

Loddon 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.



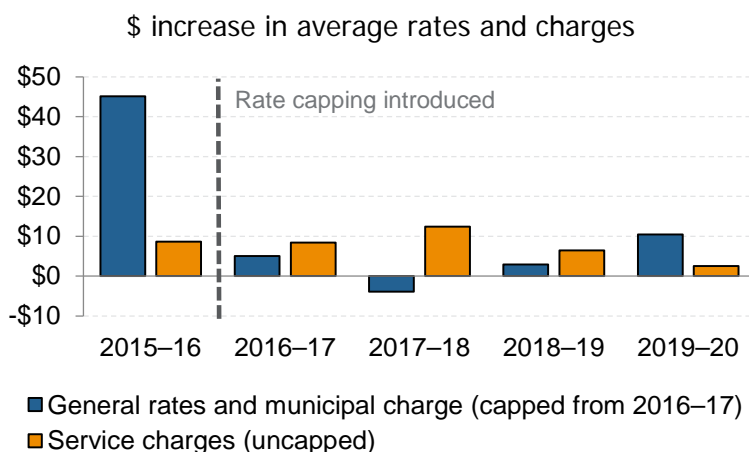
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Key facts

Population (June 2019):	7,504
Size (km ²):	6,696
Length of local roads (km):	4,745
Population per km of roads:	2
Council employees (FTE, 2019–20):	140
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	\$1,362	n/a
2016–17	\$1,375	2.50%
2017–18	\$1,384	2.00%
2018–19	\$1,393	2.25%
2019–20	\$1,406	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

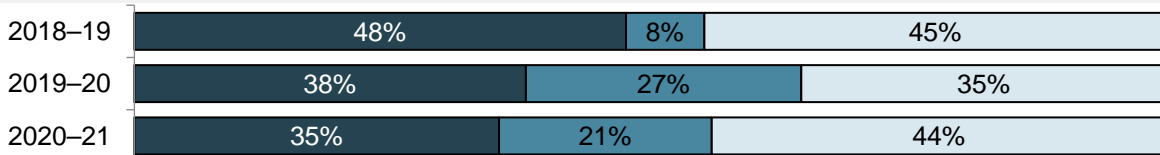
How have rates changed for different ratepayers?

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
	52% of ratepayers	2% of ratepayers	1% of ratepayers	44% of ratepayers
	\$4.1m (38%) of rates and charges revenue in 2019–20	\$0.3m (3%) of rates and charges revenue in 2019–20	\$0.1m (1%) of rates and charges revenue in 2019–20	\$6.5m (59%) of rates and charges revenue in 2019–20
	-0.3% average annual increase between 2015–16 and 2019–20	0.2% average annual increase between 2015–16 and 2019–20	-8.3% average annual increase between 2015–16 and 2019–20	2% 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?

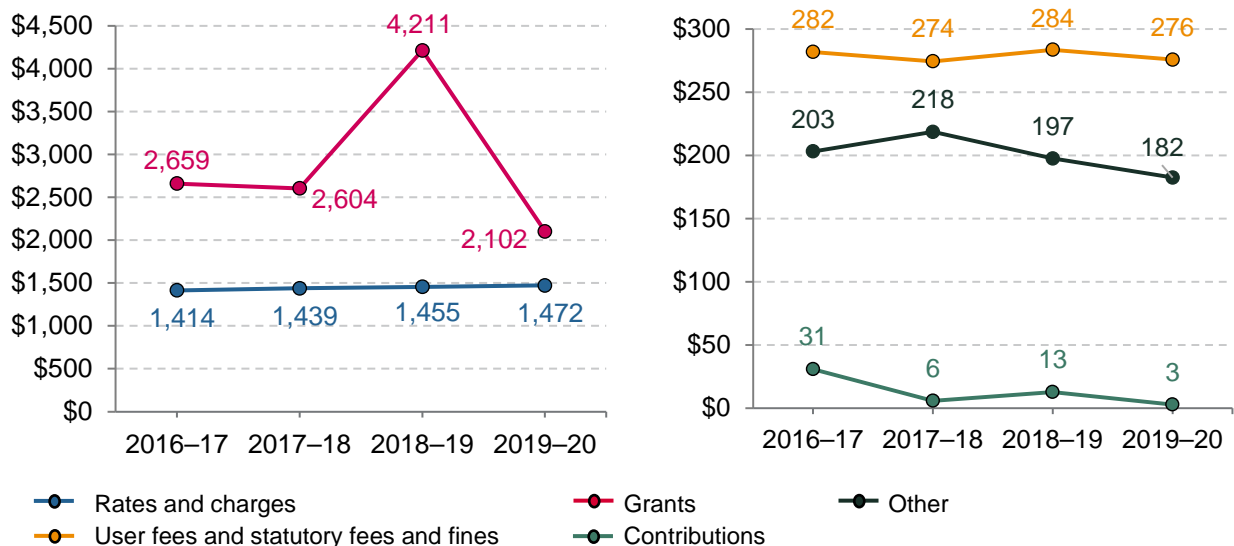
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	10.7	(31%)	10.8	(32%)	10.9	(24%)	11.0	(36%)
User fees and statutory fees and fines	2.1	(6%)	2.1	(6%)	2.1	(5%)	2.1	(7%)
Grants	20.1	(58%)	19.5	(57%)	31.6	(68%)	15.8	(52%)
Contributions	0.2	(1%)	0.0	(0%)	0.1	(0%)	0.0	(0%)
Other	1.5	(4%)	1.6	(5%)	1.5	(3%)	1.4	(5%)
Total	34.7		34.1		46.3		30.3	

In real terms, Loddon Shire Council's total revenue decreased between 2016–17 and 2019–20, reflecting a decrease in revenue from grants. In 2018–19, council's revenue from grants spiked in real terms, reflecting the receipt of flood recovery grants.

Grants was the largest source of council's revenue, accounting for 61 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 grants trended downwards in real terms between 2016–17 and 2019–20, despite a spike in 2018–19 reflecting one-off flood recovery grants.

Expenditure



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

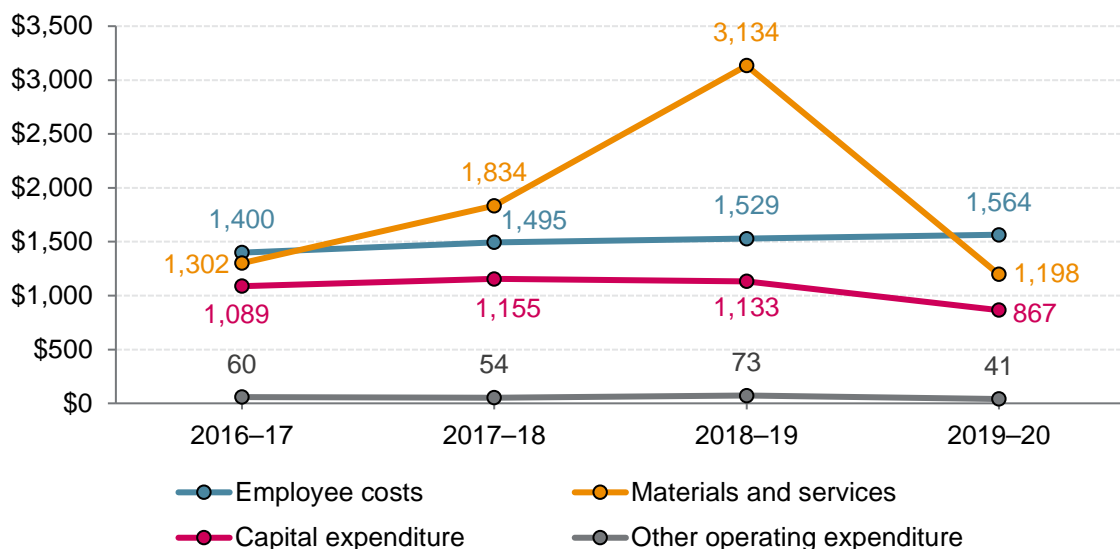
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	20.9 (72%)	25.4 (75%)	35.6 (81%)	21.0 (76%)
Employee costs	10.6 (36%)	11.2 (33%)	11.5 (26%)	11.7 (43%)
Materials and services	9.8 (34%)	13.8 (40%)	23.5 (53%)	9.0 (33%)
Other operating expenditure	0.5 (2%)	0.4 (1%)	0.6 (1%)	0.3 (1%)
Capital expenditure	8.2 (28%)	8.7 (25%)	8.5 (19%)	6.5 (24%)
Total	29.1	34.1	44.1	27.5

In real terms, Loddon Shire Council's total expenditure increased between 2016–17 and 2018–19 before decreasing in 2019–20. These movements largely reflect changes in expenditure on materials and services, which increased in 2018–19 due to flood recovery work. Employee costs increased in real terms between 2016–17 and 2019–20, while capital expenditure trended downwards.

The composition of council's expenditure varied between 2016–17 and 2019–20, with employee costs and materials and services being council's two largest areas of expenditure over the period.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), expenditure on materials and services spiked in 2018–19 in real terms. Capital expenditure per person trended downwards in real terms between 2016–17 and 2019–20, while employee costs per person trended upwards.



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Has council's capital expenditure pattern changed?

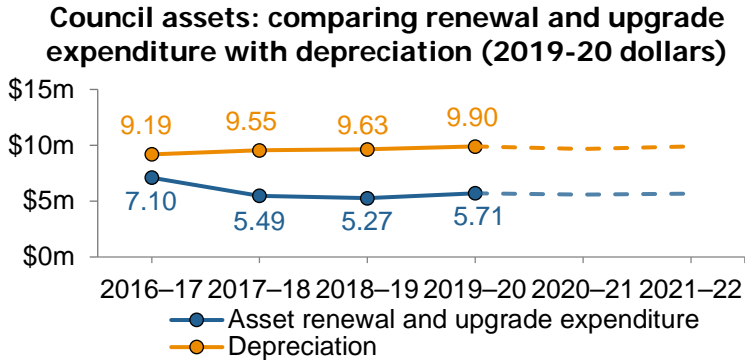
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	3.1	(38%)	3.4	(40%)	1.9	(22%)	3.1	(48%)
Upgrade	4.0	(48%)	2.1	(24%)	3.4	(39%)	2.6	(40%)
Expansion	0.5	(7%)	2.2	(25%)	0.8	(9%)	0.2	(3%)
New	0.6	(7%)	1.0	(12%)	2.5	(29%)	0.6	(9%)
Total	8.2		8.7		8.5		6.5	

In real terms, Loddon Shire Council's spending on each category of capital expenditure fluctuated between 2016–17 and 2019–20. In 2017–18, there was a spike in spending on asset expansion and a drop in asset upgrades, while in 2018–19 there was a spike in spending on new assets and a drop in asset renewal.

Asset upgrades represented the highest share of capital expenditure in 2016–17 and 2018–19, while asset renewal was the highest share in 2017–18 and 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	77%
2017–18	57%
2018–19	55%
2019–20	58%
2020–21	58% (forecast data)
2021–22	57% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms between 2016–17 and 2018–19, before increasing in 2019–20. This spending remained 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 remain below 100 per cent of depreciation in 2020–21 and 2021–22.

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.

Services



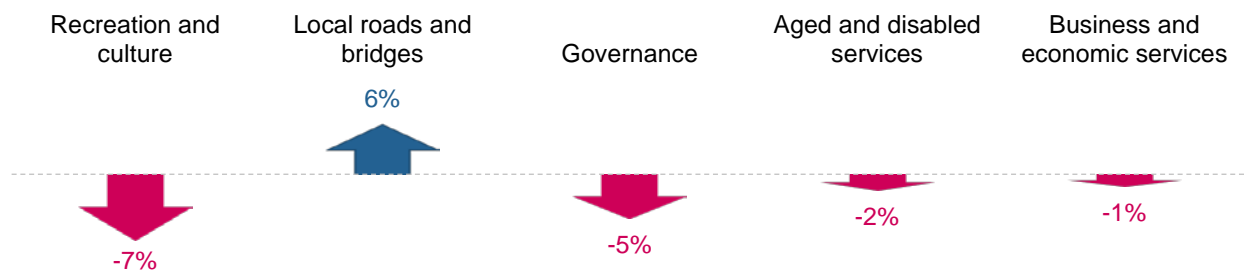
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Which service areas is council spending its money in?

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

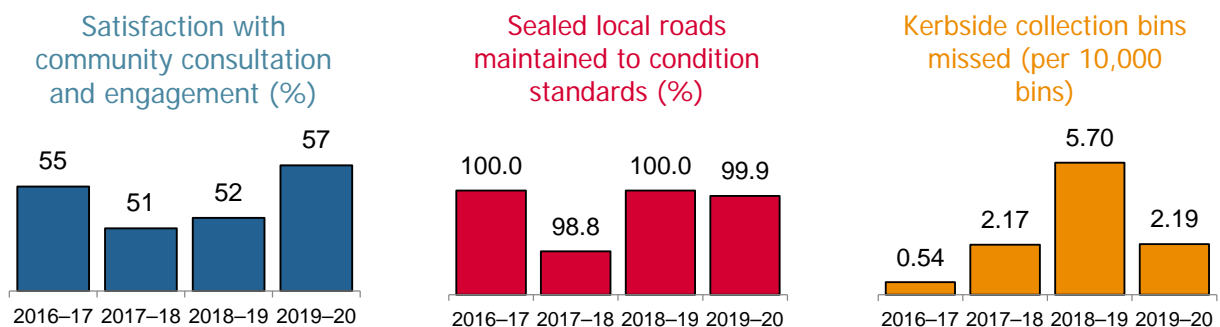
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	2.2 (7%)	1.9 (6%)	1.8 (4%)	2.1 (7%)
Business and economic services	2.0 (7%)	1.7 (5%)	1.7 (4%)	1.9 (6%)
Environment	0.5 (2%)	0.7 (2%)	1.0 (2%)	0.7 (2%)
Family and community services	1.3 (4%)	1.3 (4%)	1.5 (3%)	1.4 (5%)
Governance	6.6 (22%)	10.2 (29%)	20.0 (44%)	5.7 (18%)
Local roads and bridges	10.8 (36%)	12.3 (35%)	12.6 (28%)	12.7 (41%)
Recreation and culture	5.3 (18%)	4.6 (13%)	3.9 (9%)	4.2 (14%)
Traffic and street management	0.5 (2%)	0.7 (2%)	0.5 (1%)	0.5 (2%)
Waste management	0.6 (2%)	1.2 (3%)	1.7 (4%)	1.5 (5%)
Other	0.3 (1%)	0.3 (1%)	0.3 (1%)	0.3 (1%)
Total	29.9	34.9	45.0	30.9

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?

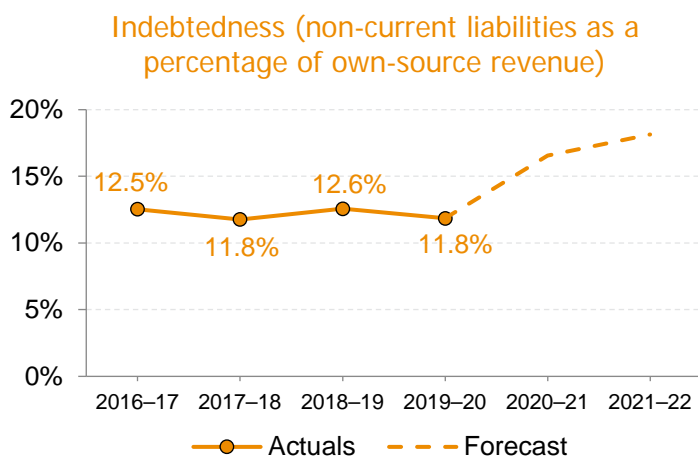
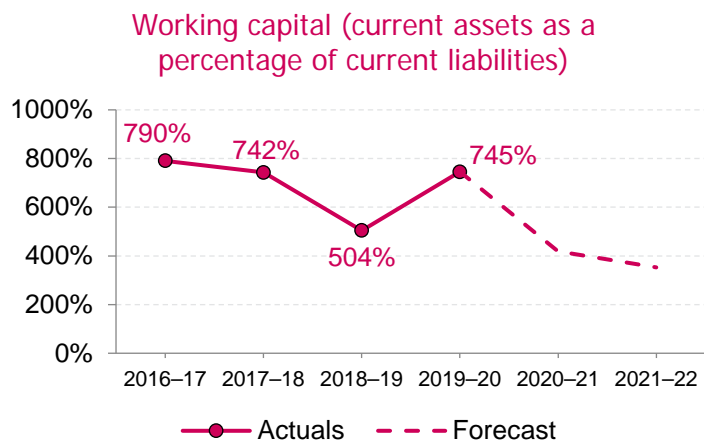
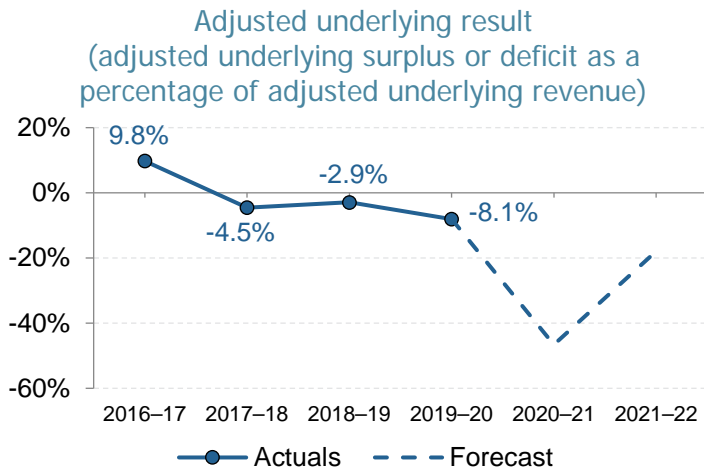


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Loddon Shire Council reported an average **adjusted underlying result** of –1.4 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.

Council could meet its current financial obligations with a reported average **working capital ratio** of 695 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 12.2 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.