

Hepburn 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.

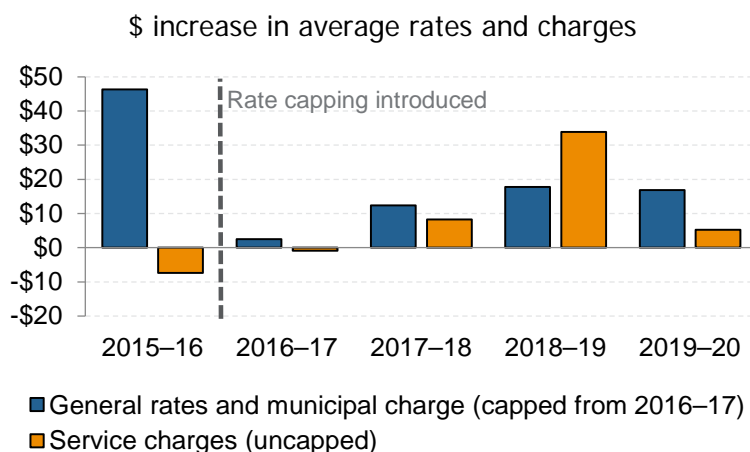


© OpenStreetMap contributors

Key facts	
Population (June 2019):	15,975
Size (km ²):	1,473
Length of local roads (km):	1,509
Population per km of roads:	11
Council employees (FTE, 2019–20):	140
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	\$1,745	n/a
2016–17	\$1,746	2.50%
2017–18	\$1,767	2.00%
2018–19	\$1,819	2.25%
2019–20	\$1,841	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

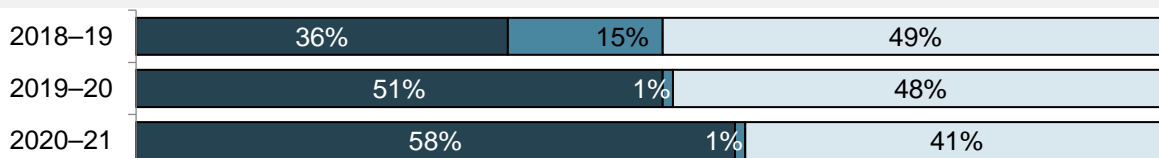
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property) 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 ratepayers	Industrial ratepayers	Rural ratepayers
	81% of ratepayers	9% of ratepayers	1% of ratepayers	10% of ratepayers
	\$15.7m (75%) of rates and charges revenue in 2019–20	\$2.9m (14%) of rates and charges revenue in 2019–20	\$0.1m (1%) of rates and charges revenue in 2019–20	\$2.3m (11%) of rates and charges revenue in 2019–20
	1.6% average annual increase between 2015–16 and 2019–20	-0.6% average annual increase between 2015–16 and 2019–20	0.6% average annual increase between 2015–16 and 2019–20	1.5% 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?

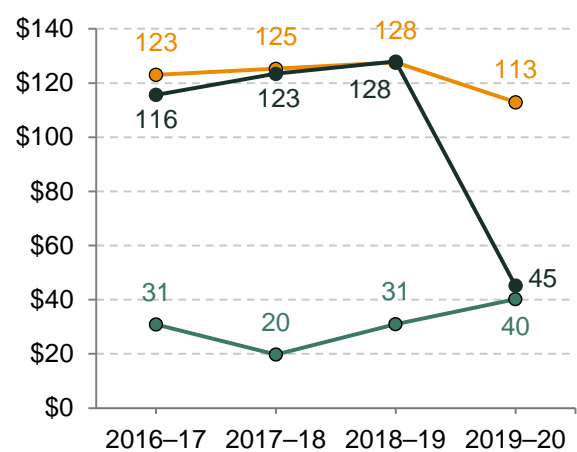
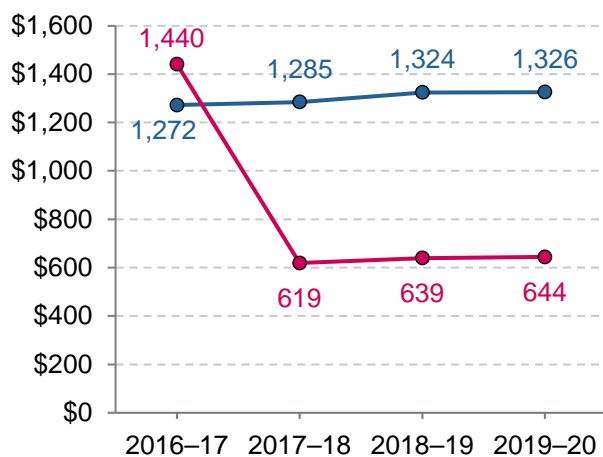
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	19.7	(43%)	20.1	(59%)	20.9	(59%)	21.2	(61%)
User fees and statutory fees and fines	1.9	(4%)	2.0	(6%)	2.0	(6%)	1.8	(5%)
Grants	22.4	(48%)	9.7	(28%)	10.1	(28%)	10.3	(30%)
Contributions	0.5	(1%)	0.3	(1%)	0.5	(1%)	0.6	(2%)
Other	1.8	(4%)	1.9	(6%)	2.0	(6%)	0.7	(2%)
Total	46.3		33.9		35.6		34.6	

In real terms, Hepburn Shire Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from grants. In 2016–17, revenue from grants, and consequently total revenue, was higher due to an advance payment of Commonwealth financial assistance grants and the receipt of natural disaster grants.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 89 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



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

In terms of revenue per person (which adjusts for population growth), council's revenue from grants decreased in real terms in 2017–18 before increasing in 2018–19 and 2019–20. Revenue per person from rates and charges trended upwards in real terms between 2016–17 and 2019–20, while 'other' revenue per person trended upwards in real terms until a decrease in 2019–20 (due to a net loss on the sale of assets).

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?

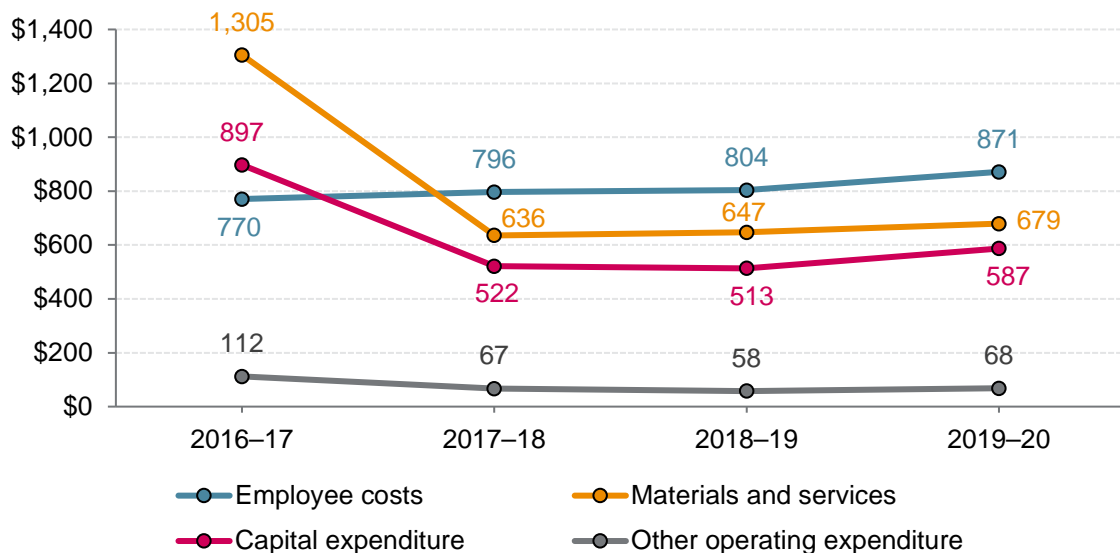
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	34.0 (71%)	23.4 (74%)	23.9 (75%)	25.9 (73%)
Employee costs	12.0 (25%)	12.4 (39%)	12.7 (40%)	13.9 (39%)
Materials and services	20.3 (42%)	9.9 (31%)	10.2 (32%)	10.8 (31%)
Other operating expenditure	1.7 (4%)	1.1 (3%)	0.9 (3%)	1.1 (3%)
Capital expenditure	13.9 (29%)	8.2 (26%)	8.1 (25%)	9.4 (27%)
Total	47.9	31.6	32.0	35.2

In real terms, Hepburn Shire Council's total expenditure decreased in 2017–18 before trending upwards in 2018–19 and 2019–20. The higher expenditure in 2016–17 reflected elevated expenditure on materials and services and capital expenditure compared to historical levels. Between 2017–18 and 2019–20, all areas of expenditure (except 'other operating expenditure') trended upwards in real terms.

In 2016–17, materials and services was council's largest area of expenditure. However, following the decrease in expenditure on materials and services in 2017–18, employee costs was council's largest area of expenditure between 2017–18 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 decreased in real terms in 2017–18 before trending upwards between 2017–18 and 2019–20. Employee costs per person trended upwards 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?

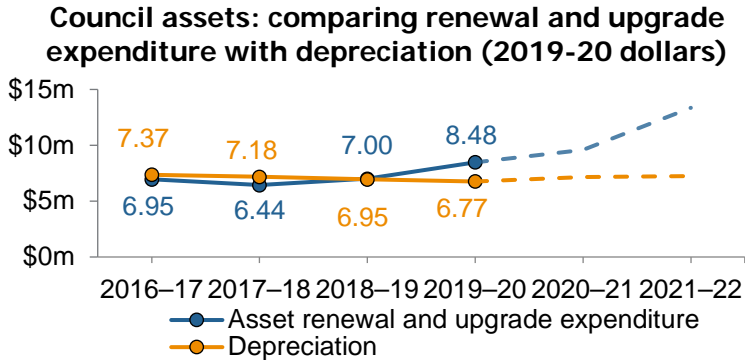
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	5.5	(39%)	5.6	(68%)	6.4	(78%)	5.8	(62%)
Upgrade	1.5	(11%)	0.9	(11%)	0.6	(8%)	2.7	(28%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	7.0	(50%)	1.7	(21%)	1.1	(14%)	0.9	(10%)
Total	13.9		8.2		8.1		9.4	

In real terms, Hepburn Shire Council's spending on asset renewal trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. Spending on new assets and asset upgrades trended downwards in real terms between 2016–17 and 2019–20, aside from a jump in asset upgrades in 2019–20.

Asset renewal represented the highest share of capital expenditure between 2017–18 and 2019–20 (spending on new assets was previously the highest in 2016–17).

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	94%
2017–18	90%
2018–19	101%
2019–20	125%
2020–21	134% (forecast data)
2021–22	184% (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 increase further above 100 per cent of depreciation in 2020–21 and 2021–22.

Services



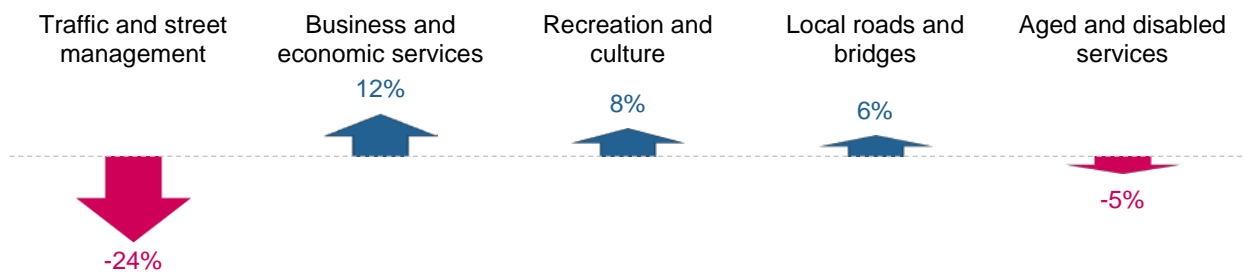
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Which service areas is council spending its money in?

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

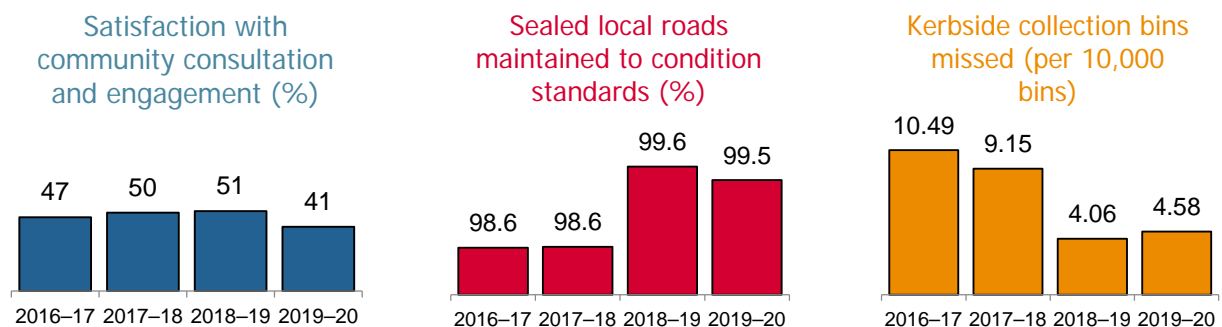
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	2.1	(7%)	2.1	(7%)	1.7	(6%)	1.8	(6%)
Business and economic services	2.4	(8%)	3.1	(10%)	2.4	(8%)	3.3	(10%)
Environment	0.5	(2%)	0.4	(1%)	0.6	(2%)	0.6	(2%)
Family and community services	0.9	(3%)	0.7	(2%)	1.7	(5%)	0.9	(3%)
Governance	6.0	(20%)	5.2	(17%)	4.7	(15%)	5.9	(18%)
Local roads and bridges	7.3	(24%)	8.3	(27%)	8.7	(28%)	8.5	(26%)
Recreation and culture	5.2	(17%)	5.6	(19%)	5.5	(18%)	6.5	(20%)
Traffic and street management	2.3	(8%)	1.5	(5%)	1.9	(6%)	1.0	(3%)
Waste management	3.9	(13%)	3.2	(11%)	3.6	(12%)	4.0	(12%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	30.6		30.2		30.9		32.8	

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?



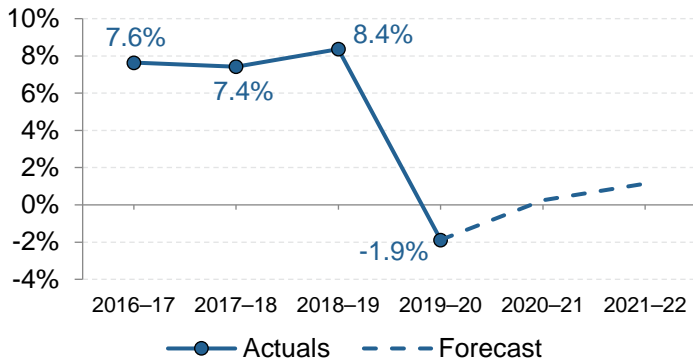
Financial position



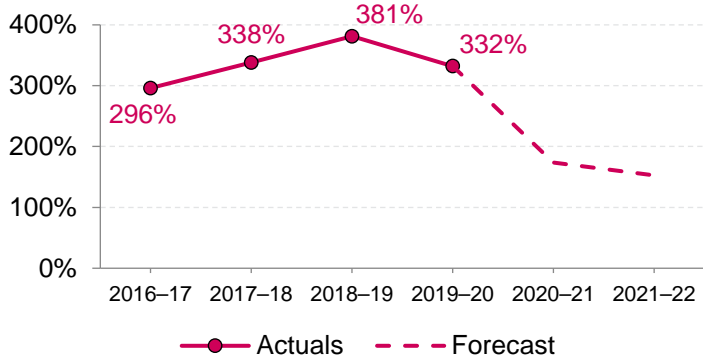
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Is council operating sustainably?

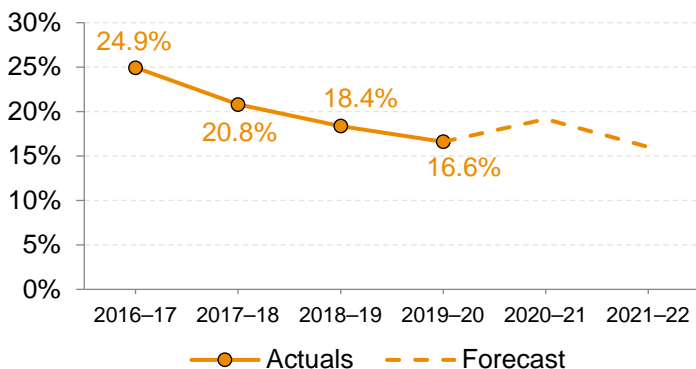
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Hepburn Shire Council reported an average **adjusted underlying result** of 5.4 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 2019–20 reflects impacts of coronavirus, including reduced interest and rental income.

Council could meet its current financial obligations with a reported average **working capital ratio** of 337 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 20.2 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.