

Pyrenees Shire Council

Group: Small Shire

This fact sheet uses graphs and other data to show whether there have been any significant changes in this council's services, infrastructure and financial outcomes since the introduction of rate capping — a system that restricts the amount a council can increase its general rates and municipal charges in each financial year.

A reader's guide is available to help you understand the terms used in this fact sheet. You can compare this council's data against its 'group' by looking at the fact sheet for small shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



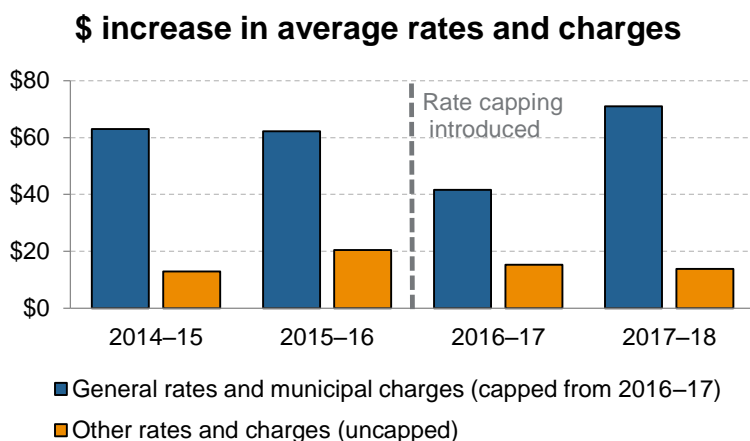
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Key facts

Population:	7,359
Size (km ²):	3,434
Length of local roads (km):	2,036
Population per km of roads:	3.6
Council employees (FTE, 2017–18):	78
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,395	n/a
2015–16	\$1,477	n/a
2016–17	\$1,534	3.83% ^a
2017–18	\$1,619	3.50% ^a

^a Approved higher caps. Minister's cap was 2.50% (2016–17) and 2.00% (2017–18).

Rates (continued)

See the reader's guide for data sources and useful information.
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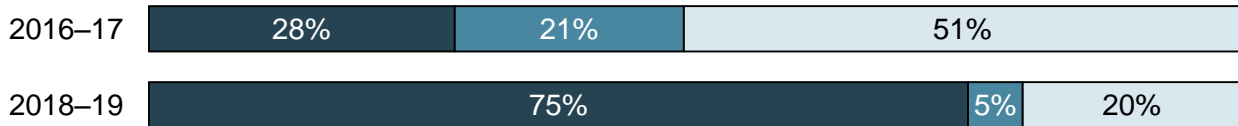
Have council's average rates complied with the applicable rate caps?

2016–17 (3.83%)	2017–18 (3.50%)	2018–19 (3.50%)
Yes (approved higher cap)	Yes (approved higher cap)	Yes (approved higher cap)

How have rates changed for individual ratepayers?

Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

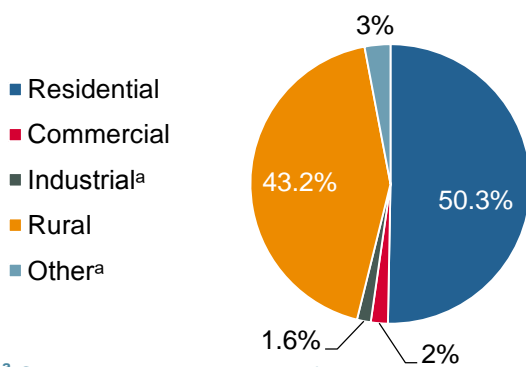


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

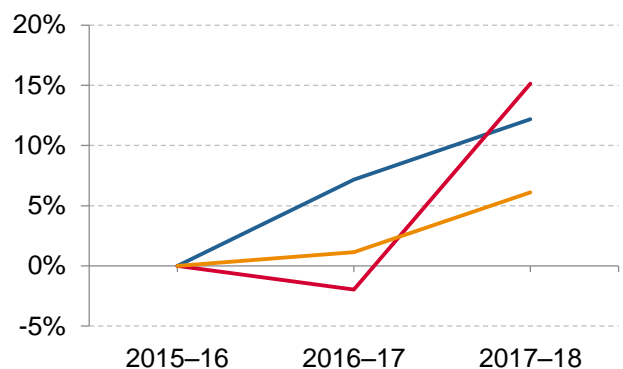
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^a Category has been omitted from the line chart

Percentage change in average rates and charges since 2015–16



Source: Victoria Grants Commission (unaudited data). Includes both capped and uncapped rates and charges.

Residential ratepayers pay the largest share of Pyrenees Shire Council's rates and charges. This group of ratepayers, on average, experienced a 12.2 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rate increases can be due to relative changes in property valuations, and changes in property numbers, the council's rating structure, and uncapped rates and charges. Council's average rates and charges (a combination of all classes) increased from \$1,477 to \$1,619 (9.6 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
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Where is council's money coming from?

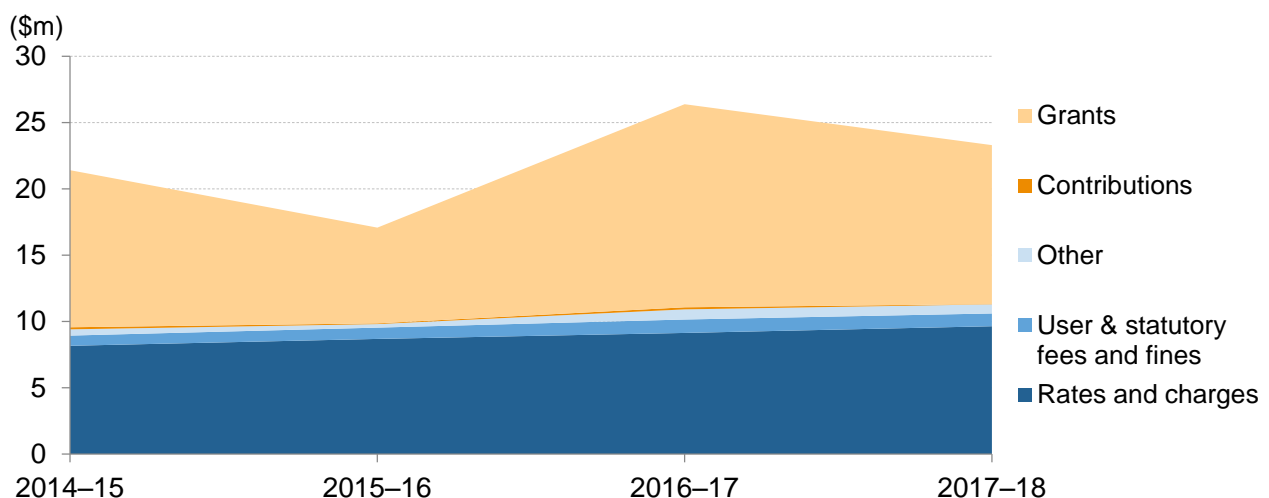
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	8.4	44	9.4	38
Grants	9.5	50	13.7	55
User fees and statutory fees and fines	0.8	4	1.0	4
Contributions	0.1	1	0.1	0
Other	0.4	2	0.7	3
Total	19.2	100	24.8	100

Pyrenees Shire Council's average revenue from all sources (except contributions) increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportion of council's revenue from each source remained relatively stable after the introduction of rate capping except for the decrease in the proportion of revenue from rates and charges and the increase in the proportion of revenue from grants over the two years after rate capping commenced.

Note: Revenue from grants may have been affected by the advance payment of annual Commonwealth grant allocations in 2014–15, 2016–17 and 2017–18.

Revenue growth by source



Expenditure

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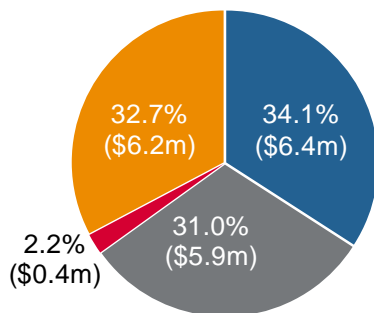
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$13m	\$6.4m	\$1,845	\$903
2015–16	\$12.4m	\$6m	\$1,729	\$838
2016–17	\$16.4m	\$5.8m	\$2,242	\$794
2017–18	\$19m	\$5.6m	\$2,585	\$754

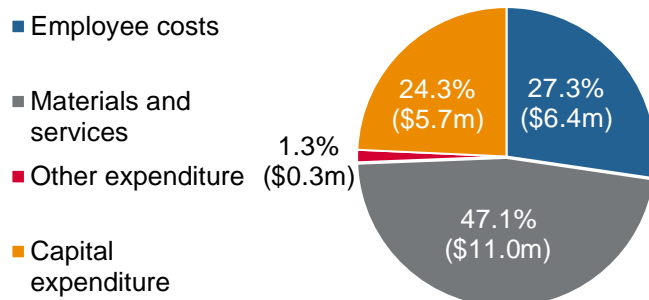
Pyrenees Shire Council's operating expenses have trended upward in recent years, after decreasing from a peak in 2012–13. This upward trend was driven by flood recovery works in the two years following the introduction of rate capping. Capital expenditure has trended downward over the same period, reflecting decreased spending on asset upgrades and new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

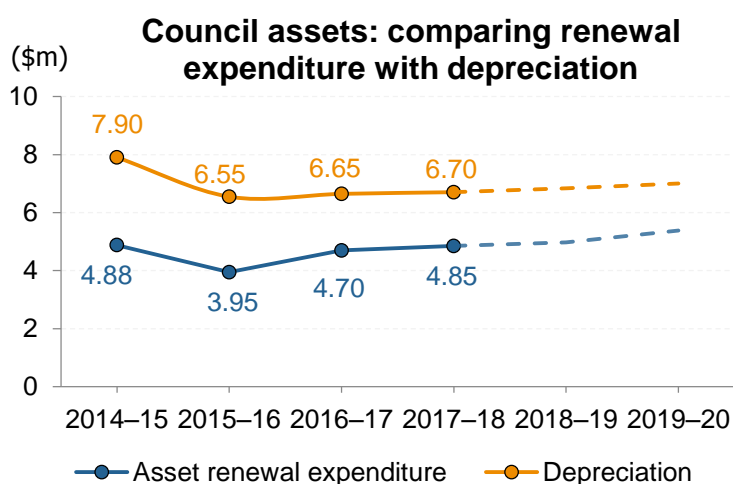


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Pyrenees Shire Council's expenditure, reflecting an increase in average spending on materials and services (for flood recovery works) in the two years after rate capping was introduced. Average capital expenditure decreased over the same period.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	62
2015-16	60
2016-17	71
2017-18	72
2018-19	73 (forecast data)
2019-20	77 (forecast data)

Pyrenees Shire Council's spending on the renewal of its assets has fluctuated in recent years, but remains less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to increase slightly in 2018-19 and 2019-20, however remaining below 100 per cent of depreciation. A sustained gap between expenditure and depreciation can lead to a backlog of renewal expenditure required and increase a council's costs in the long term.

Has council's capital expenditure pattern changed?

Capital expenditure					Council's average spending on asset renewal in the two years after rate capping was introduced has increased (despite year on year fluctuations). Average spending on new assets and upgrade projects decreased.
	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		
	\$m	% of total	\$m	% of total	
Renewal	4.4	71	4.8	84	
New	0.4	6	0.3	6	
Upgrade	1.4	23	0.6	10	
Expansion	0.0	0	0.0	0	
Total	6.2	100	5.7	100	

Services

See the reader's guide for data sources and useful information.
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Which service areas is council spending its money in?

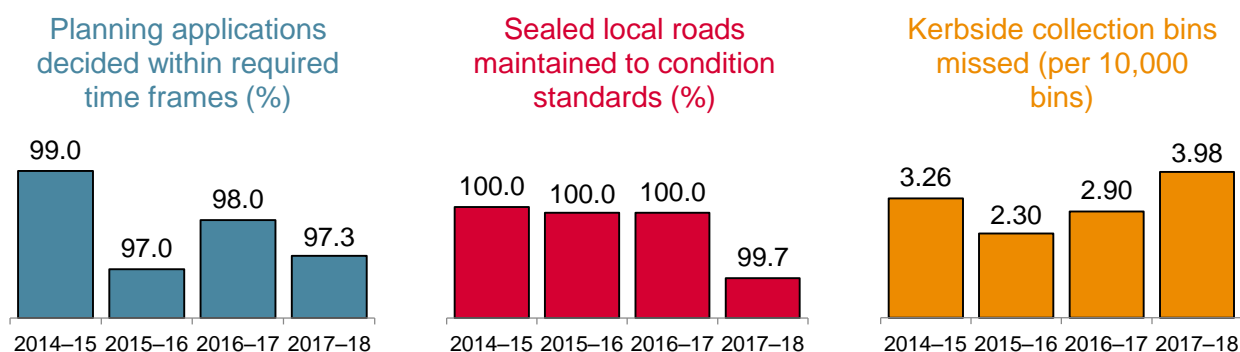
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	1,002	35.8	1,511	45.5
Governance	372	13.3	439	13.2
Business and economic services	313	11.2	331	10.0
Recreation and culture	311	11.1	312	9.4
Environment	207	7.4	214	6.4
Aged and disabled services	172	6.2	177	5.3
Waste management	181	6.4	164	4.9
Traffic and street management	129	4.6	91	2.7
Family and community services	115	4.1	84	2.5
Other	0	0.0	0	0.0

Which service areas have experienced the biggest changes in spending?



Source: Victoria Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality? (selected services only)

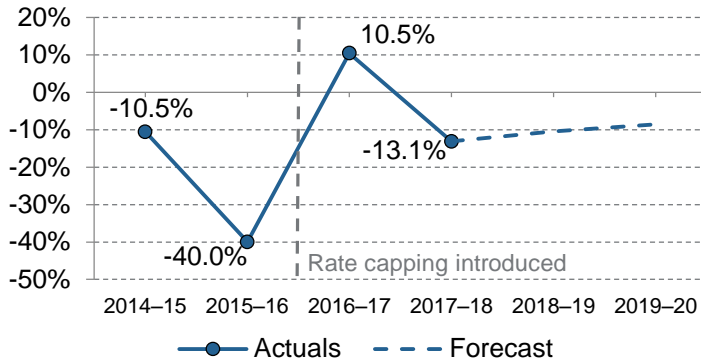


Financial position

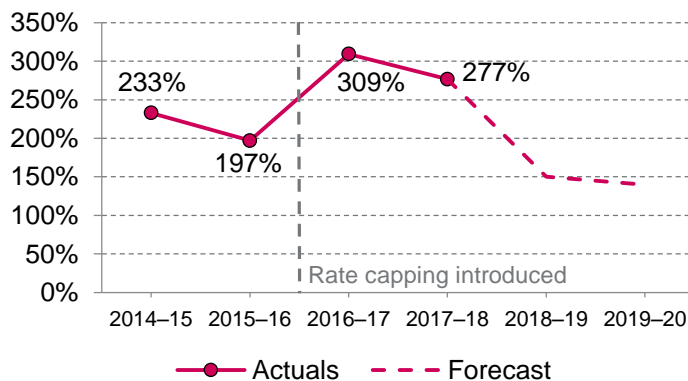
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Is council operating sustainably?

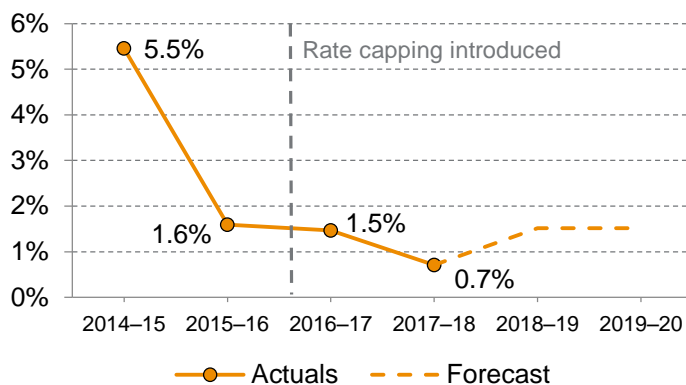
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2014–15 and 2017–18, Pyrenees Shire Council reported an average **adjusted underlying result** of -13 per cent. An ongoing negative result suggests that without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to continue to fund the range and level of services it has been providing.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 254 per cent between 2014–15 and 2017–18.

Council is able to meet its long-term financial obligations with a low **indebtedness ratio**.

Council repaid all of its borrowings in 2016–17. The indebtedness ratio also reflects changes in other long-term liabilities.

Note: Some of the year on year change in the adjusted underlying result and the working capital ratio may be due to the timing of Commonwealth grant payments.