

Swan Hill Rural City Council

Group: Large 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 large shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <http://www.esc.vic.gov.au/outcomes-reports>.



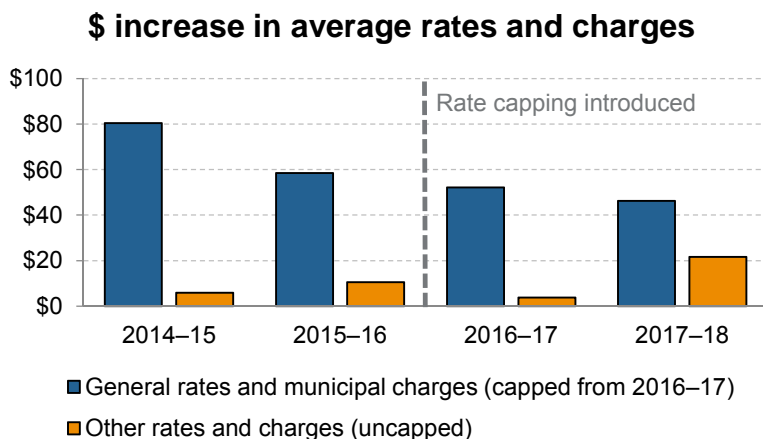
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Key facts

Population:	20,850
Size (km ²):	6,115
Length of local roads (km):	3,508
Population per km of roads:	5.9
Council employees (FTE, 2017–18):	215
Submitted an application for a higher cap for 2016–17 or 2017–18?	No

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$2,040	n/a
2015–16	\$2,109	n/a
2016–17	\$2,165	2.50%
2017–18	\$2,233	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Immaterially non-compliant (0.05 above the cap)

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).

2016–17

Council did not provide data

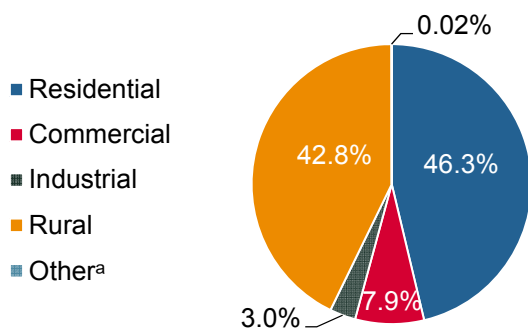
2018–19

- % 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.

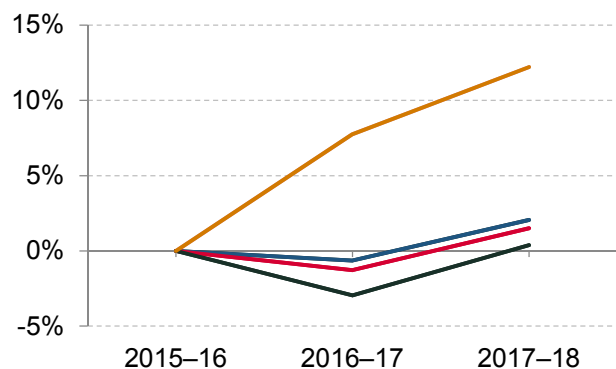
Ratepayers by property class

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 Swan Hill Rural City Council's rates and charges. This group of ratepayers, on average, experienced a 2.1 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 \$2,109 to \$2,233 (5.9 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?

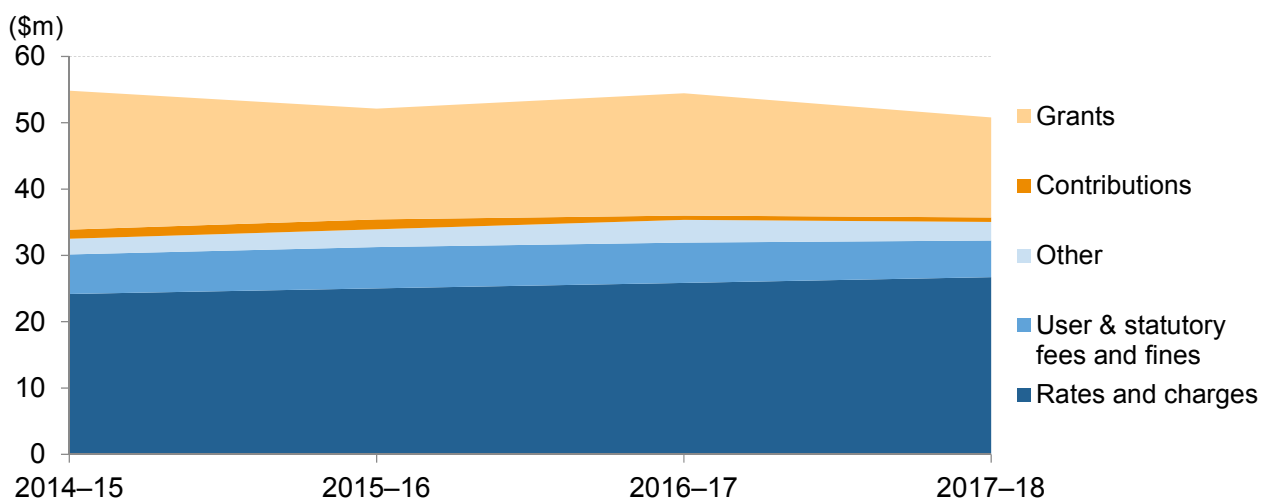
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	24.6	46	26.3	50
Grants	18.8	35	16.8	32
User fees and statutory fees and fines	6.1	11	5.8	11
Contributions	1.4	3	0.7	1
Other	2.5	5	3.1	6
Total	53.5	100	52.6	100

Swan Hill Rural City Council's average revenue from grants, user fees and statutory fees and fines and contributions decreased in the two years following the introduction of rate capping compared to the two years before rate capping.

The biggest changes in the composition of council's revenue were the decreases in the proportions of revenue from grants and contributions, and the increase in the proportion of revenue from rates and charges 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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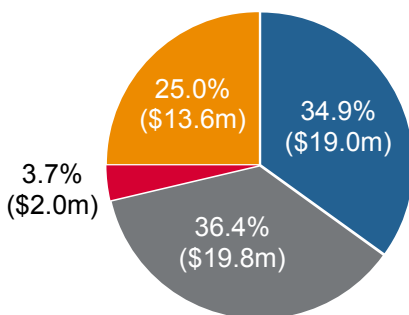
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$40.4m	\$14.4m	\$1,928	\$686
2015–16	\$41.4m	\$12.9m	\$1,980	\$616
2016–17	\$38.1m	\$8.3m	\$1,822	\$397
2017–18	\$36.8m	\$10.7m	\$1,764	\$515

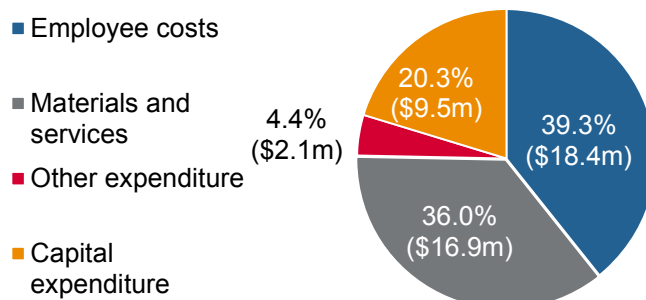
Swan Hill Rural City Council's operating expenses have trended downward in recent years, aside from a small spike in 2015-16, largely driven by fluctuation in spending on materials and services. Capital expenditure has fluctuated over the same period, reflecting changes in spending on new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

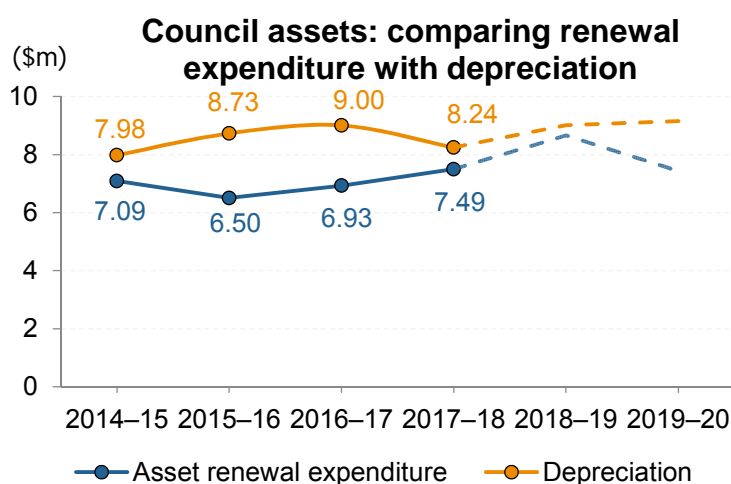


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Swan Hill Rural City Council's expenditure, reflecting reductions in average capital expenditure and spending on materials and services in the two years after rate capping was introduced. Employee costs increased as a proportion of total expenditure, despite decreasing in terms of average dollars spent.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	89
2015-16	74
2016-17	77
2017-18	91
2018-19	96 (forecast data)
2019-20	81 (forecast data)

Swan Hill Rural City Council's spending on the renewal of its assets has trended upward in recent years (after trending downward from a peak in 2012-13), increasing to just below the amount of depreciation (the decline in value of its assets caused by age and use) in 2017-18. Renewal expenditure is planned to remain below 100 per cent of depreciation in 2018-19 and 2019-20. 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	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		Council's average spending on asset renewal in the two years after rate capping was introduced has increased. Average spending on new assets and upgrade projects decreased.
	\$m	% of total	\$m	% of total	
Renewal	6.8	50	7.2	76	
New	5.3	39	1.9	20	
Upgrade	1.5	11	0.3	4	
Expansion	0.0	0	0.1	1	
Total	13.6	100	9.5	100	

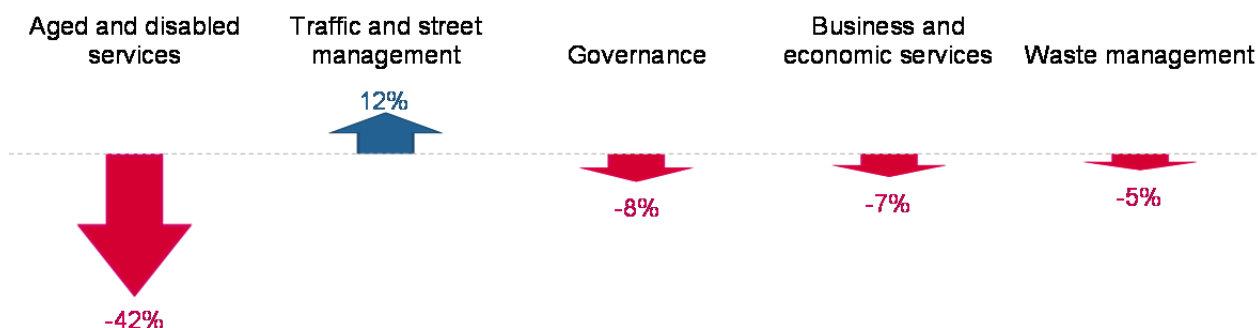
Services

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

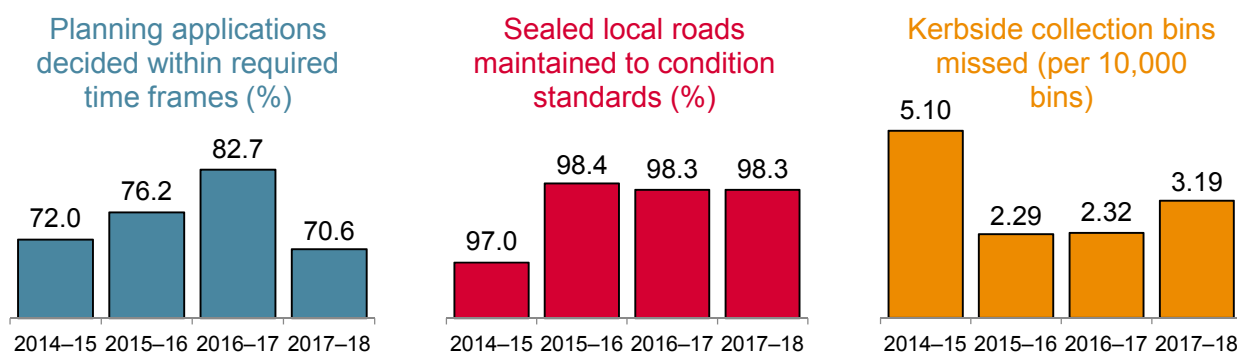
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	519	22.3	530	24.3
Local roads and bridges	332	14.3	342	15.7
Business and economic services	347	14.9	323	14.8
Governance	249	10.7	228	10.5
Aged and disabled services	358	15.4	207	9.5
Traffic and street management	168	7.2	189	8.7
Family and community services	158	6.8	158	7.2
Waste management	128	5.5	122	5.6
Environment	66	2.8	82	3.7
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.

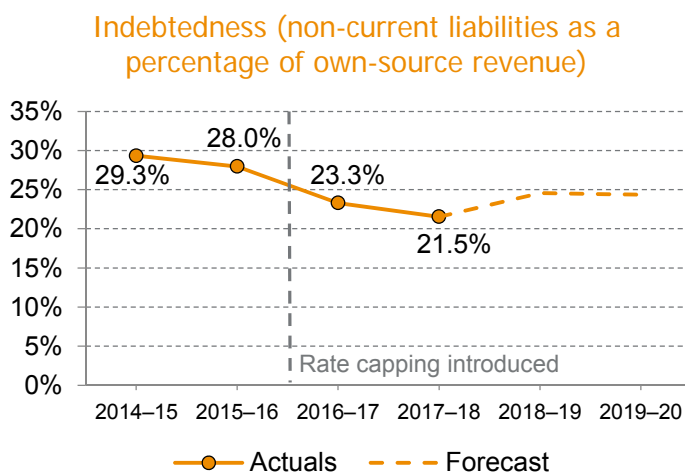
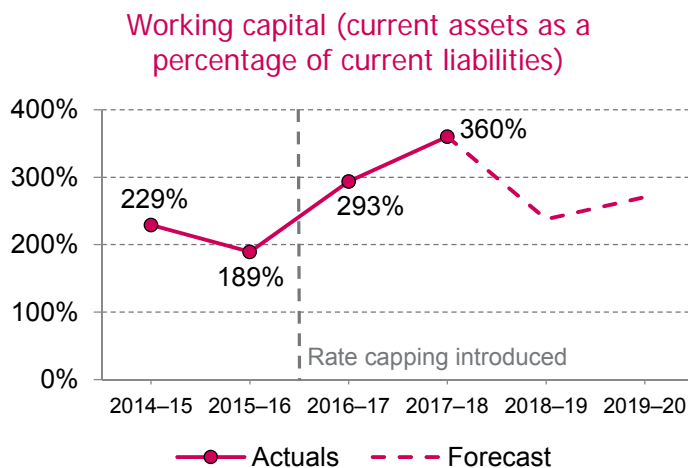
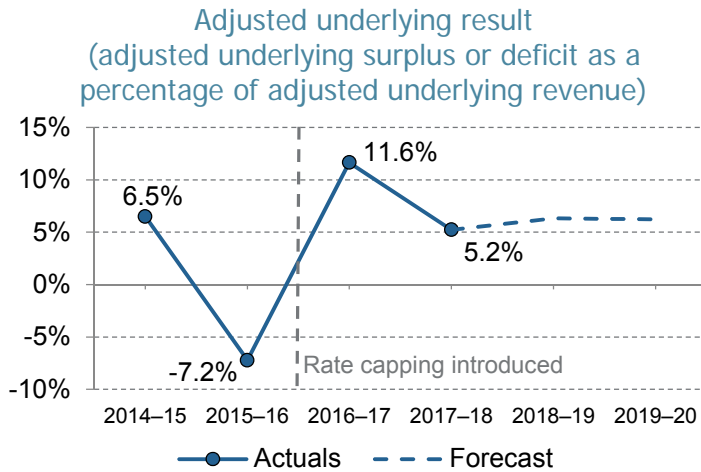
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2014–15 and 2017–18, Swan Hill Rural City Council reported an average **adjusted underlying result** of 4 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 268 per cent between 2014–15 and 2017–18.

The falling **indebtedness ratio** reflects council repaying some of its borrowings.

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.