

# Mitchell 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.

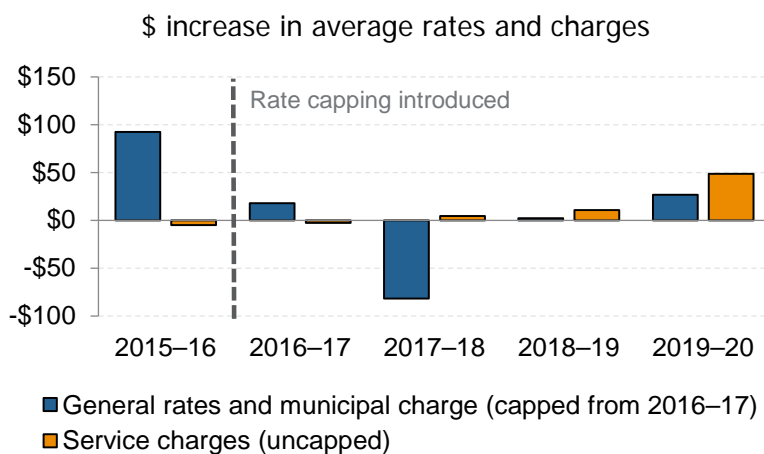


© OpenStreetMap contributors

Key facts	
Population (June 2019):	46,082
Size (km <sup>2</sup> ):	2,862
Length of local roads (km):	1,529
Population per km of roads:	30
Council employees (FTE, 2019–20):	319
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	\$2,063	n/a
2016–17	\$2,078	2.50%
2017–18	\$2,001	2.00%
2018–19	\$2,014	2.25%
2019–20	\$2,089	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

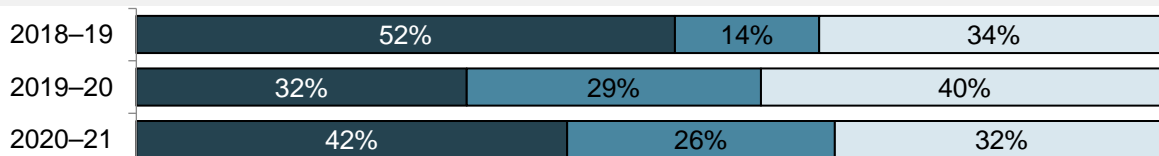
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 5 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>92%</b> of ratepayers	<b>3%</b> of ratepayers	<b>2%</b> of ratepayers	<b>3%</b> of ratepayers
	<b>\$41.5m</b> (89%) of rates and charges revenue in 2019–20	<b>\$1.6m</b> (3%) of rates and charges revenue in 2019–20	<b>\$0.7m</b> (1%) of rates and charges revenue in 2019–20	<b>\$3m</b> (6%) of rates and charges revenue in 2019–20
	<b>0.9%</b> average annual increase between 2015–16 and 2019–20	<b>-0.9%</b> average annual increase between 2015–16 and 2019–20	<b>-3.5%</b> average annual increase between 2015–16 and 2019–20	<b>6.7%</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.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Where is council's money coming from?

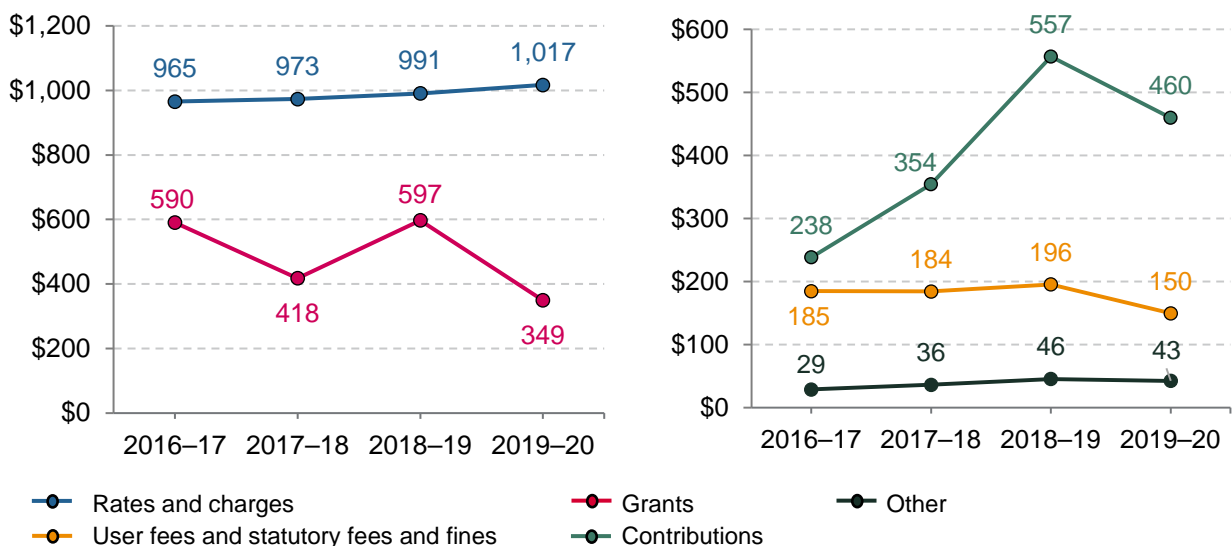
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	40.4	(48%)	41.8	(50%)	43.9	(42%)	46.9	(50%)
User fees and statutory fees and fines	7.7	(9%)	7.9	(9%)	8.7	(8%)	6.9	(7%)
Grants	24.7	(29%)	17.9	(21%)	26.4	(25%)	16.1	(17%)
Contributions	10.0	(12%)	15.2	(18%)	24.7	(23%)	21.2	(23%)
Other	1.2	(1%)	1.6	(2%)	2.0	(2%)	2.0	(2%)
<b>Total</b>	<b>83.9</b>		<b>84.3</b>		<b>105.7</b>		<b>93.0</b>	

In real terms, Mitchell Shire Council's total revenue increased between 2016–17 and 2019–20, largely reflecting increases in revenue from rates and charges, and contributions (due to higher levels of development activity).

Rates and charges was the largest source of council's revenue, accounting for between 42 and 50 per cent of total revenue between 2016–17 and 2019–20. With revenue from contributions increasing in real terms between 2016–17 and 2019–20, contributions overtook grants to become the second largest source of council's revenue in 2019–20.

## Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from grants fluctuated in real terms between 2016–17 and 2019–20. This compares with an upward trend in revenue per person from rates and charges, and contributions.

# 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?

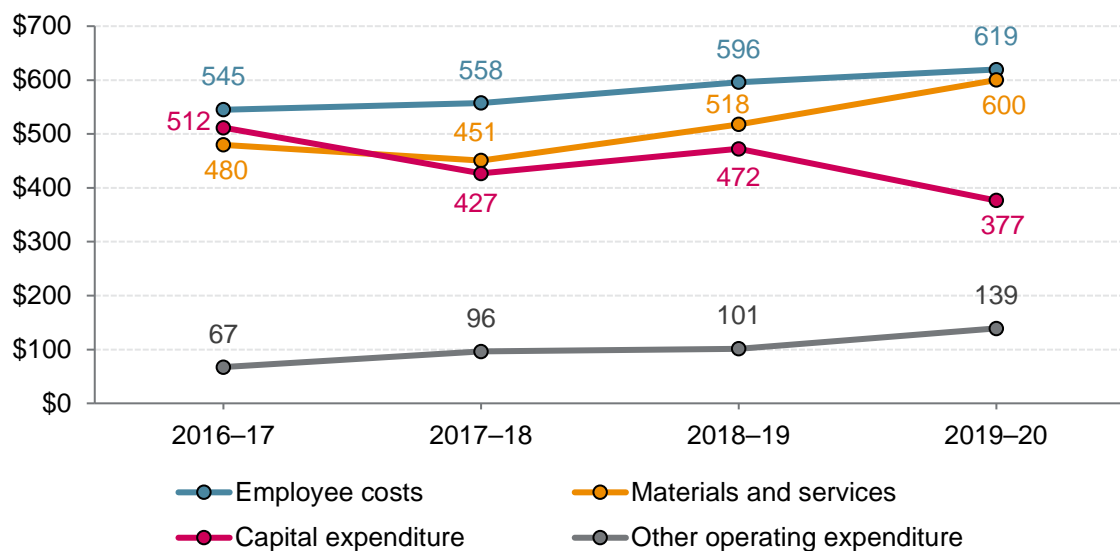
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	45.6 (68%)	47.4 (72%)	53.8 (72%)	62.6 (78%)
Employee costs	22.8 (34%)	23.9 (36%)	26.4 (35%)	28.5 (36%)
Materials and services	20.1 (30%)	19.3 (29%)	22.9 (31%)	27.7 (35%)
Other operating expenditure	2.8 (4%)	4.1 (6%)	4.5 (6%)	6.4 (8%)
Capital expenditure	21.4 (32%)	18.3 (28%)	20.9 (28%)	17.4 (22%)
<b>Total</b>	<b>67.0</b>	<b>65.7</b>	<b>74.8</b>	<b>80.0</b>

In real terms, Mitchell Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, except capital expenditure (which fluctuated year on year).

Employee costs was council's largest area of expenditure, accounting for 35 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), employee costs and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, while capital expenditure fluctuated.



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.

## Has council's capital expenditure pattern changed?

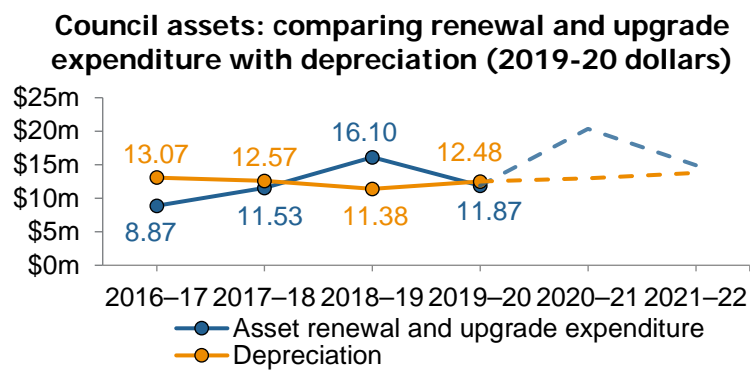
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	7.0	(33%)	7.7	(42%)	12.3	(59%)	7.9	(46%)
Upgrade	1.9	(9%)	3.8	(21%)	3.8	(18%)	4.0	(23%)
Expansion	0.2	(1%)	0.3	(2%)	0.0	(0%)	0.2	(1%)
New	12.4	(58%)	6.4	(35%)	4.8	(23%)	5.3	(30%)
<b>Total</b>	<b>21.4</b>		<b>18.3</b>		<b>20.9</b>		<b>17.4</b>	

In real terms, Mitchell Shire Council's spending on asset renewal trended upwards between 2016–17 and 2019–20, with a spike in 2018–19. Spending on asset upgrades also trended upwards, while spending on new assets decreased from a spike in 2016–17, returning in line with the historical upward trend in 2019–20.

Asset renewal was the highest share of capital expenditure each year, except in 2016–17 with the spike in spending on new assets.

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



**Renewal & upgrade expenditure as a percentage of depreciation**

2016–17	68%
2017–18	92%
2018–19	141%
2019–20	95%
2020–21	157% (forecast data)
2021–22	108% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, before a decrease 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 2018–19, before decreasing back below in 2019–20.

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

# Services



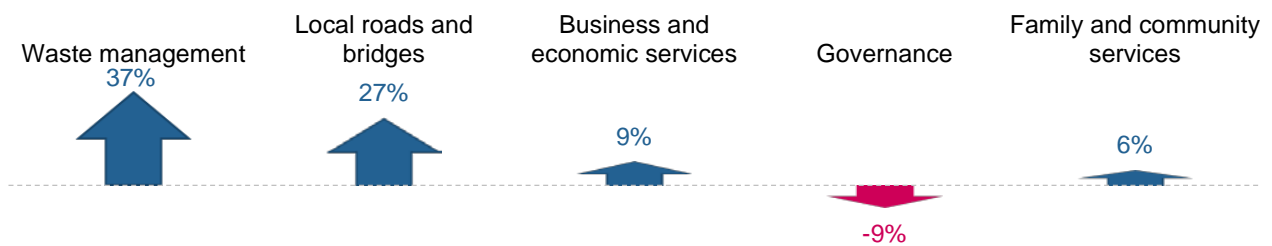
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

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

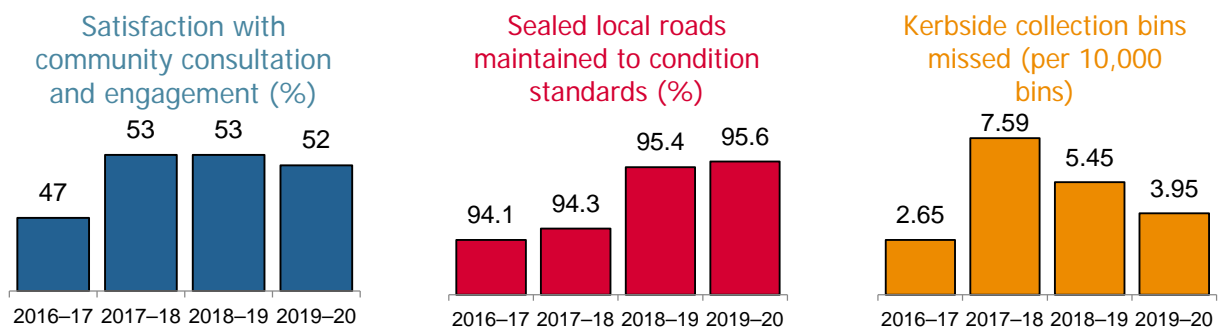
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	0.1	(0%)	0.1	(0%)	0.1	(0%)	0.0	(0%)
Business and economic services	3.3	(6%)	3.3	(6%)	3.4	(5%)	4.3	(6%)
Environment	1.3	(2%)	1.5	(3%)	1.6	(3%)	2.1	(3%)
Family and community services	5.1	(9%)	5.6	(10%)	5.7	(9%)	6.1	(9%)
Governance	26.4	(45%)	23.8	(41%)	20.0	(32%)	20.1	(28%)
Local roads and bridges	7.2	(12%)	7.7	(13%)	13.7	(22%)	14.6	(20%)
Recreation and culture	9.7	(17%)	9.8	(17%)	10.4	(16%)	11.3	(16%)
Traffic and street management	1.0	(2%)	1.0	(2%)	1.6	(3%)	1.8	(3%)
Waste management	4.5	(8%)	5.7	(10%)	6.6	(11%)	11.7	(16%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>58.5</b>		<b>58.3</b>		<b>63.2</b>		<b>72.0</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?



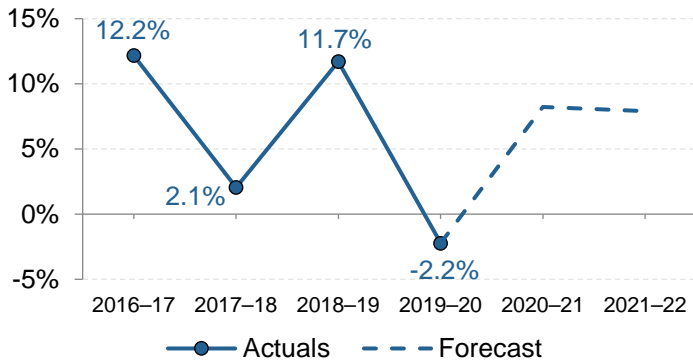
# Financial position



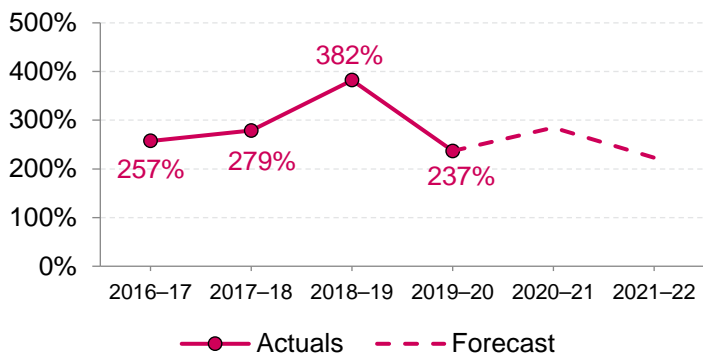
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Is council operating sustainably?

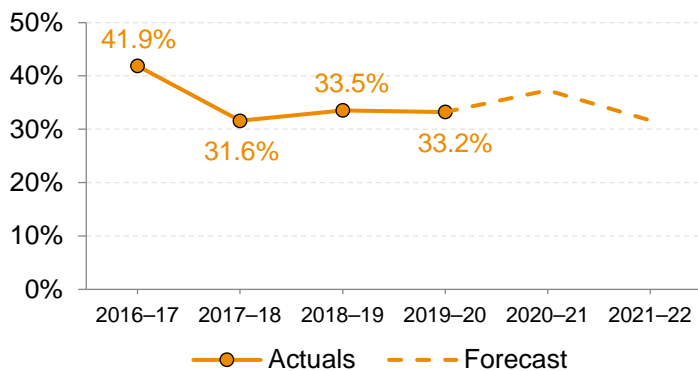
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Mitchell Shire Council reported an average **adjusted underlying result** of 5.9 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. Increased results in 2016–17 and 2018–19 reflect growth and higher own-source revenue (rates, fees, fines, interest income), while lower results reflect losses on revaluation of disposal of infrastructure, as well as coronavirus impacts in 2019–20.

Council could meet its current financial obligations with a reported average **working capital ratio** of 289 per cent between 2016–17 and 2019–20. The increase in 2018–19 reflects cash held for capital works. The decrease in 2019–20 reflects an increase in current liabilities due to an increase in landfill provisions and a change in accounting standards relating to recognition of unearned income.

The reported average **indebtedness ratio** of 35.0 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.