

# Southern Grampians 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.

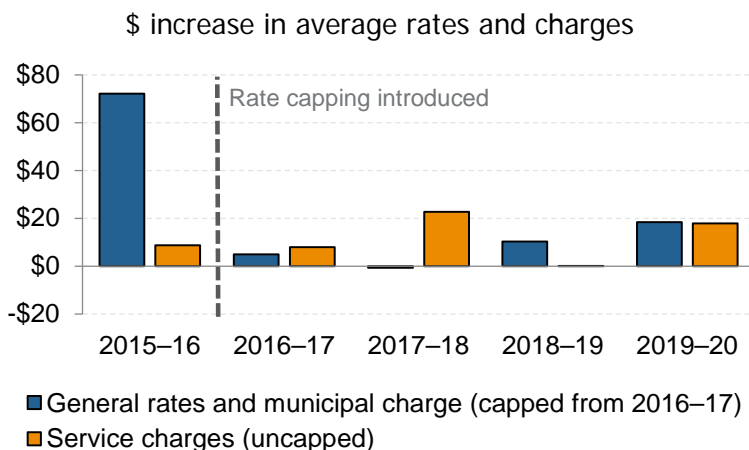


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Key facts	
Population (June 2019):	16,100
Size (km <sup>2</sup> ):	6,654
Length of local roads (km):	3,665
Population per km of roads:	4
Council employees (FTE, 2019–20):	227
Submitted an application for a higher cap for any year between 2016–17 and 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	\$1,808	n/a
2016–17	\$1,821	2.50%
2017–18	\$1,843	2.00%
2018–19	\$1,853	2.25%
2019–20	\$1,889	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

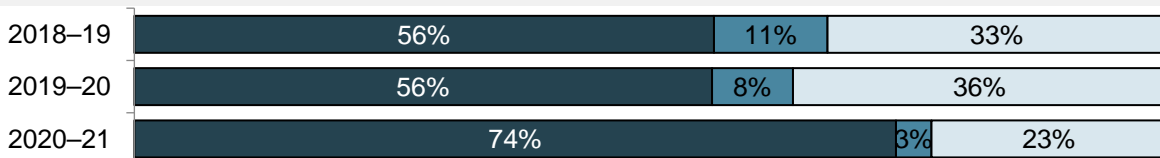
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 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).



- % 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>66%</b> of ratepayers	<b>4%</b> of ratepayers	<b>2%</b> of ratepayers	<b>27%</b> of ratepayers
	<b>\$10.1m</b> (49%) of rates and charges revenue in 2019–20	<b>\$1m</b> (5%) of rates and charges revenue in 2019–20	<b>\$0.3m</b> (2%) of rates and charges revenue in 2019–20	<b>\$9.3m</b> (45%) of rates and charges revenue in 2019–20
	<b>0.3%</b> average annual increase between 2015–16 and 2019–20	<b>0.3%</b> average annual increase between 2015–16 and 2019–20	<b>-14%</b> average annual increase between 2015–16 and 2019–20	<b>4.1%</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.  
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## Where is council's money coming from?

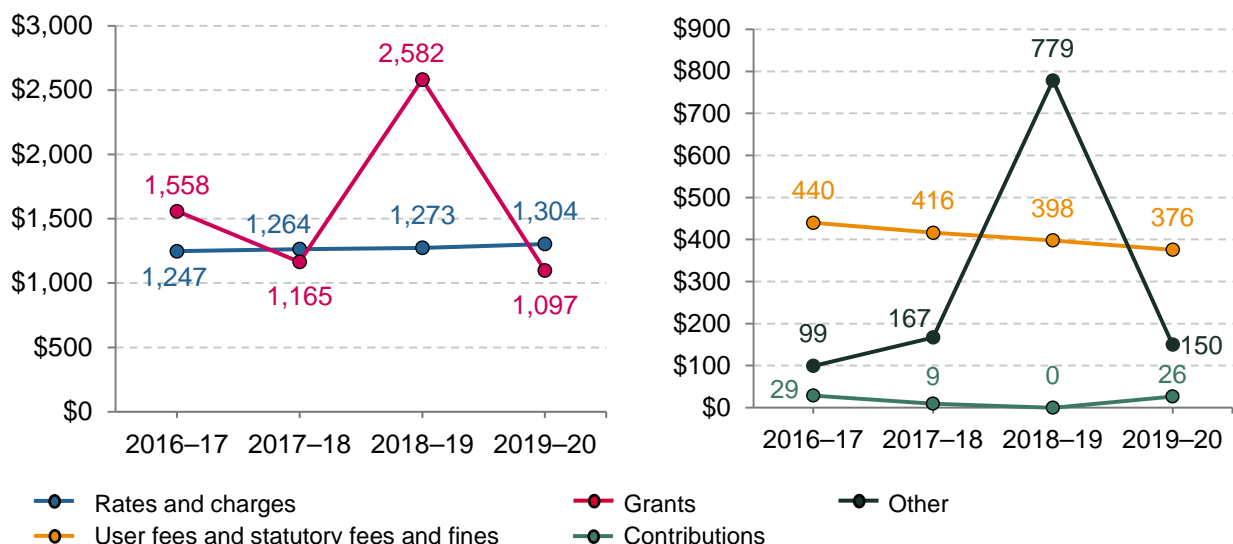
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	20.1	(37%)	20.4	(42%)	20.5	(25%)	21.0	(44%)
User fees and statutory fees and fines	7.1	(13%)	6.7	(14%)	6.4	(8%)	6.0	(13%)
Grants	25.1	(46%)	18.8	(39%)	41.7	(51%)	17.7	(37%)
Contributions	0.5	(1%)	0.2	(0%)	0.0	(0%)	0.4	(1%)
Other	1.6	(3%)	2.7	(6%)	12.6	(15%)	2.4	(5%)
<b>Total</b>	<b>54.4</b>		<b>48.7</b>		<b>81.2</b>		<b>47.5</b>	

In real terms, Southern Grampians Shire Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in revenue from grants. These changes in grants included an advance payment of Commonwealth financial assistance grants in 2016–17, lower capital grants due to the timing of projects in 2017–18, and the receipt of large flood recovery grants in 2018–19. 'Other' revenue was also higher in 2018–19 due to flood related adjustments.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for between 77 and 83 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 user fees and statutory fees and fines trended downwards in real terms between 2016–17 and 2019–20. Revenue per person from grants and 'other' sources peaked in real terms in 2018–19.

# 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?

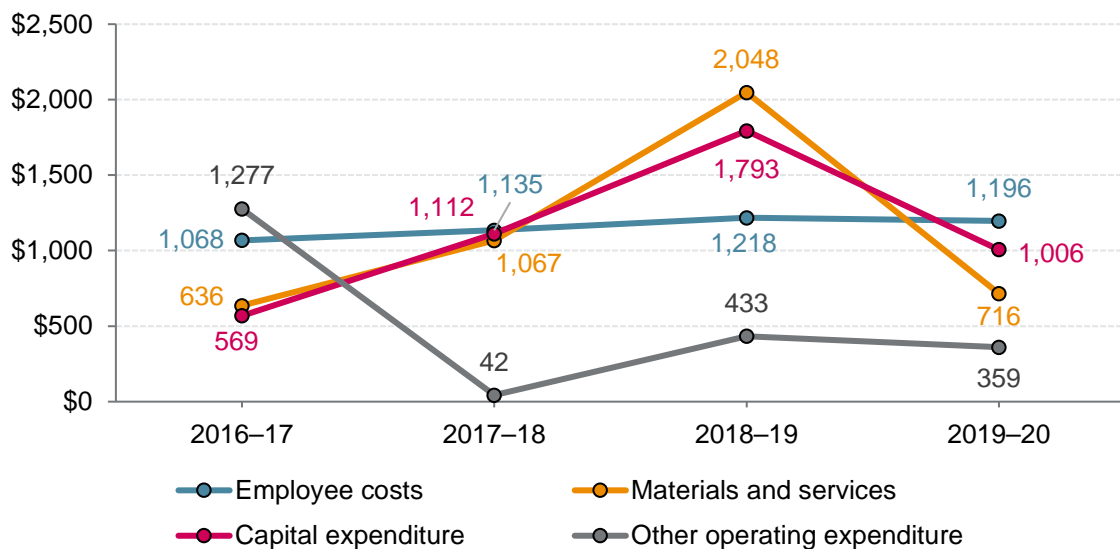
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	48.1 (84%)	36.2 (67%)	59.7 (67%)	36.6 (69%)
Employee costs	17.2 (30%)	18.3 (34%)	19.6 (22%)	19.3 (36%)
Materials and services	10.2 (18%)	17.2 (32%)	33.0 (37%)	11.5 (22%)
Other operating expenditure	20.6 (36%)	0.7 (1%)	7.0 (8%)	5.8 (11%)
Capital expenditure	9.2 (16%)	17.9 (33%)	28.9 (33%)	16.2 (31%)
<b>Total</b>	<b>57.2</b>	<b>54.1</b>	<b>88.6</b>	<b>52.8</b>

In real terms, Southern Grampians Shire Council's total expenditure fluctuated between 2016–17 and 2019–20. Between 2016–17 and 2018–19, the level and pattern of council's expenditure was impacted by floods that occurred in 2016.

The composition of council's expenditure varied between 2016–17 and 2019–20. In 2019–20, employee costs was council's largest area of expenditure.

## 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 trended upwards in real terms between 2016–17 and 2019–20, peaking in 2018–19. Employee costs per person remained relatively stable in real terms between 2016–17 and 2019–20, while 'other operating expenditure' per person fluctuated.



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)

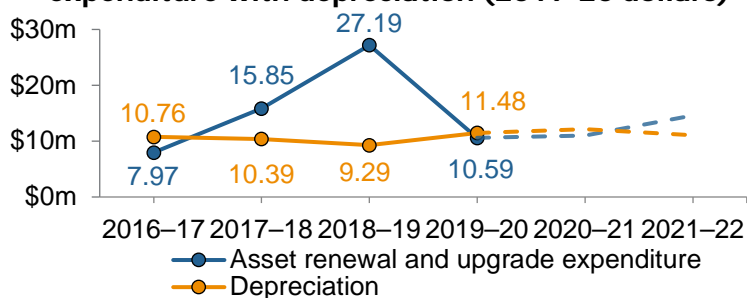
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	5.6	(61%)	14.9	(83%)	27.1	(94%)	10.1	(62%)
Upgrade	2.4	(26%)	1.0	(6%)	0.1	(0%)	0.5	(3%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	1.2	(13%)	2.0	(11%)	1.7	(6%)	5.6	(35%)
<b>Total</b>	<b>9.2</b>		<b>17.9</b>		<b>28.9</b>		<b>16.2</b>	

In real terms, Southern Grampians Shire Council's spending on asset renewal trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. This reflects restoration work following the floods that occurred in 2016. Spending on new assets trended upwards in real terms between 2016–17 and 2019–20 (aside from a decrease in 2018–19). Spending on asset upgrades trended downwards in real terms between 2016–17 and 2018–19, before increasing in 2019–20.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 61 to 94 per cent of total capital expenditure).

## 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	74%
2017–18	153%
2018–19	293%
2019–20	92%
2020–21	91% (forecast data)
2021–22	132% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2018–19, before decreasing in 2019–20. This spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2017–18 and 2018–19, before falling back below in 2019–20.

Renewal and upgrade expenditure was forecast to increase above 100 per cent of depreciation in 2021–22.

# Services



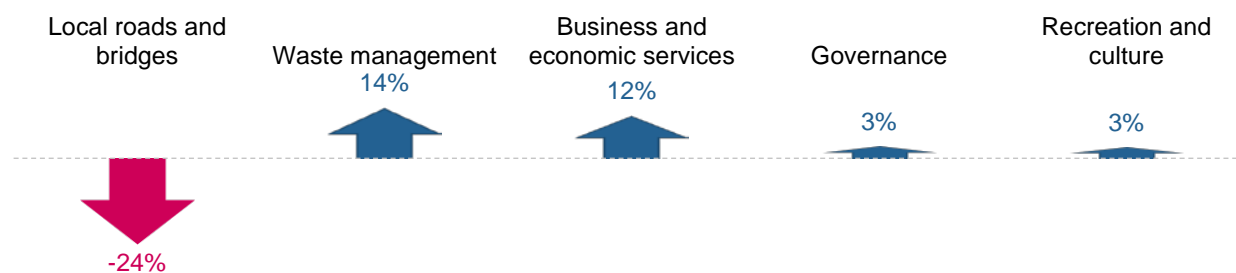
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## Which service areas is council spending its money in?

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

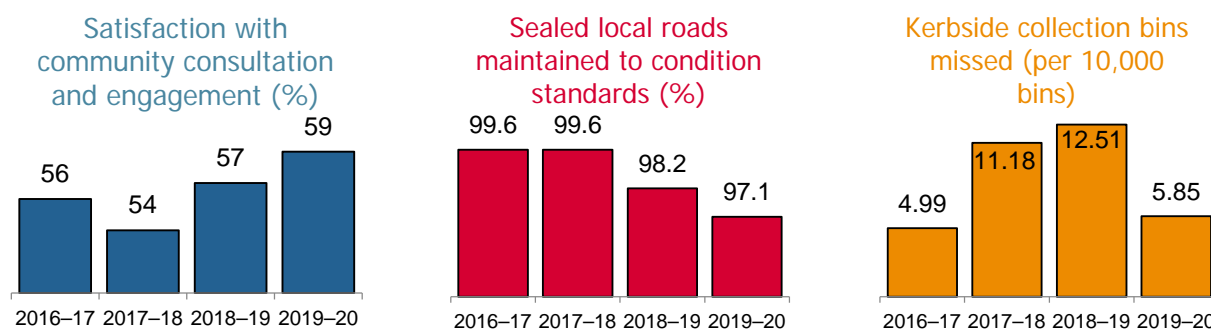
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	2.7 (5%)	2.8 (6%)	2.9 (4%)	2.6 (6%)
Business and economic services	4.2 (7%)	4.2 (9%)	4.9 (7%)	5.8 (12%)
Environment	0.7 (1%)	0.8 (2%)	0.8 (1%)	2.2 (5%)
Family and community services	1.2 (2%)	1.1 (2%)	1.1 (2%)	0.9 (2%)
Governance	10.0 (18%)	9.3 (20%)	26.8 (40%)	11.1 (23%)
Local roads and bridges	26.5 (47%)	16.8 (36%)	15.9 (24%)	11.7 (24%)
Recreation and culture	7.4 (13%)	7.4 (16%)	8.8 (13%)	8.1 (17%)
Traffic and street management	1.4 (2%)	1.4 (3%)	2.2 (3%)	1.6 (3%)
Waste management	2.6 (5%)	2.4 (5%)	2.9 (4%)	3.8 (8%)
Other	0.2 (0%)	0.1 (0%)	0.1 (0%)	0.3 (1%)
<b>Total</b>	<b>56.8</b>	<b>46.3</b>	<b>66.3</b>	<b>48.1</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?



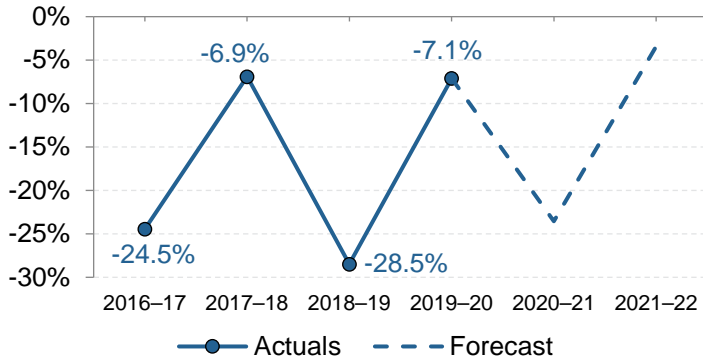
# Financial position



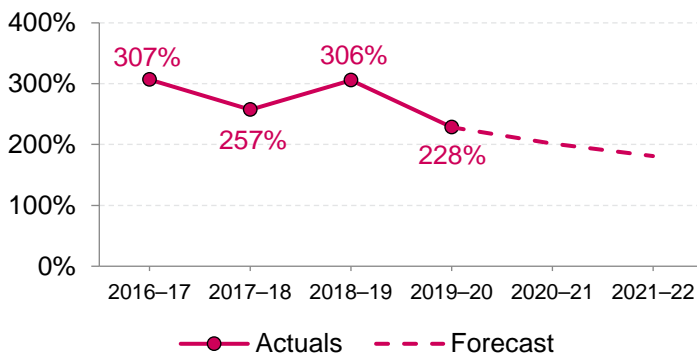
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## Is council operating sustainably?

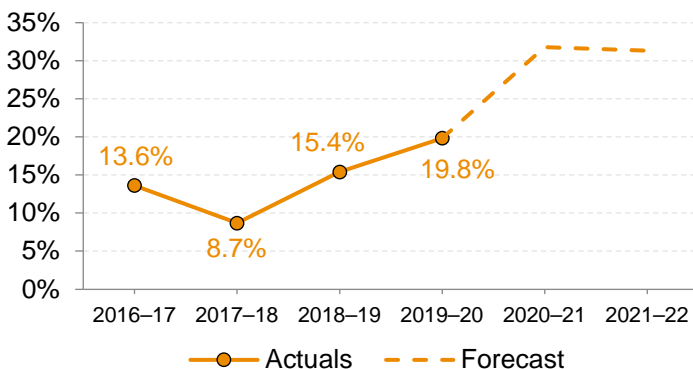
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Southern Grampians Shire Council reported an average **adjusted underlying result** of -16.7 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. Deficits increased in 2016–17, reflecting the effect of floods, and in 2018–19, reflecting asset revaluations, higher landfill management costs and increased expenditure on infrastructure.

Council could meet its current financial obligations with a reported average **working capital ratio** of 275 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 14.4 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.