

# Hepburn 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>.



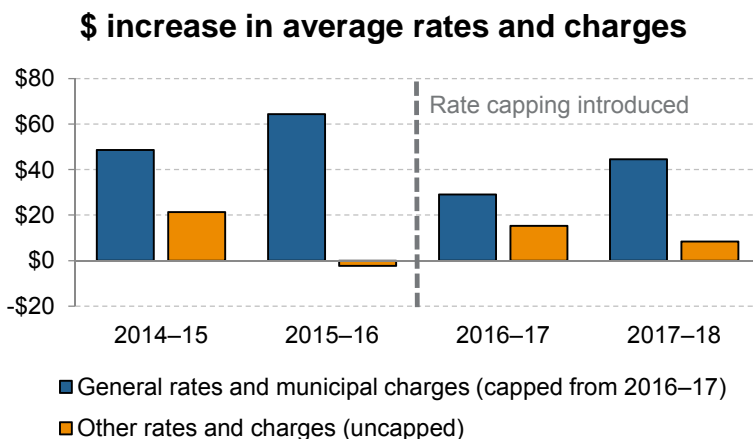
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### Key facts

Population:	15,629
Size (km <sup>2</sup> ):	1,473
Length of local roads (km):	1,503
Population per km of roads:	10.4
Council employees (FTE, 2017–18):	128
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	\$1,577	n/a
2015–16	\$1,639	n/a
2016–17	\$1,683	2.50%
2017–18	\$1,736	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.

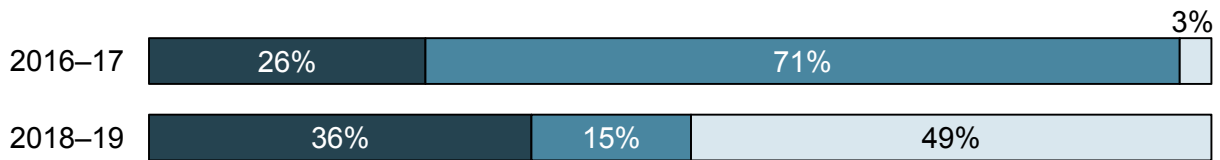
## Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Yes

## 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).

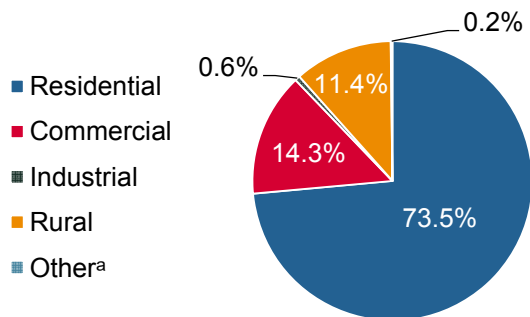


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

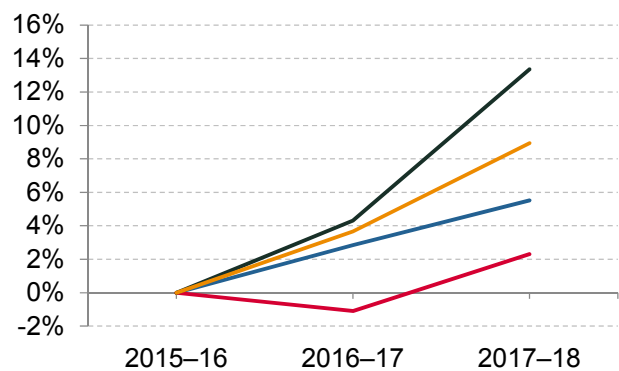
## Ratepayers by property class

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



<sup>a</sup> 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 majority of Hepburn Shire Council's rates and charges. This group of ratepayers, on average, experienced a 5.5 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 \$1,639 to \$1,736 (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?

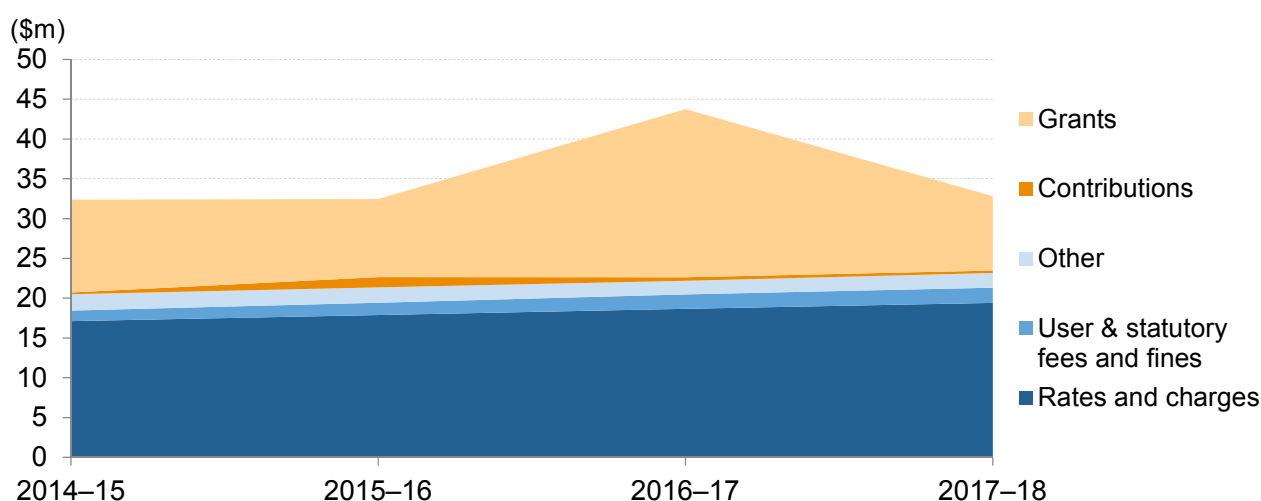
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	17.5	54	19.0	50
Grants	10.7	33	15.2	40
User fees and statutory fees and fines	1.4	4	1.8	5
Contributions	0.8	2	0.4	1
Other	2.0	6	1.8	5
<b>Total</b>	<b>32.4</b>	<b>100</b>	<b>38.3</b>	<b>100</b>

Hepburn Shire Council's average revenue from rates and charges, grants and user fees and statutory fees and fines increased 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 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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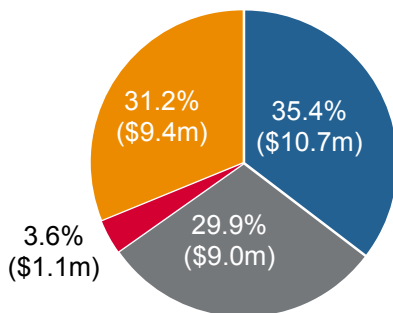
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$20.7m	\$8.8m	\$1,361	\$580
2015–16	\$20.8m	\$10m	\$1,357	\$651
2016–17	\$32.1m	\$13.2m	\$2,069	\$848
2017–18	\$22.7m	\$7.9m	\$1,450	\$504

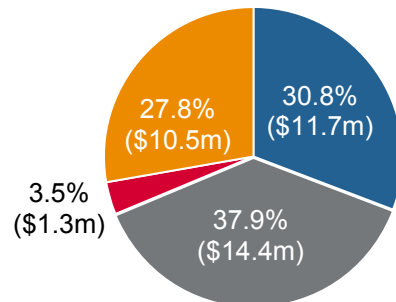
Hepburn Shire Council's operating expenses have been relatively stable in recent years, aside from 2016–17 when there was a spike in spending on materials and services (relating to \$9.8m in contract payments to restore flood damaged road infrastructure). Capital expenditure also spiked in 2016–17, reflecting spending on new assets.

## How is council spending its money?

**Average expenditure by category in the 2 years before rate capping**

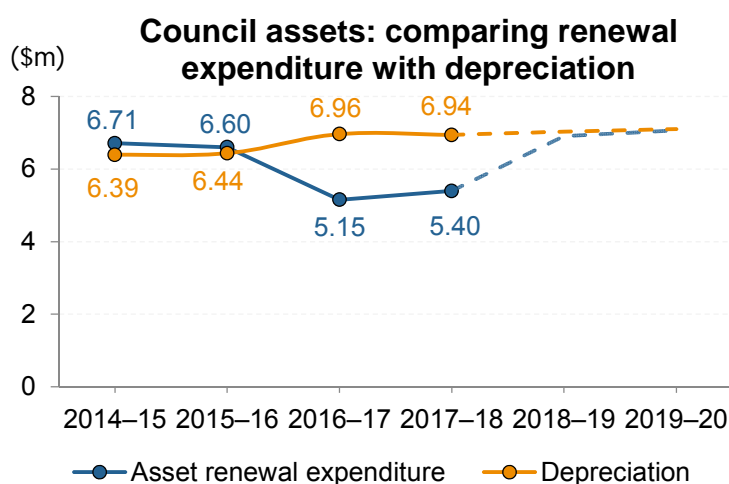


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of Hepburn Shire Council's expenditure, reflecting a proportionally higher increase in average spending on materials and services (relating to the flood works mentioned above) in the two years after rate capping was introduced. Employee costs, 'other' expenditure and capital expenditure decreased as a proportion of total expenditure over the same period, despite increasing 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	105
2015-16	103
2016-17	74
2017-18	78
2018-19	98 (forecast data)
2019-20	100 (forecast data)

Hepburn Shire Council's spending on the renewal of its assets dropped below the amount of depreciation (the decline in value of its assets caused by age and use) in the two years after rate capping was introduced. However, renewal expenditure is planned to return to around 100 per cent of depreciation in 2018-19 and 2019-20.

## Has council's capital expenditure pattern changed?

Capital expenditure					Council's average capital spending on new assets in the two years after rate capping was introduced has increased (due to a spike in 2016-17). Average spending on asset renewal and upgrade projects decreased over the same period.
	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	6.7	71	5.3	50	
New	0.6	6	4.1	39	
Upgrade	2.2	23	1.1	11	
Expansion	0.0	0	0.0	0	
<b>Total</b>	<b>9.4</b>	<b>100</b>	<b>10.5</b>	<b>100</b>	

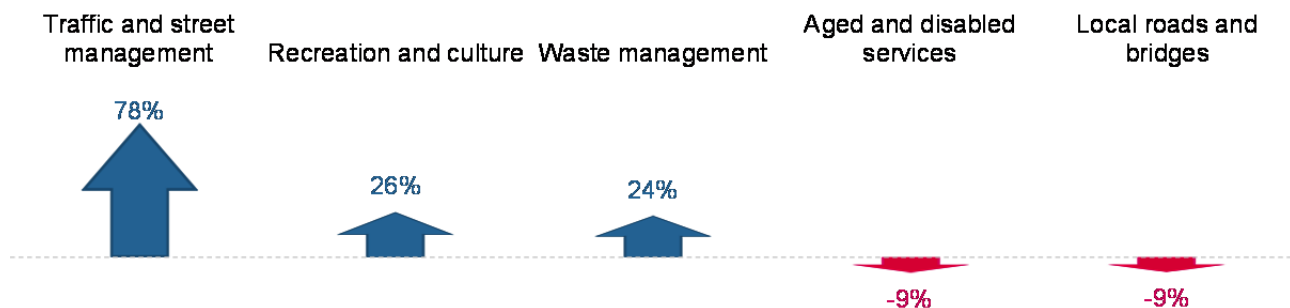
# Services

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

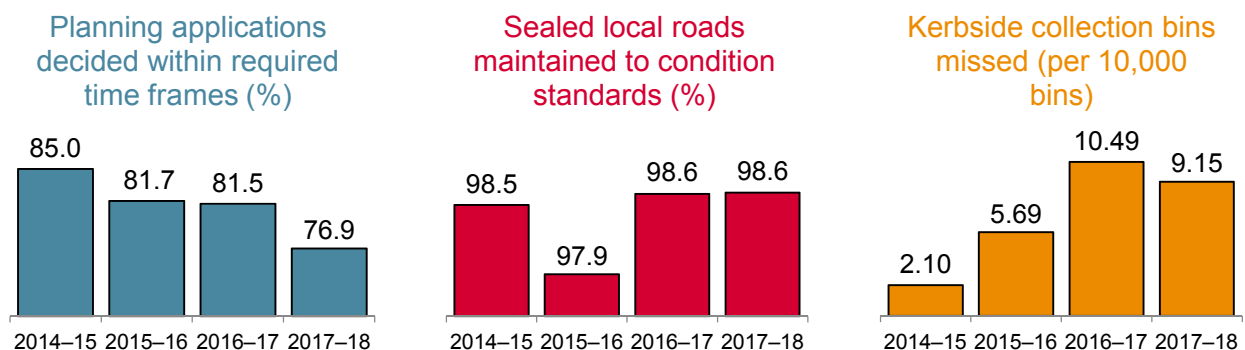
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	521	29.2	477	25.6
Governance	320	17.9	343	18.4
Recreation and culture	263	14.7	333	17.8
Waste management	175	9.8	218	11.7
Business and economic services	184	10.3	169	9.1
Aged and disabled services	144	8.1	131	7.0
Traffic and street management	65	3.7	116	6.2
Family and community services	69	3.9	52	2.8
Environment	38	2.1	27	1.4
Other	5	0.3	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)

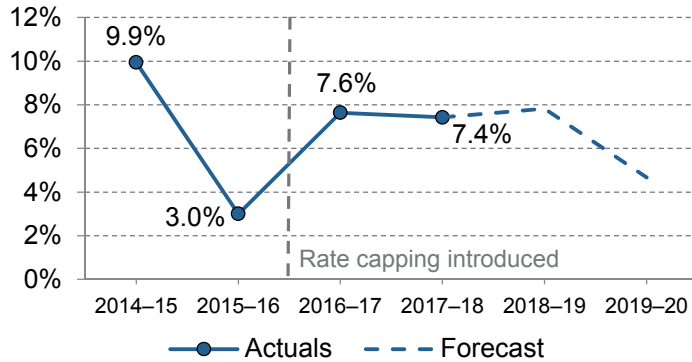


# Financial position

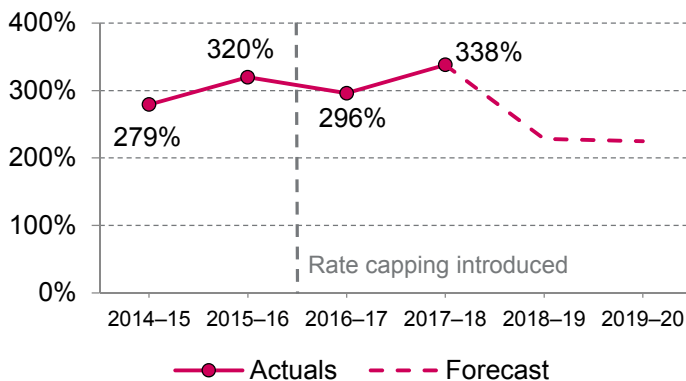
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## Is council operating sustainably?

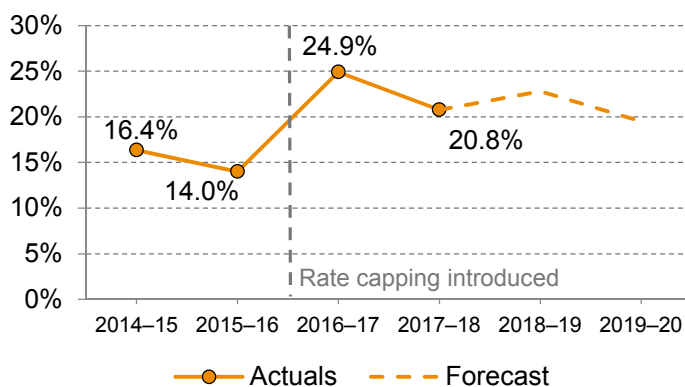
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Hepburn Shire Council reported an average **adjusted underlying result** of 7 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 308 per cent between 2014–15 and 2017–18.

In 2016–17, council borrowed money to fund the purchase of assets, increasing its **indebtedness ratio**.

**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.