

# Pyrenees 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.

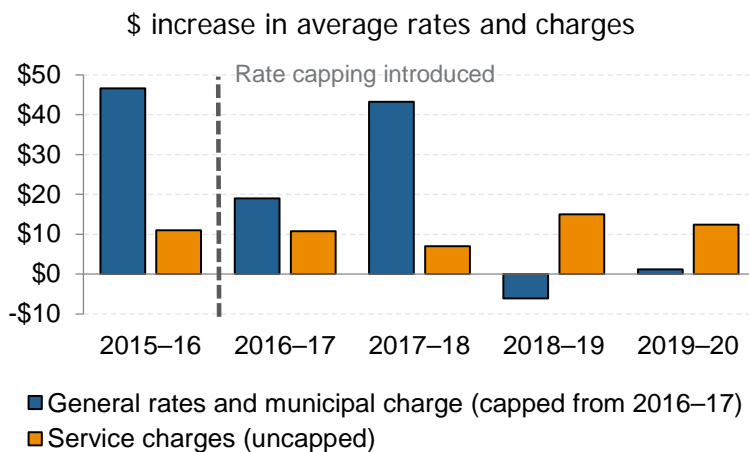


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Key facts	
Population (June 2019):	7,472
Size (km <sup>2</sup> ):	3,435
Length of local roads (km):	2,036
Population per km of roads:	4
Council employees (FTE, 2019–20):	80
Submitted an application for a higher cap for any year between 2016–17 and 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	\$1,536	n/a
2016–17	\$1,566	3.83% <sup>a</sup>
2017–18	\$1,616	3.50% <sup>a</sup>
2018–19	\$1,625	3.50% <sup>a</sup>
2019–20	\$1,638	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 (3.50%)	2019–20 (2.50%)	2020–21 (2.00%)
Yes (approved higher cap)	Yes	Immaterially non-compliant (0.07 above the cap)

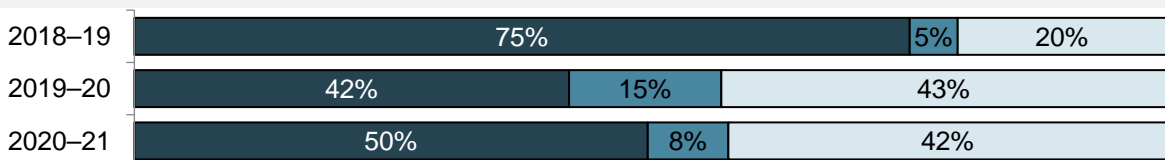
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 7 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
	<b>70%</b> of ratepayers	<b>2%</b> of ratepayers	<b>1%</b> of ratepayers	<b>27%</b> of ratepayers
	<b>\$4.9m</b> (49%) of rates and charges revenue in 2019–20	<b>\$0.1m</b> (1%) of rates and charges revenue in 2019–20	<b>\$0.2m</b> (2%) of rates and charges revenue in 2019–20	<b>\$4.7m</b> (47%) of rates and charges revenue in 2019–20
	<b>0.1%</b> average annual increase between 2015–16 and 2019–20	<b>-5.5%</b> average annual increase between 2015–16 and 2019–20	<b>35.5%</b> average annual increase between 2015–16 and 2019–20	<b>4.4%</b> 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?

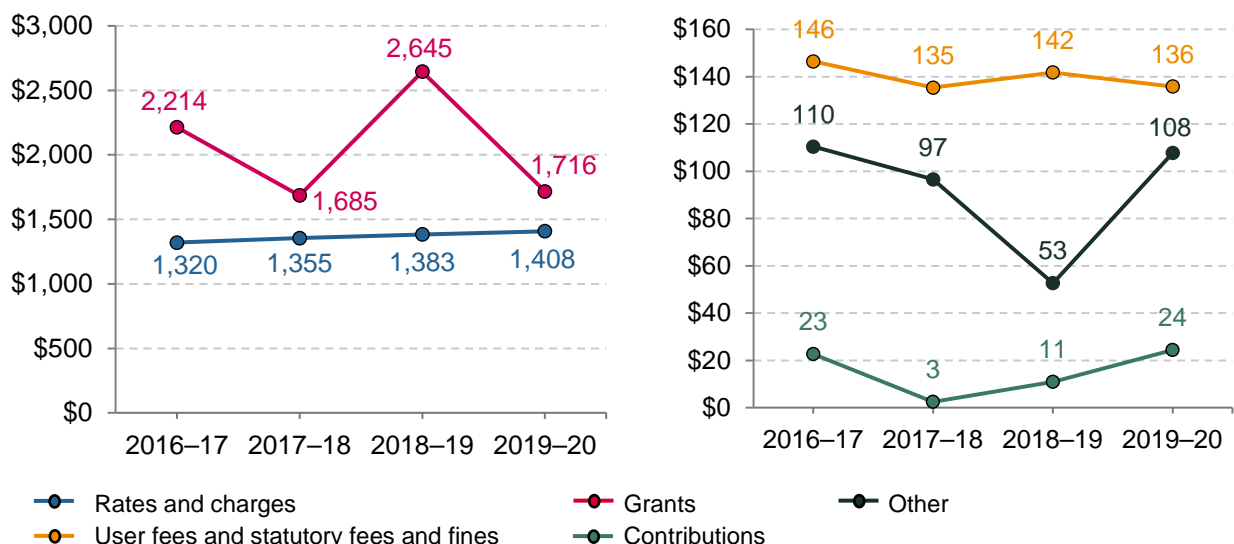
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	9.7	(35%)	10.0	(41%)	10.2	(33%)	10.5	(42%)
User fees and statutory fees and fines	1.1	(4%)	1.0	(4%)	1.0	(3%)	1.0	(4%)
Grants	16.2	(58%)	12.4	(51%)	19.4	(62%)	12.8	(51%)
Contributions	0.2	(1%)	0.0	(0%)	0.1	(0%)	0.2	(1%)
Other	0.8	(3%)	0.7	(3%)	0.4	(1%)	0.8	(3%)
<b>Total</b>	<b>27.9</b>		<b>24.1</b>		<b>31.1</b>		<b>25.3</b>	

In real terms, Pyrenees Shire Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in revenue from grants. These changes included an advance payment of Commonwealth financial assistance grants in 2016–17, receipt of flood recovery grants in 2016–17 and 2018–19, and capital grants for upgrading roads in 2018–19.

Grants was the largest source of council's revenue, accounting for between 51 and 62 per cent of total revenue between 2016–17 and 2019–20. With revenue from grants fluctuating from year to year and decreasing in real terms between 2016–17 and 2019–20, the proportion of revenue council received through rates and charges increased.

## Revenue per person (2019–20 dollars)



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

# Expenditure



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

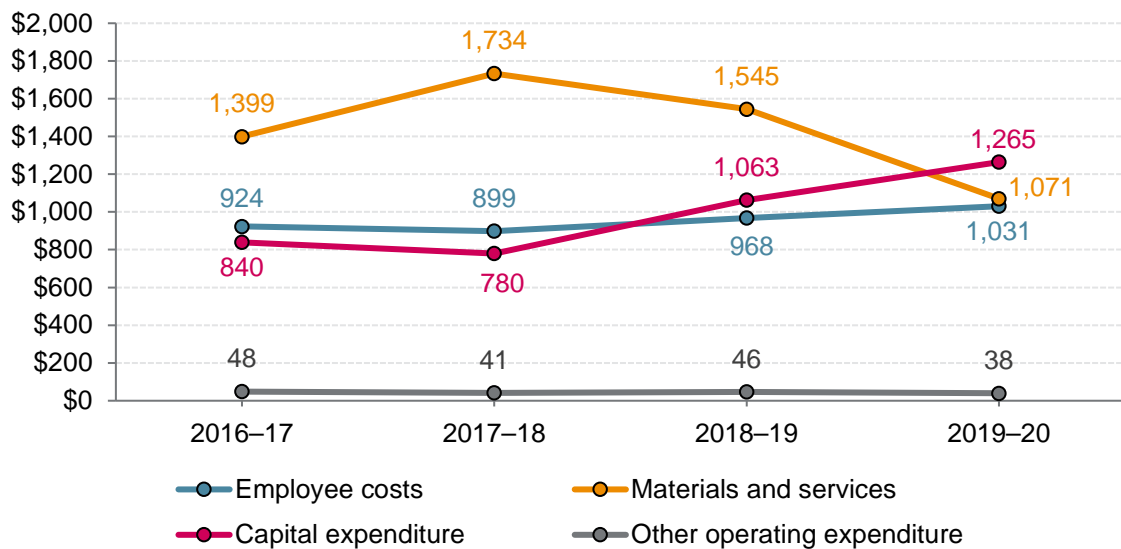
### Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	17.3 (74%)	19.7 (77%)	18.8 (71%)	16.0 (63%)
Employee costs	6.8 (29%)	6.6 (26%)	7.1 (27%)	7.7 (30%)
Materials and services	10.2 (44%)	12.8 (50%)	11.4 (43%)	8.0 (31%)
Other operating expenditure	0.4 (2%)	0.3 (1%)	0.3 (1%)	0.3 (1%)
Capital expenditure	6.1 (26%)	5.7 (23%)	7.8 (29%)	9.5 (37%)
<b>Total</b>	<b>23.5</b>	<b>25.4</b>	<b>26.6</b>	<b>25.4</b>

In real terms, Pyrenees Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting an increase in expenditure on materials and services in 2017–18 (related to flood restoration work) and increases in capital expenditure in 2018–19 and 2019–20. Employee costs increased in real terms between 2016–17 and 2019–20.

Between 2016–17 and 2018–19, materials and services was council's largest area of expenditure. However, following the increase in capital expenditure in 2019–20, this became council's largest area of expenditure in that year.

### Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), expenditure on materials and services decreased in real terms between 2016–17 and 2019–20, while capital expenditure and employee costs increased.



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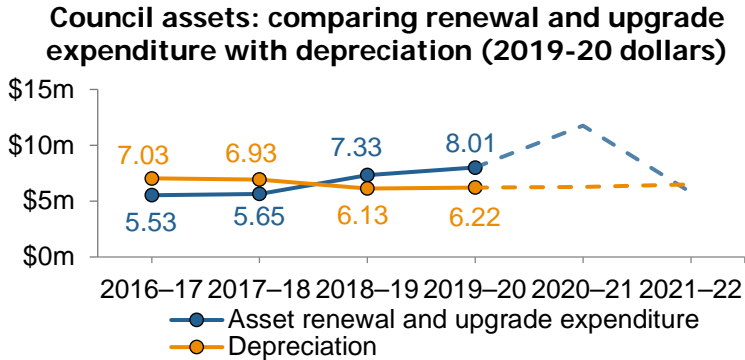
## Has council's capital expenditure pattern changed?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	5.0	(81%)	5.0	(87%)	7.1	(91%)	7.6	(80%)
Upgrade	0.6	(9%)	0.6	(11%)	0.2	(3%)	0.4	(5%)
Expansion	0.0	(0%)	0.0	(1%)	0.3	(4%)	0.0	(0%)
New	0.6	(10%)	0.1	(1%)	0.2	(2%)	1.4	(15%)
<b>Total</b>	<b>6.1</b>		<b>5.7</b>		<b>7.8</b>		<b>9.5</b>	

In real terms, Pyrenees Shire Council's spending on asset renewal trended upwards between 2016–17 and 2019–20, with a jump in spending in 2018–19. Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 80 to 91 per cent of total capital expenditure).

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



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

2016–17	79%
2017–18	82%
2018–19	119%
2019–20	129%
2020–21	187% (forecast data)
2021–22	89% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, increasing 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, before decreasing below in 2021–22.

# Services



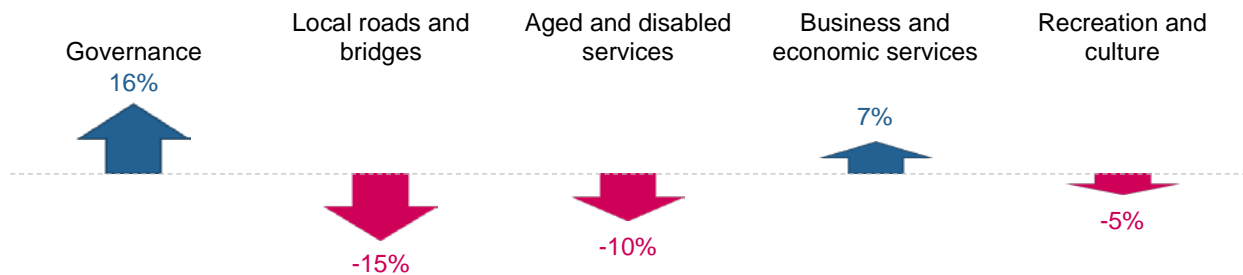
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## Which service areas is council spending its money in?

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

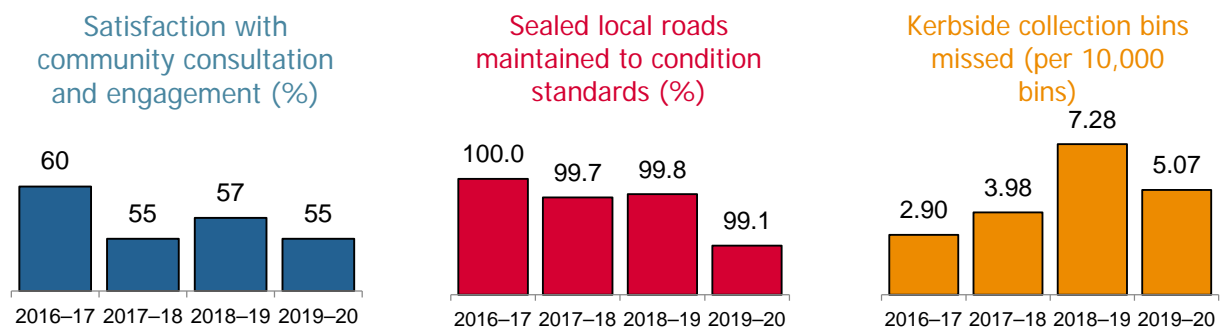
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	1.4	(6%)	1.3	(5%)	1.2	(5%)	1.0	(5%)
Business and economic services	2.3	(9%)	2.8	(10%)	2.7	(11%)	2.8	(13%)
Environment	1.6	(7%)	1.6	(6%)	1.7	(7%)	1.7	(8%)
Family and community services	0.6	(3%)	0.7	(2%)	0.7	(3%)	0.6	(3%)
Governance	3.6	(15%)	3.2	(12%)	3.4	(14%)	5.5	(25%)
Local roads and bridges	10.5	(43%)	12.7	(48%)	11.1	(45%)	6.5	(29%)
Recreation and culture	2.4	(10%)	2.4	(9%)	2.1	(9%)	2.1	(9%)
Traffic and street management	0.7	(3%)	0.7	(3%)	0.6	(2%)	0.5	(2%)
Waste management	1.2	(5%)	1.3	(5%)	1.4	(6%)	1.4	(6%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>24.4</b>		<b>26.6</b>		<b>25.0</b>		<b>22.2</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?



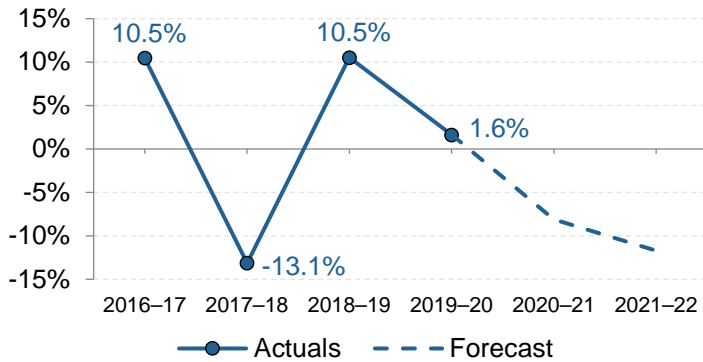
# Financial position



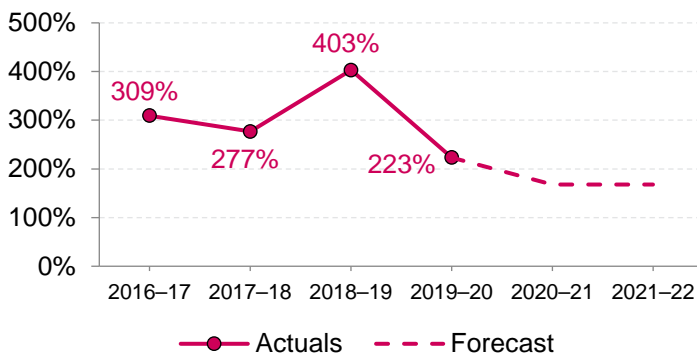
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## Is council operating sustainably?

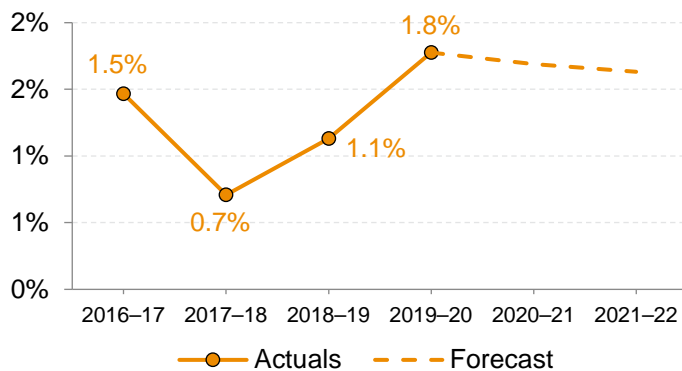
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Pyrenees Shire Council reported an average **adjusted underlying result** of 2.4 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 2017–18 reflects the cost of completed flood-recovery works, awaiting reimbursement from the Commonwealth Government.

Council could meet its current financial obligations with a reported average **working capital ratio** of 303 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 1.3 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.