

Moorabool Shire Council

Group: large 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 large 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.



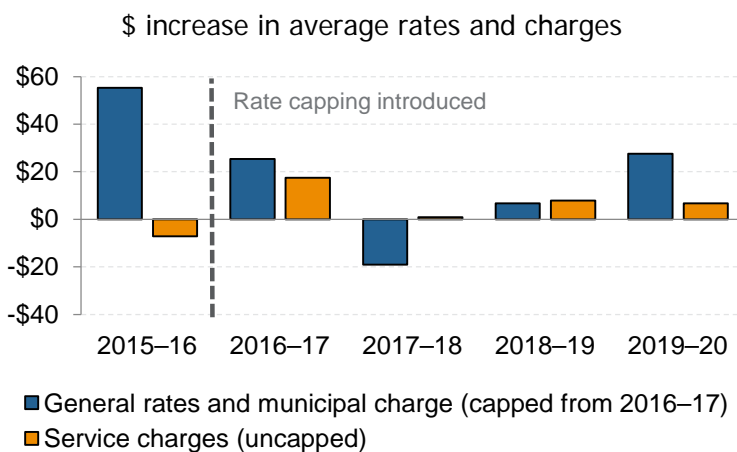
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Key facts

Population (June 2019):	35,049
Size (km ²):	2,111
Length of local roads (km):	1,530
Population per km of roads:	23
Council employees (FTE, 2019–20):	250
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	\$1,965	n/a
2016–17	\$2,008	3.50% ^a
2017–18	\$1,990	2.00%
2018–19	\$2,005	2.25%
2019–20	\$2,039	2.50%

^a 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

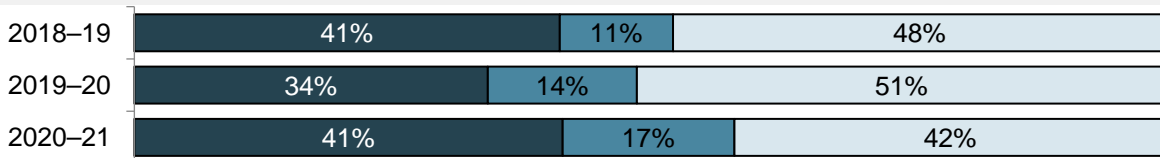
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 6 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
	89% of ratepayers	4% of ratepayers	<1% of ratepayers	7% of ratepayers
	\$29.5m (83%) of rates and charges revenue in 2019–20	\$2.4m (7%) of rates and charges revenue in 2019–20	\$0.4m (1%) of rates and charges revenue in 2019–20	\$3.2m (9%) of rates and charges revenue in 2019–20
	0.8% average annual increase between 2015–16 and 2019–20	-1.6% average annual increase between 2015–16 and 2019–20	-2.7% average annual increase between 2015–16 and 2019–20	0.3% 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.
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Where is council's money coming from?

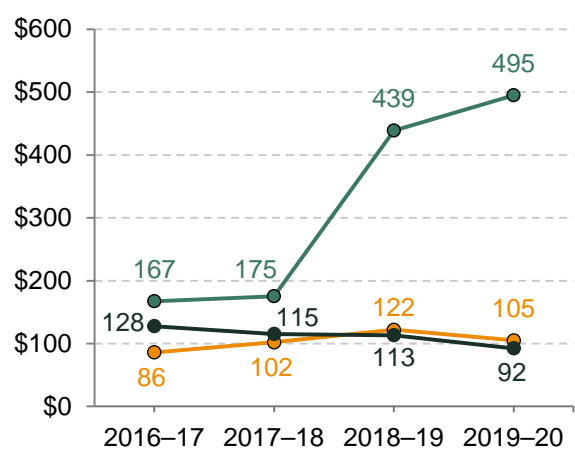
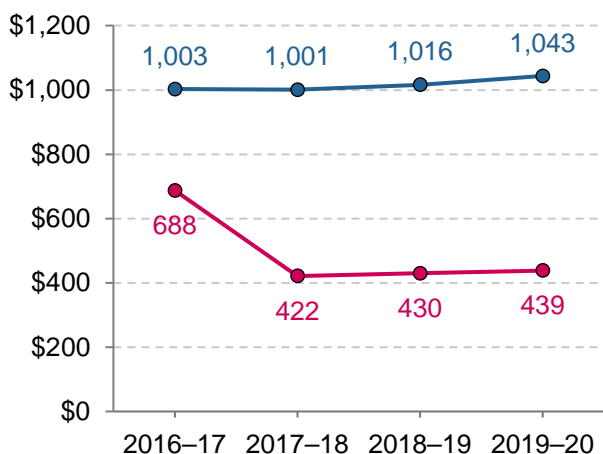
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	32.8	(48%)	33.5	(55%)	34.7	(48%)	36.6	(48%)
User fees and statutory fees and fines	2.8	(4%)	3.4	(6%)	4.2	(6%)	3.7	(5%)
Grants	22.5	(33%)	14.1	(23%)	14.7	(20%)	15.4	(20%)
Contributions	5.5	(8%)	5.9	(10%)	15.0	(21%)	17.3	(23%)
Other	4.2	(6%)	3.9	(6%)	3.9	(5%)	3.2	(4%)
Total	67.7		60.7		72.4		76.2	

In real terms, Moorabool Shire Council's total revenue increased between 2016–17 and 2019–20, largely reflecting increases in revenue from contributions related to the completion of major capital works projects in 2018–19 and 2019–20. Revenue from grants was higher in 2016–17 due to advance payment of financial assistance grants and higher levels of capital grants.

Rates and charges was the largest source of council's revenue, accounting for 50 per cent of total revenue between 2016–17 and 2019–20. In 2018–19 and 2019–20, council's revenue from contributions grew to around 20 per cent of its total revenue, which was similar to the percentage of revenue it received from grants in these years.

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 contributions and, to a lesser extent, revenue from rates and charges increased in real terms between 2016–17 and 2019–20. Revenue per person from grants decreased in 2017–18 then stabilised in 2018–19 and 2019–20.

Expenditure



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How much money is council spending?

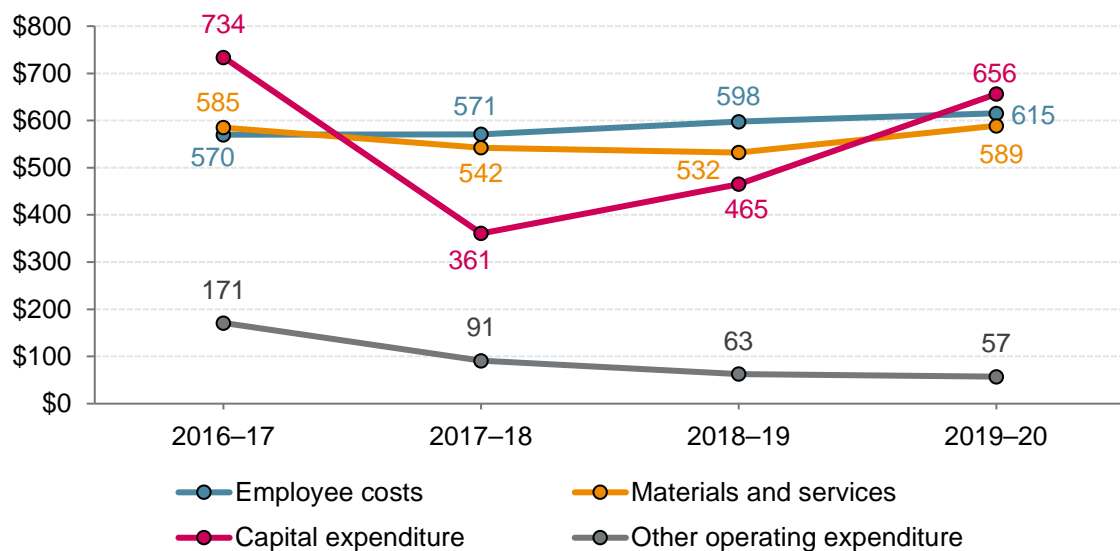
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	43.3 (64%)	40.3 (77%)	40.7 (72%)	44.2 (66%)
Employee costs	18.6 (28%)	19.1 (36%)	20.4 (36%)	21.6 (32%)
Materials and services	19.1 (28%)	18.1 (35%)	18.2 (32%)	20.6 (31%)
Other operating expenditure	5.6 (8%)	3.0 (6%)	2.1 (4%)	2.0 (3%)
Capital expenditure	24.0 (36%)	12.1 (23%)	15.9 (28%)	23.0 (34%)
Total	67.3	52.3	56.6	67.2

In real terms, Moorabool Shire Council's total expenditure decreased in 2017–18, then increased in 2018–19 and 2019–20 reflecting changes in capital expenditure. Employee costs increased in real terms between 2016–17 and 2019–20, while expenditure on materials and services fluctuated.

Changes in the composition of council's expenditure between 2016–17 and 2019–20 largely reflect changes in capital expenditure.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), employee costs trended upwards in real terms between 2016–17 and 2019–20, while expenditure on materials and services fluctuated. Capital expenditure per person increased in real terms in 2018–19 and 2019–20, following a dip in 2017–18.



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

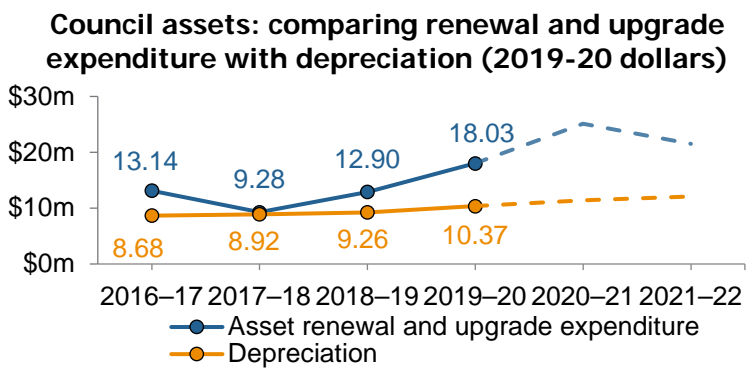
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	9.1	(38%)	8.0	(67%)	11.5	(73%)	13.8	(60%)
Upgrade	4.0	(17%)	1.2	(10%)	1.4	(9%)	4.3	(19%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	10.8	(45%)	2.8	(23%)	3.0	(19%)	5.0	(22%)
Total	24.0		12.1		15.9		23.0	

Following a spike in spending on new assets in 2016–17, Moorabool Shire Council's spending on new assets returned to levels more consistent with the council's historical spending (in real terms). Between 2017–18 and 2019–20, spending on asset renewal accounted for most of council's capital expenditure (above 60 per cent).

Council's spending on asset renewal increased in 2018–19 and 2019–20 in real terms. Total spending on asset renewal over those two years, in real terms, was approximately 50 per cent more than in 2016–17 and 2017–18.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	151%
2017–18	104%
2018–19	139%
2019–20	174%
2020–21	221% (forecast data)
2021–22	178% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated between 2016–17 and 2019–20, increasing in real terms in 2018–19 and 2019–20 following a decrease in 2017–18.

Renewal and upgrade expenditure remained above the amount of depreciation (the decline in value of council's assets caused by age and use) between 2016–17 and 2019–20, and was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22.

Which service areas is council spending its money in?

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

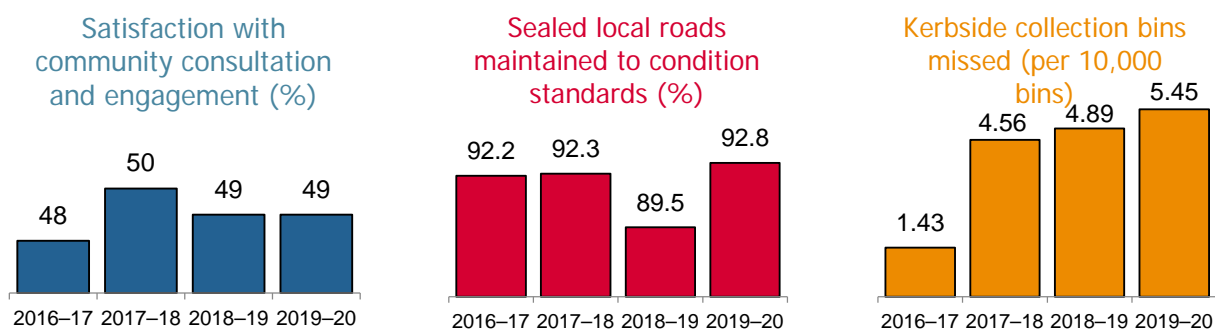
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	3.2 (7%)	2.8 (6%)	3.0 (6%)	2.8 (5%)
Business and economic services	4.9 (10%)	5.1 (11%)	5.3 (11%)	5.2 (10%)
Environment	3.2 (7%)	3.8 (8%)	3.7 (8%)	4.0 (7%)
Family and community services	3.0 (6%)	3.1 (7%)	2.7 (6%)	3.1 (6%)
Governance	12.9 (27%)	12.7 (27%)	13.1 (27%)	15.2 (28%)
Local roads and bridges	9.6 (20%)	9.5 (20%)	9.5 (19%)	10.2 (19%)
Recreation and culture	5.2 (11%)	4.7 (10%)	5.1 (10%)	5.3 (10%)
Traffic and street management	2.1 (4%)	2.2 (5%)	2.4 (5%)	3.6 (7%)
Waste management	3.6 (7%)	3.5 (7%)	3.9 (8%)	4.4 (8%)
Other	0.2 (0%)	0.4 (1%)	0.2 (0%)	0.3 (0%)
Total	47.9	47.7	49.0	53.9

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?



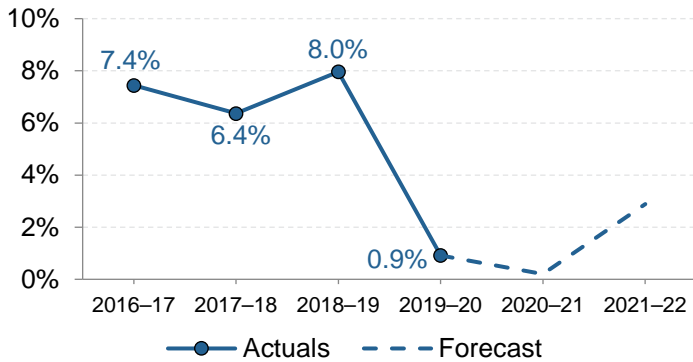
Financial position



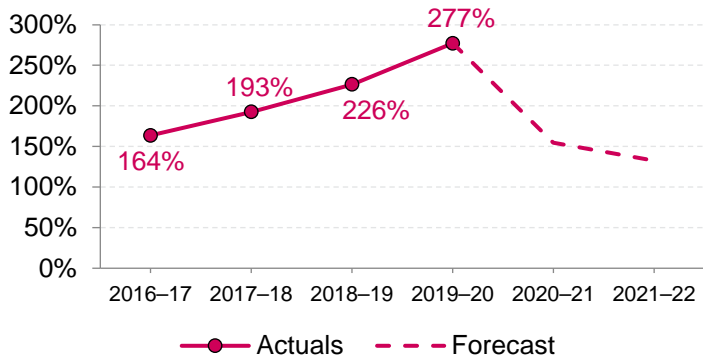
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Is council operating sustainably?

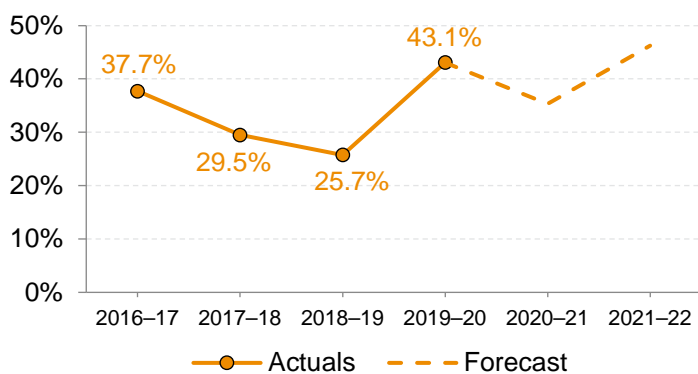
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Moorabool Shire Council reported an average **adjusted underlying result** of 5.7 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The lower result in 2019–20 reflects an increase in spending on capital and service provision to meet the needs of a growing population.

Council could meet its short-term financial obligations with a reported average **working capital ratio** of 215 per cent between 2016–17 and 2019–20. The increase in working capital reflects an increase in developer contributions and the deferral of capital works.

The reported average **indebtedness ratio** of 34.0 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 higher ratio in 2019–20 reflects increased borrowings for infrastructure.

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.