

Mount Alexander 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.

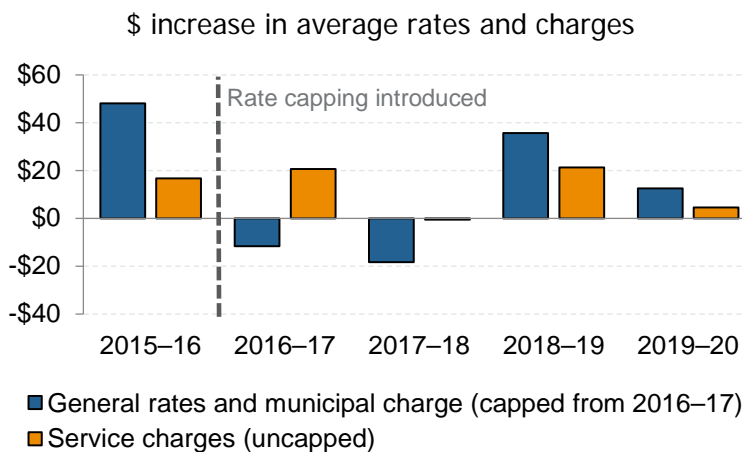


© OpenStreetMap contributors

Key facts	
Population (June 2019):	19,754
Size (km ²):	1,530
Length of local roads (km):	1,432
Population per km of roads:	14
Council employees (FTE, 2019–20):	169
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	\$1,961	n/a
2016–17	\$1,970	2.50%
2017–18	\$1,951	2.00%
2018–19	\$2,008	2.25%
2019–20	\$2,025	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

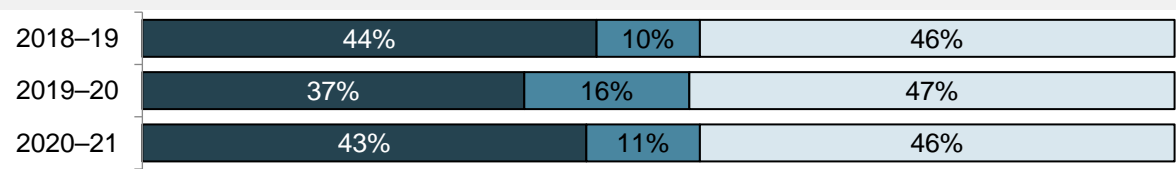
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 4 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 & Industrial ratepayers	Rural ratepayers
	87% of ratepayers	5% of ratepayers	8% of ratepayers
	\$20.2m (84%) of rates and charges revenue in 2019–20	\$1.5m (6%) of rates and charges revenue in 2019–20	\$2.4m (10%) of rates and charges revenue in 2019–20
	1.3% average annual increase between 2015–16 and 2019–20	-5.7% 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.
 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?

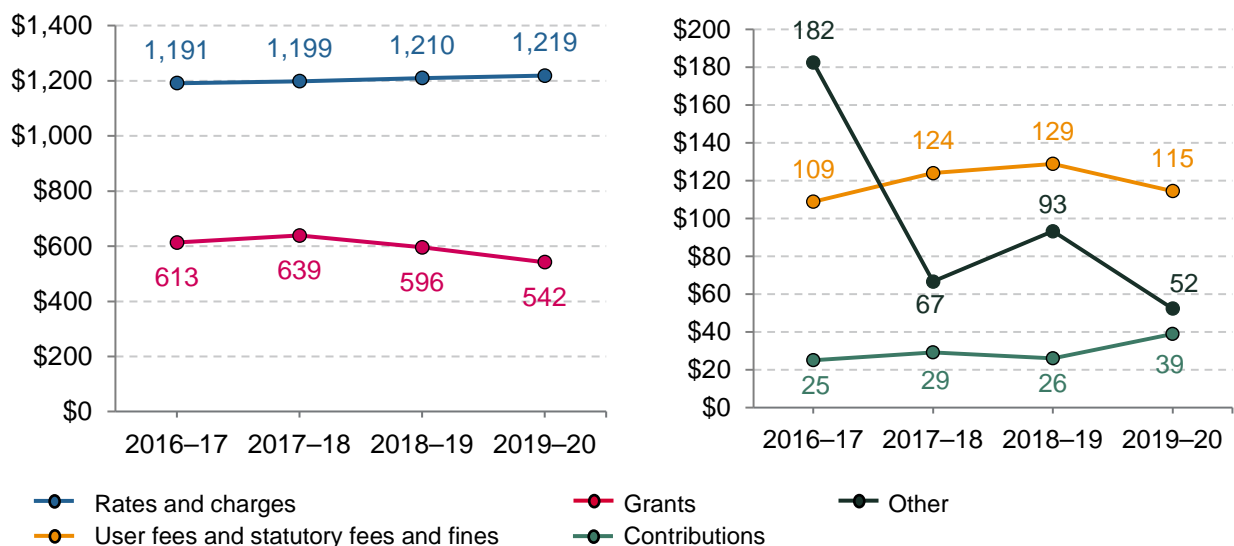
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	22.8	(56%)	23.1	(58%)	23.6	(59%)	24.1	(62%)
User fees and statutory fees and fines	2.1	(5%)	2.4	(6%)	2.5	(6%)	2.3	(6%)
Grants	11.7	(29%)	12.3	(31%)	11.6	(29%)	10.7	(28%)
Contributions	0.5	(1%)	0.6	(1%)	0.5	(1%)	0.8	(2%)
Other	3.5	(9%)	1.3	(3%)	1.8	(5%)	1.0	(3%)
Total	40.5		39.7		40.1		38.9	

In real terms, Mount Alexander Shire Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from grants and 'other' revenue. In 2016–17, council's 'other' revenue was higher (due to the recognition of assets it received previously) and in 2017–18, revenue from grants was higher (due to a higher level of capital grants).

Rates and charges was the largest source of council's revenue, accounting for between 56 and 62 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from rates and charges trended upwards in real terms between 2016–17 and 2019–20, while revenue from grants peaked in real terms in 2017–18.

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?

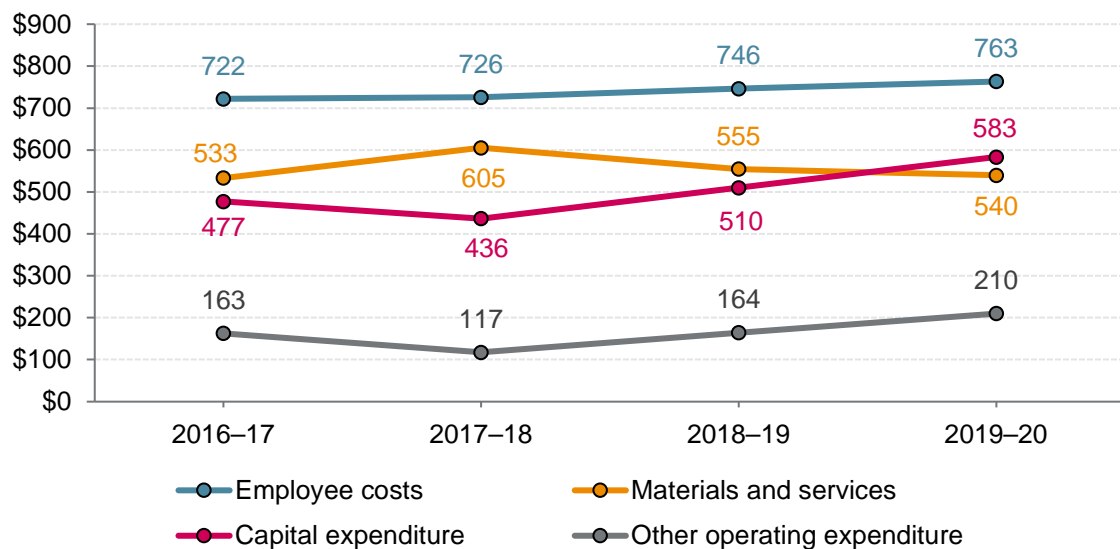
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	27.1 (75%)	28.0 (77%)	28.6 (74%)	29.9 (72%)
Employee costs	13.8 (38%)	14.0 (39%)	14.6 (38%)	15.1 (36%)
Materials and services	10.2 (28%)	11.7 (32%)	10.8 (28%)	10.7 (26%)
Other operating expenditure	3.1 (9%)	2.3 (6%)	3.2 (8%)	4.1 (10%)
Capital expenditure	9.1 (25%)	8.4 (23%)	10.0 (26%)	11.5 (28%)
Total	36.2	36.4	38.5	41.4

In real terms, Mount Alexander Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in capital expenditure and employee costs. Expenditure on materials and services remained relatively stable in real terms between 2016–17 and 2019–20, except for an increase in 2017–18.

Employee costs was council's largest area of expenditure, accounting for 38 per cent of total expenditure between 2016–17 and 2019–20.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), employee costs and capital expenditure trended upwards in real terms between 2016–17 and 2019–20.

Expenditure per person on materials and services increased in real terms in 2017–18, before trending downwards between 2017–18 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?

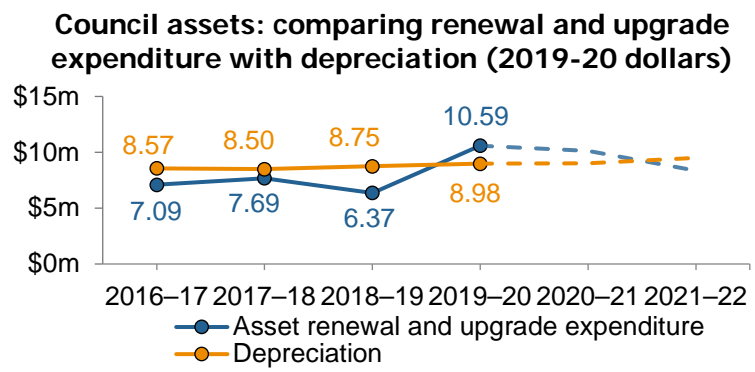
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	6.1	(66%)	7.7	(91%)	6.3	(64%)	9.5	(83%)
Upgrade	1.0	(11%)	0.0	(0%)	0.0	(0%)	1.0	(9%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	2.0	(22%)	0.7	(9%)	3.6	(36%)	0.9	(8%)
Total	9.1		8.4		10.0		11.5	

In real terms, Mount Alexander Shire Council's spending on asset renewal trended upwards between 2016–17 and 2019–20, aside from a drop in 2018–19. This spending remained the highest share of council's capital expenditure between 2016–17 and 2019–20.

Spending on new assets and asset upgrades fluctuated year on year in real terms between 2016–17 and 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	83%
2017–18	90%
2018–19	73%
2019–20	118%
2020–21	112% (forecast data)
2021–22	88% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, aside from a drop in 2018–19. This spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use) until 2019–20 when it increased above 100 per cent of depreciation.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21, before decreasing below in 2021–22.

Services



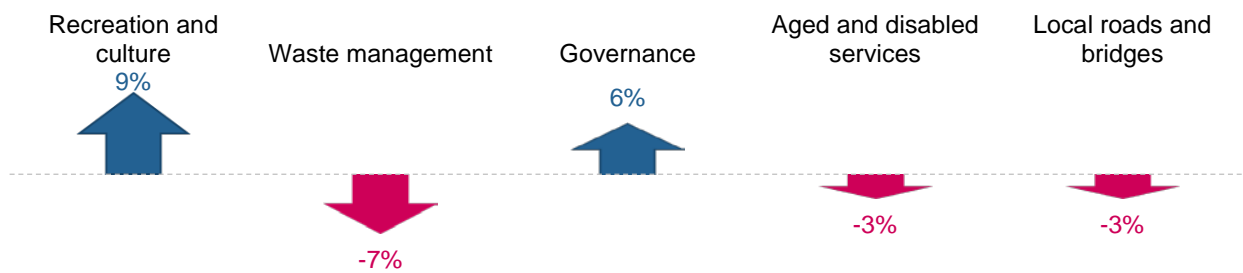
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Which service areas is council spending its money in?

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

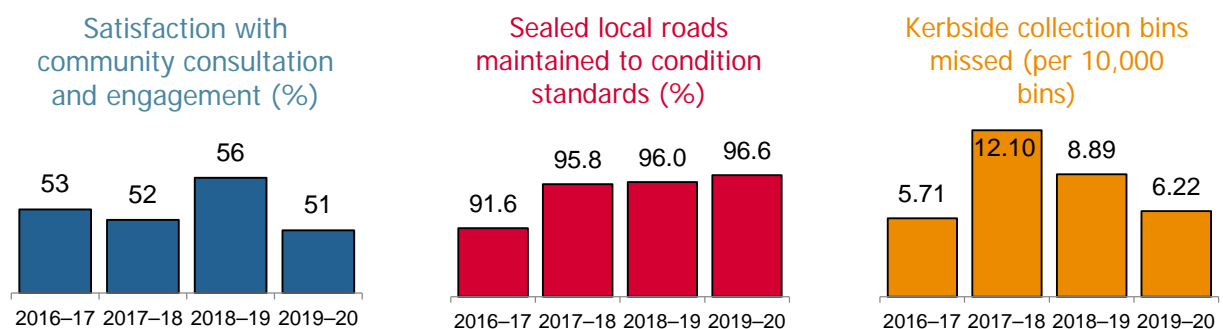
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	2.4 (7%)	2.4 (7%)	2.4 (7%)	2.2 (6%)
Business and economic services	3.1 (9%)	3.0 (8%)	3.2 (9%)	3.2 (9%)
Environment	1.1 (3%)	1.1 (3%)	1.3 (4%)	1.6 (4%)
Family and community services	1.1 (3%)	0.8 (2%)	0.8 (2%)	0.9 (2%)
Governance	7.9 (23%)	9.6 (27%)	8.8 (24%)	9.3 (25%)
Local roads and bridges	8.1 (23%)	7.9 (22%)	7.8 (21%)	7.5 (20%)
Recreation and culture	5.3 (15%)	6.3 (18%)	6.7 (18%)	6.9 (19%)
Traffic and street management	1.0 (3%)	1.5 (4%)	1.3 (4%)	1.4 (4%)
Waste management	4.5 (13%)	3.4 (9%)	4.5 (12%)	3.6 (10%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	34.6	36.1	36.8	36.7

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?



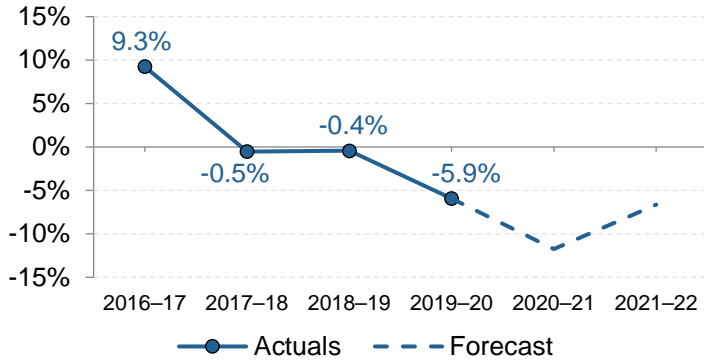
Financial position



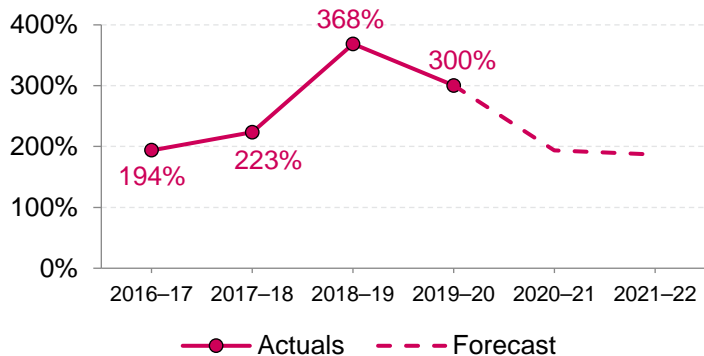
See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

Is council operating sustainably?

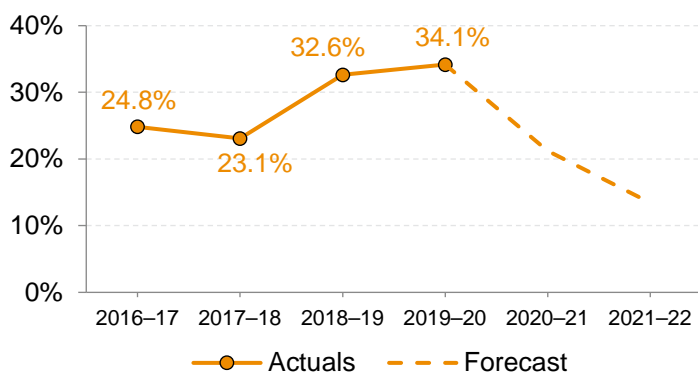
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Mount Alexander Shire Council reported an average **adjusted underlying result** of 0.6 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The surplus in 2016–17 reflects early part-payment of government grants. The deficit in 2019–20 reflects increased losses on asset disposals, and reduced revenue due to coronavirus.

Council could meet its current financial obligations with a reported average **working capital ratio** of 271 per cent between 2016–17 and 2019–20. The increase in 2018–19 reflects the receipt of grants in advance of projects for the following year.

The reported average **indebtedness ratio** of 28.7 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 increase in 2018–19 reflects higher landfill rehabilitation provisions.

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.