

Yarra Ranges Shire Council

Group: interface

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 interface councils. 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.



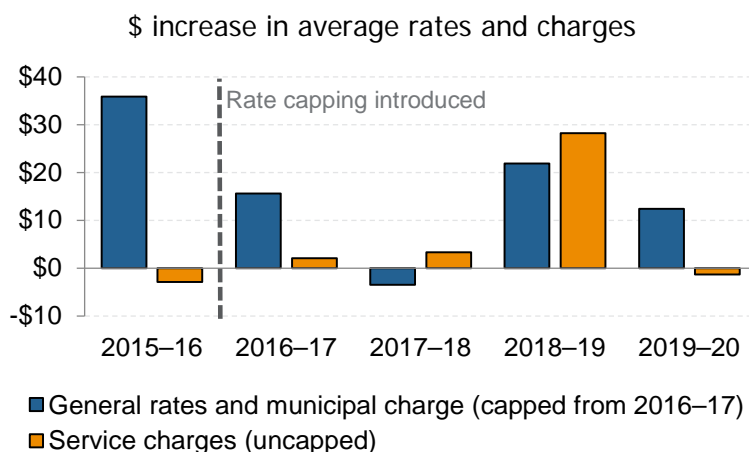
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Key facts

Population (June 2019):	159,462
Size (km ²):	2,468
Length of local roads (km):	1,754
Population per km of roads:	91
Council employees (FTE, 2019–20):	589
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	\$2,087	n/a
2016–17	\$2,105	2.50%
2017–18	\$2,104	2.00%
2018–19	\$2,154	2.25%
2019–20	\$2,166	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

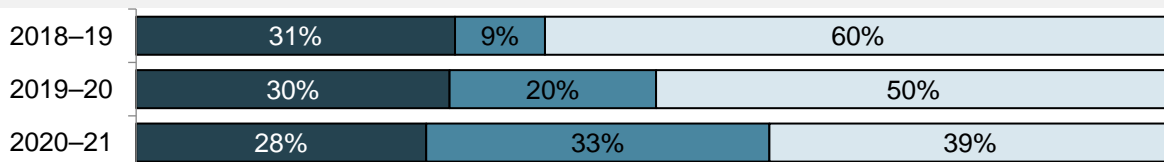
How have rates changed for different ratepayers?

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 ratepayers	Industrial ratepayers	Rural ratepayers
	92% of ratepayers	3% of ratepayers	2% of ratepayers	3% of ratepayers
	\$127.3m (88%) of rates and charges revenue in 2019–20	\$8.9m (6%) of rates and charges revenue in 2019–20	\$3.7m (3%) of rates and charges revenue in 2019–20	\$5m (3%) of rates and charges revenue in 2019–20
	1.7% average annual increase between 2015–16 and 2019–20	-2% average annual increase between 2015–16 and 2019–20	-5.9% average annual increase between 2015–16 and 2019–20	-1.6% 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?

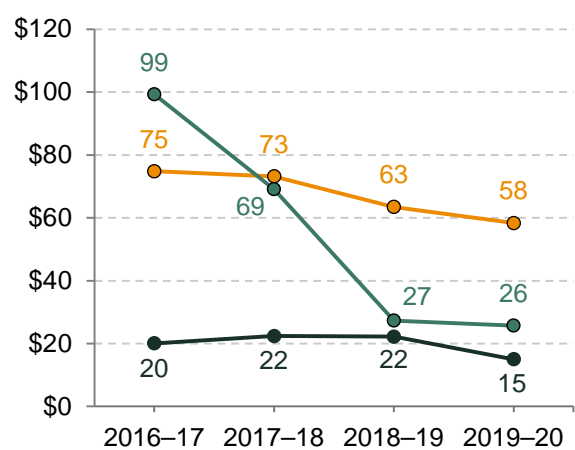
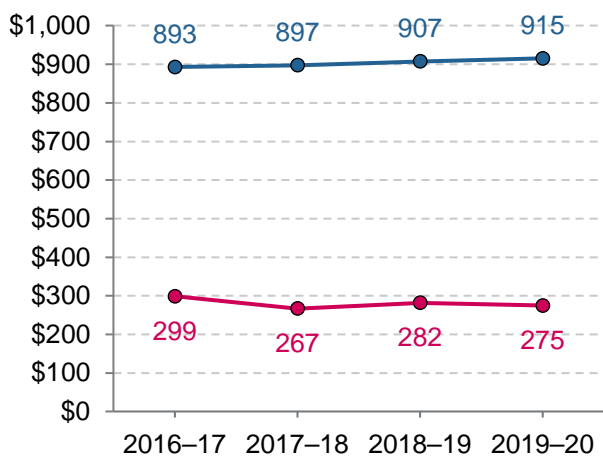
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	138.6	(64%)	140.8	(68%)	143.5	(70%)	145.9	(71%)
User fees and statutory fees and fines	11.6	(5%)	11.5	(6%)	10.0	(5%)	9.3	(5%)
Grants	46.4	(22%)	41.9	(20%)	44.6	(22%)	43.8	(21%)
Contributions	15.4	(7%)	10.8	(5%)	4.3	(2%)	4.1	(2%)
Other	3.1	(1%)	3.5	(2%)	3.5	(2%)	2.4	(1%)
Total	215.1		208.5		206.0		205.5	

In real terms, Yarra Ranges Shire Council's total revenue decreased between 2016–17 and 2019–20, reflecting decreases in revenue from contributions, grants, and user fees and statutory fees and fines.

Rates and charges was the largest source of council's revenue, accounting for between 64 and 71 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



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

In terms of revenue per person (which adjusts for population growth), council's revenue from contributions, and to a lesser extent, revenue from user fees and statutory fees and fines, and grants, decreased in real terms between 2016–17 and 2019–20.

Expenditure



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

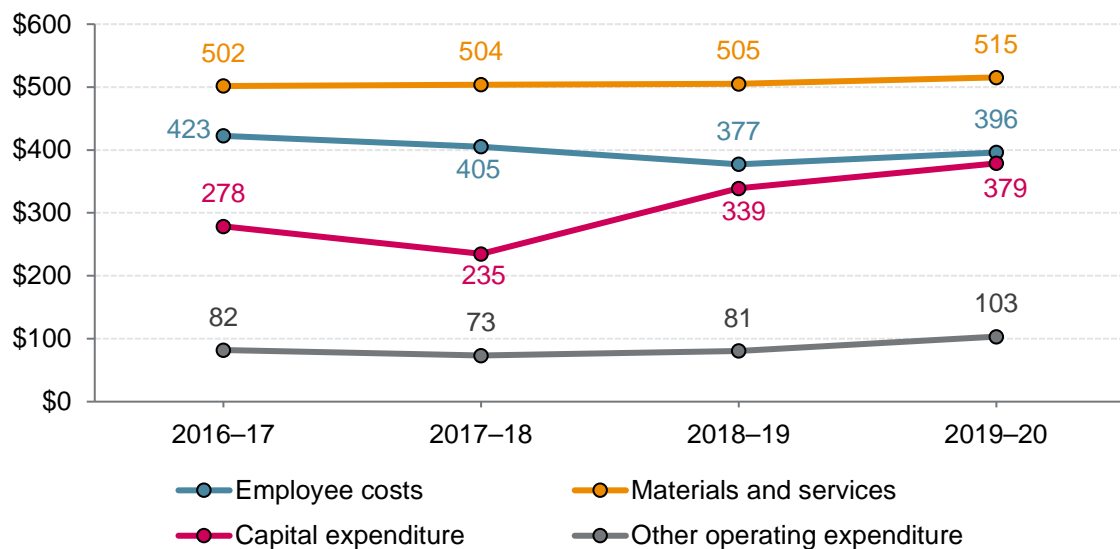
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	156.2	(78%)	154.1	(81%)	152.3	(74%)	161.8	(73%)
Employee costs	65.6	(33%)	63.6	(33%)	59.7	(29%)	63.2	(28%)
Materials and services	77.9	(39%)	79.0	(41%)	79.9	(39%)	82.2	(37%)
Other operating expenditure	12.7	(6%)	11.5	(6%)	12.7	(6%)	16.4	(7%)
Capital expenditure	43.2	(22%)	36.8	(19%)	53.6	(26%)	60.4	(27%)
Total	199.4		190.9		206.0		222.2	

In real terms, Yarra Ranges Shire Council's total expenditure increased between 2016–17 and 2019–20, largely reflecting an increase in capital expenditure. In real terms, expenditure on materials and services increased between 2016–17 and 2019–20, while employee costs trended downwards between 2016–17 and 2018–19 then increased in 2019–20.

Materials and services was council's largest area of expenditure, accounting for 39 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), capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20. Employee costs per person decreased in real terms between 2016–17 and 2019–20.



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Has council's capital expenditure pattern changed?

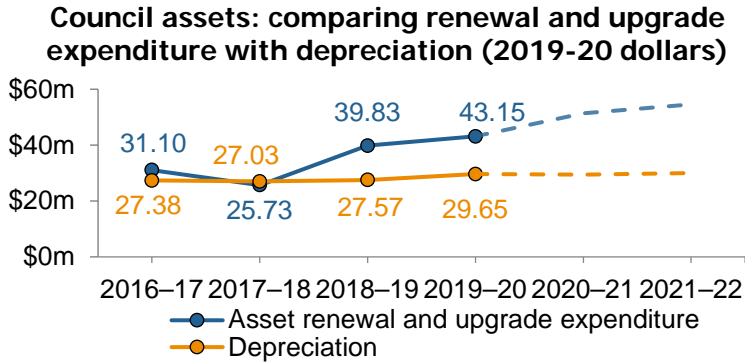
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	18.6	(43%)	17.5	(47%)	29.9	(56%)	28.0	(46%)
Upgrade	12.5	(29%)	8.3	(22%)	9.9	(18%)	15.2	(25%)
Expansion	6.2	(14%)	4.8	(13%)	4.6	(9%)	4.6	(8%)
New	5.9	(14%)	6.4	(17%)	9.2	(17%)	12.7	(21%)
Total	43.2		36.8		53.6		60.4	

In real terms, there was a jump in Yarra Ranges Shire Council's spending on asset renewal in 2018–19. Asset renewal accounted for the highest share of capital expenditure between 2016–17 and 2019–20.

In real terms, there was an upward trend in council's spending on new assets between 2016–17 and 2019–20, and on asset upgrades from 2017–18. Spending on asset expansion trended downwards 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	114%
2017–18	95%
2018–19	144%
2019–20	146%
2020–21	174% (forecast data)
2021–22	182% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, despite a dip in 2017–18 when renewal and upgrade expenditure dropped below the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade expenditure was forecast to increase further above 100 per cent of depreciation in 2020–21 and 2021–22.

Services



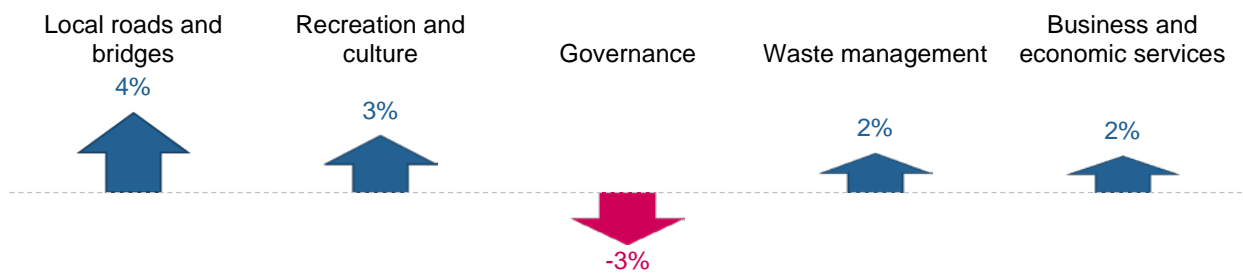
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Which service areas is council spending its money in?

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

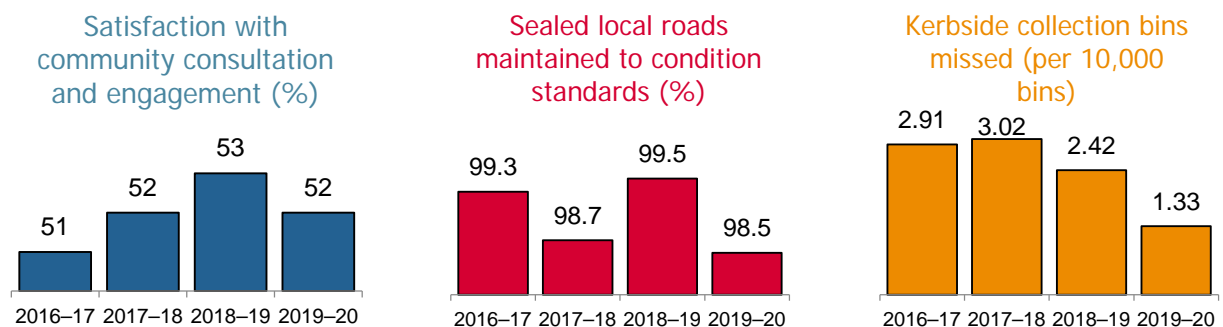
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	8.1 (4%)	7.4 (4%)	6.8 (4%)	6.5 (4%)
Business and economic services	9.6 (5%)	9.2 (5%)	9.7 (5%)	10.3 (6%)
Environment	20.2 (11%)	21.5 (12%)	19.9 (11%)	21.2 (12%)
Family and community services	10.9 (6%)	10.3 (6%)	11.0 (6%)	10.9 (6%)
Governance	45.6 (25%)	41.2 (23%)	40.3 (23%)	41.9 (23%)
Local roads and bridges	21.1 (12%)	22.2 (12%)	21.0 (12%)	24.1 (13%)
Recreation and culture	32.8 (18%)	34.8 (19%)	35.8 (20%)	36.0 (20%)
Traffic and street management	13.5 (7%)	14.1 (8%)	13.2 (7%)	13.6 (7%)
Waste management	17.9 (10%)	19.3 (11%)	19.6 (11%)	19.2 (10%)
Other	0.2 (0%)	0.2 (0%)	0.2 (0%)	0.2 (0%)
Total	179.9	180.1	177.6	183.7

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?

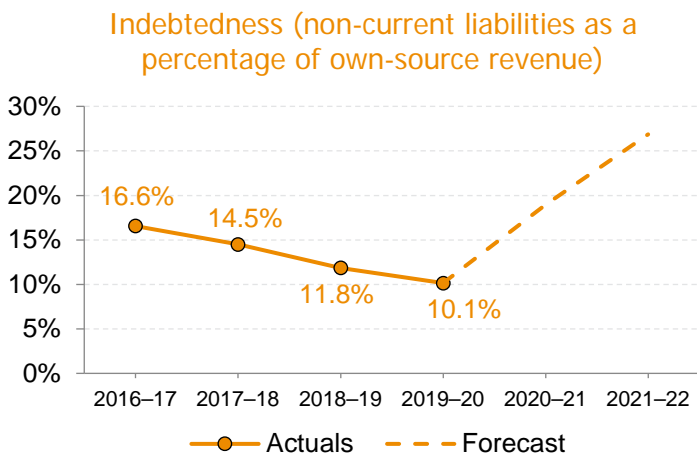
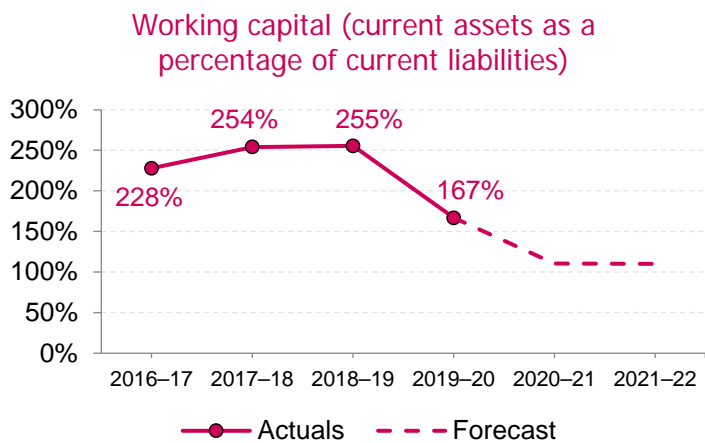
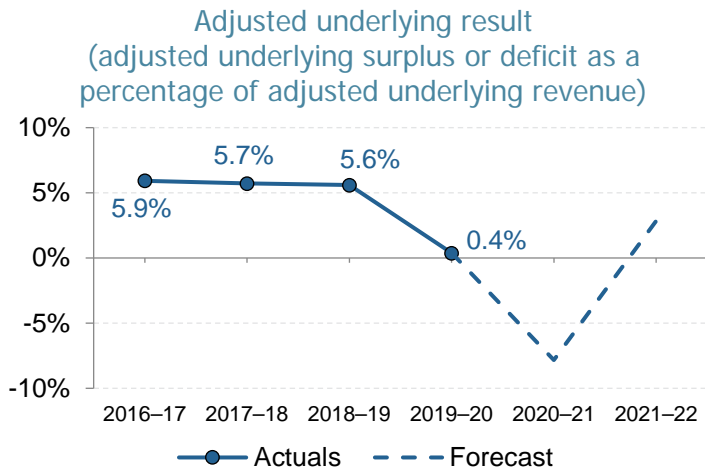


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Yarra Ranges Shire Council reported an average **adjusted underlying result** of 4.4 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decrease in 2019–20 reflects lower revenue due to loss on the disposal of assets, the impacts of coronavirus and changes in accounting standards (relating to the recognition of unearned income).

Council could meet its current financial obligations with a reported average **working capital ratio** of 226 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects a reduction in cash reserves (relating to the impacts of coronavirus) and an increase in current liabilities (due to a change in accounting standards relating to recognition of leases and unearned income).

The reported average **indebtedness ratio** of 13.3 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.