     | \$m         | %     | \$m         | %     | \$m         | %     |
| Rates and charges                      | 13.4        | (43%) | 13.5        | (45%) | 13.6        | (33%) | 13.8        | (40%) |
| User fees and statutory fees and fines | 1.1         | (3%)  | 0.9         | (3%)  | 1.0         | (2%)  | 1.1         | (3%)  |
| Grants                                 | 16.3        | (52%) | 14.7        | (49%) | 24.2        | (59%) | 18.4        | (54%) |
| Contributions                          | 0.4         | (1%)  | 0.4         | (1%)  | 1.7         | (4%)  | 0.5         | (1%)  |
| Other                                  | 0.4         | (1%)  | 0.4         | (1%)  | 0.5         | (1%)  | 0.6         | (2%)  |
| <b>Total</b>                           | <b>31.6</b> |       | <b>29.8</b> |       | <b>41.0</b> |       | <b>34.3</b> |       |

In real terms, Buloke Shire Council's total revenue increased between 2016–17 and 2019–20, despite fluctuating year on year due to changes in revenue from grants. These changes included an advance payment of Commonwealth financial assistance grants in 2016–17, and the receipt of flood recovery grants and one-off capital grants in 2018–19.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 94 per cent of total revenue between 2016–17 and 2019–20.

## Revenue per person (2019–20 dollars)



- Rates and charges
- User fees and statutory fees and fines
- Grants
- Contributions
- Other

In terms of revenue per person (which adjusts for population growth), council's revenue from all sources trended upwards in real terms between 2016–17 and 2019–20.

# Expenditure



See the reader's guide for data sources and useful information.  
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## How much money is council spending?

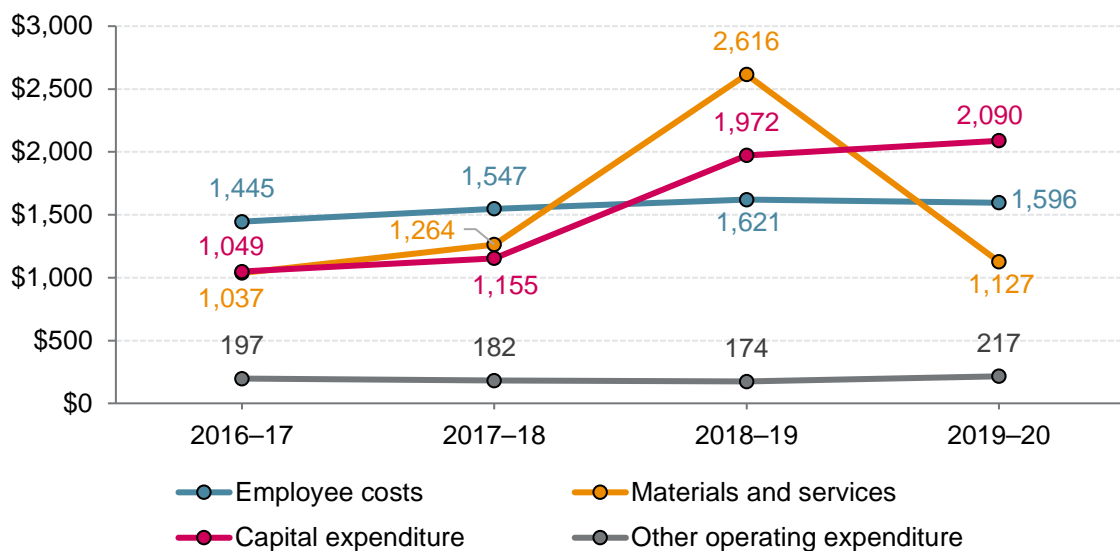
**Expenditure** (2019–20 \$m and % of total expenditure)

|                             | 2016–17     | 2017–18     | 2018–19     | 2019–20     |
|-----------------------------|-------------|-------------|-------------|-------------|
|                             | \$m         | \$m         | \$m         | \$m         |
| Operating expenditure       | 16.8 (72%)  | 18.6 (72%)  | 27.3 (69%)  | 18.0 (58%)  |
| Employee costs              | 9.1 (39%)   | 9.6 (37%)   | 10.0 (25%)  | 9.8 (32%)   |
| Materials and services      | 6.5 (28%)   | 7.8 (30%)   | 16.2 (41%)  | 6.9 (22%)   |
| Other operating expenditure | 1.2 (5%)    | 1.1 (4%)    | 1.1 (3%)    | 1.3 (4%)    |
| Capital expenditure         | 6.6 (28%)   | 7.2 (28%)   | 12.2 (31%)  | 12.8 (42%)  |
| <b>Total</b>                | <b>23.4</b> | <b>25.7</b> | <b>39.5</b> | <b>30.8</b> |

In real terms, Buloke Shire Council's total expenditure increased between 2016–17 and 2019–20, largely reflecting an increase in capital expenditure. Expenditure on materials and services spiked in real terms in 2018–19 due to flood recovery work.

In 2016–17 and 2017–18, employee costs was council's largest area of expenditure. An increase in expenditure on materials and services caused this to become council's largest area of expenditure in 2018–19. However, as capital expenditure continued to trend upwards, this was council's largest area of expenditure in 2019–20.

## Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), expenditure on materials and services spiked in 2018–19 in real terms. Capital expenditure per person and employee costs per person trended upwards between 2016–17 and 2019–20.



See the reader's guide for data sources and useful information.  
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## Has council's capital expenditure pattern changed?

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

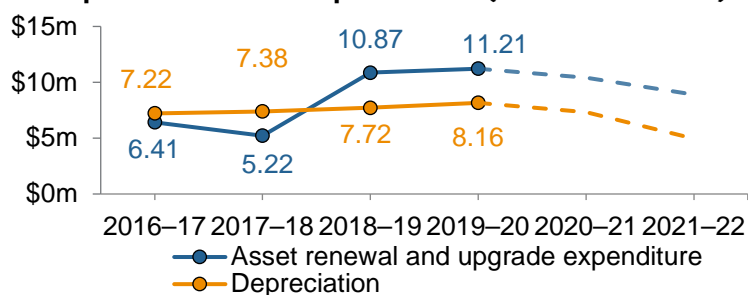
|              | 2016–17    |       | 2017–18    |       | 2018–19     |       | 2019–20     |       |
|--------------|------------|-------|------------|-------|-------------|-------|-------------|-------|
|              | \$m        |       | \$m        |       | \$m         |       | \$m         |       |
| Renewal      | 5.2        | (80%) | 4.3        | (60%) | 6.4         | (53%) | 3.1         | (24%) |
| Upgrade      | 1.2        | (18%) | 0.9        | (13%) | 4.5         | (37%) | 8.1         | (63%) |
| Expansion    | 0.0        | (0%)  | 0.0        | (0%)  | 0.0         | (0%)  | 0.0         | (0%)  |
| New          | 0.2        | (3%)  | 1.9        | (27%) | 1.3         | (11%) | 1.6         | (12%) |
| <b>Total</b> | <b>6.6</b> |       | <b>7.2</b> |       | <b>12.2</b> |       | <b>12.8</b> |       |

Following a decrease in 2017–18, Buloke Shire Council's spending on asset upgrades trended upwards in real terms between 2017–18 and 2019–20. This spending increased to be the highest share of council's capital expenditure in 2019–20, overtaking asset renewal which was the highest share between 2016–17 and 2018–19.

Spending on new assets also trended upwards between 2016–17 and 2018–19, while spending on asset renewal fluctuated year on year.

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

**Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)**



**Renewal & upgrade expenditure as a percentage of depreciation**

|         |                      |
|---------|----------------------|
| 2016–17 | 89%                  |
| 2017–18 | 71%                  |
| 2018–19 | 141%                 |
| 2019–20 | 137%                 |
| 2020–21 | 142% (forecast data) |
| 2021–22 | 179% (forecast data) |

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, following a decrease in 2017–18. This spending increased 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 (despite spending on renewal and upgrades decreasing in real terms).

# Services



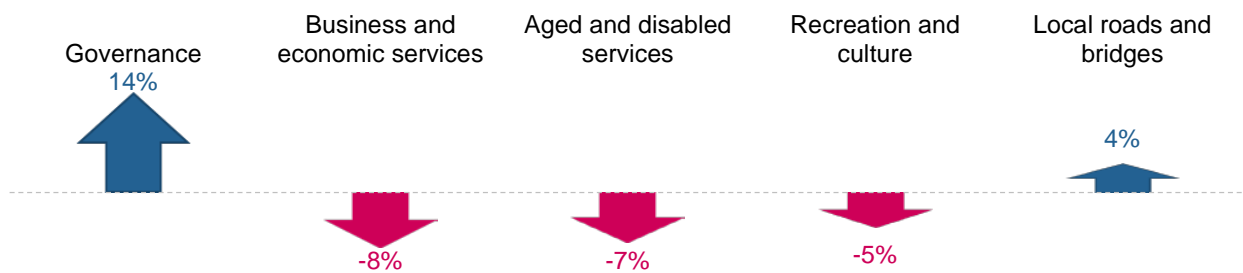
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## Which service areas is council spending its money in?

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

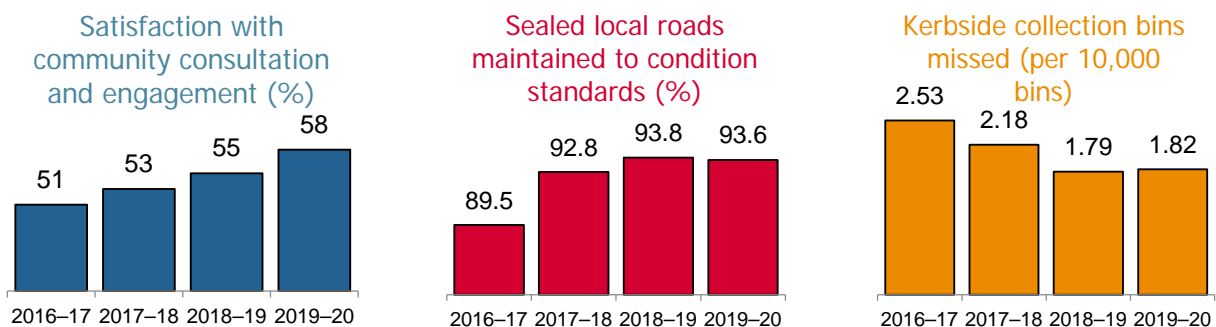
|                                | 2016–17     |       | 2017–18     |       | 2018–19     |       | 2019–20     |       |
|--------------------------------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
|                                | \$m         |       | \$m         |       | \$m         |       | \$m         |       |
| Aged and disabled services     | 1.3         | (6%)  | 1.4         | (5%)  | 2.0         | (6%)  | 1.1         | (4%)  |
| Business and economic services | 1.4         | (6%)  | 1.7         | (6%)  | 2.1         | (6%)  | 1.1         | (4%)  |
| Environment                    | 0.8         | (3%)  | 0.3         | (1%)  | 0.3         | (1%)  | 0.4         | (1%)  |
| Family and community services  | 0.7         | (3%)  | 0.8         | (3%)  | 0.5         | (2%)  | 1.0         | (4%)  |
| Governance                     | 5.1         | (22%) | 7.4         | (29%) | 15.1        | (43%) | 7.6         | (29%) |
| Local roads and bridges        | 9.1         | (38%) | 9.3         | (36%) | 9.9         | (28%) | 10.2        | (39%) |
| Recreation and culture         | 2.7         | (11%) | 2.8         | (11%) | 2.7         | (8%)  | 2.3         | (9%)  |
| Traffic and street management  | 1.1         | (5%)  | 1.2         | (4%)  | 1.1         | (3%)  | 1.5         | (6%)  |
| Waste management               | 1.1         | (5%)  | 1.2         | (5%)  | 1.3         | (4%)  | 1.4         | (5%)  |
| Other                          | 0.5         | (2%)  | 0.0         | (0%)  | 0.0         | (0%)  | 0.0         | (0%)  |
| <b>Total</b>                   | <b>23.7</b> |       | <b>26.0</b> |       | <b>35.0</b> |       | <b>26.5</b> |       |

## 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?



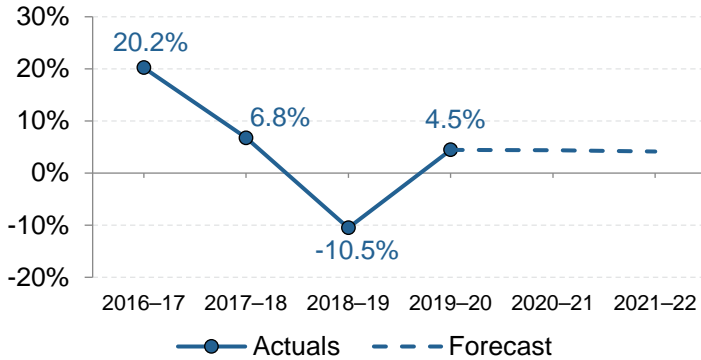
# Financial position



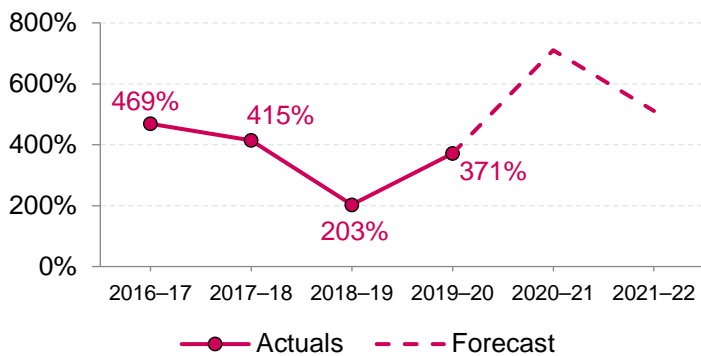
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## Is council operating sustainably?

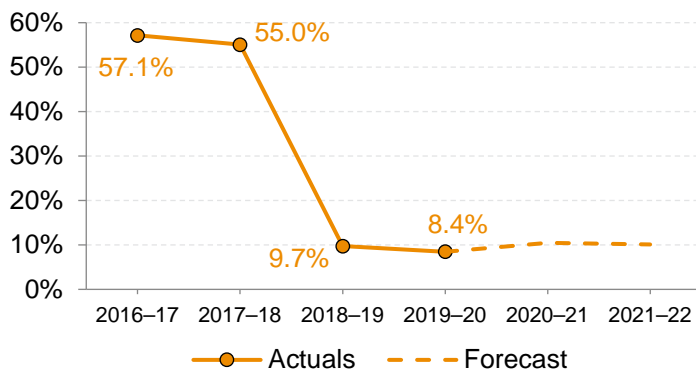
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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



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



Between 2016–17 and 2019–20, Buloke Shire Council reported an average **adjusted underlying result** of 5.2 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The deficit in 2018–19 reflects the spending of flood restoration funds received in prior years.

Council could meet its current financial obligations with a reported average **working capital ratio** of 365 per cent between 2016–17 and 2019–20. The decrease in 2018–19 reflects repayment of a \$7m debt.

The reported average **indebtedness ratio** of 32.6 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. The decrease in 2018–19 reflects repayment of long-term debt.

**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.