

Mitchell Shire 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>.



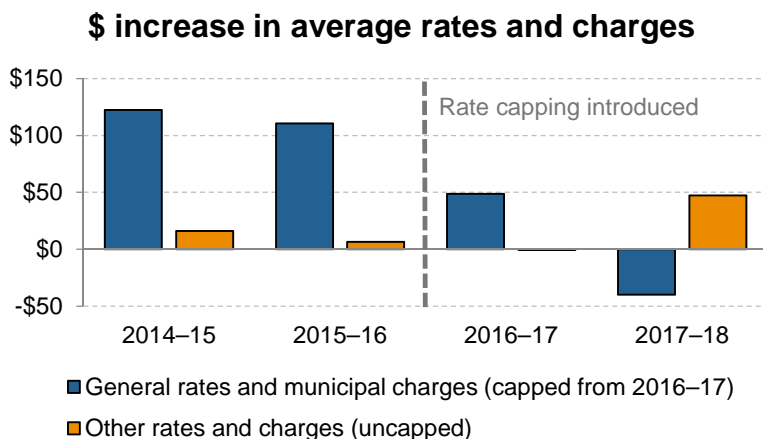
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Key facts

Population:	42,910
Size (km ²):	2,864
Length of local roads (km):	1,504
Population per km of roads:	28.5
Council employees (FTE, 2017–18):	282
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	\$1,833	n/a
2015–16	\$1,951	n/a
2016–17	\$1,999	2.50%
2017–18	\$2,006	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).

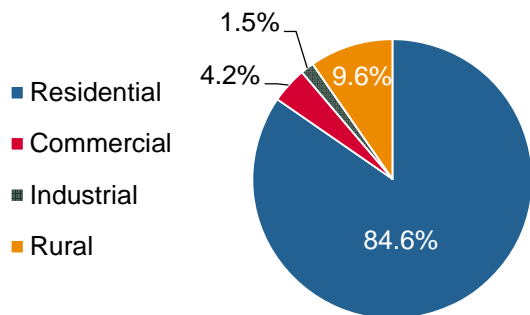


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

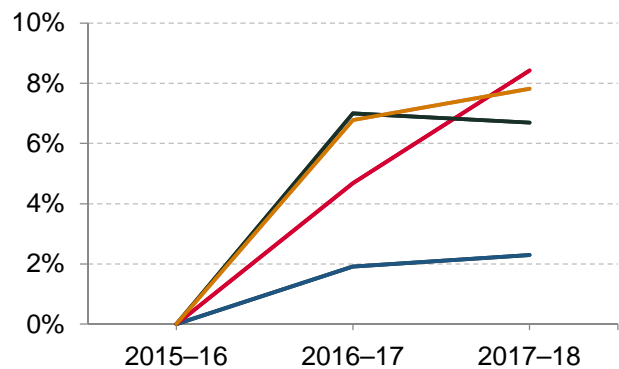
Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

Ratepayers by property class

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



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 Mitchell Shire Council's rates and charges. This group of ratepayers, on average, experienced a 2.3 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 \$1,951 to \$2,006 (2.8 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?

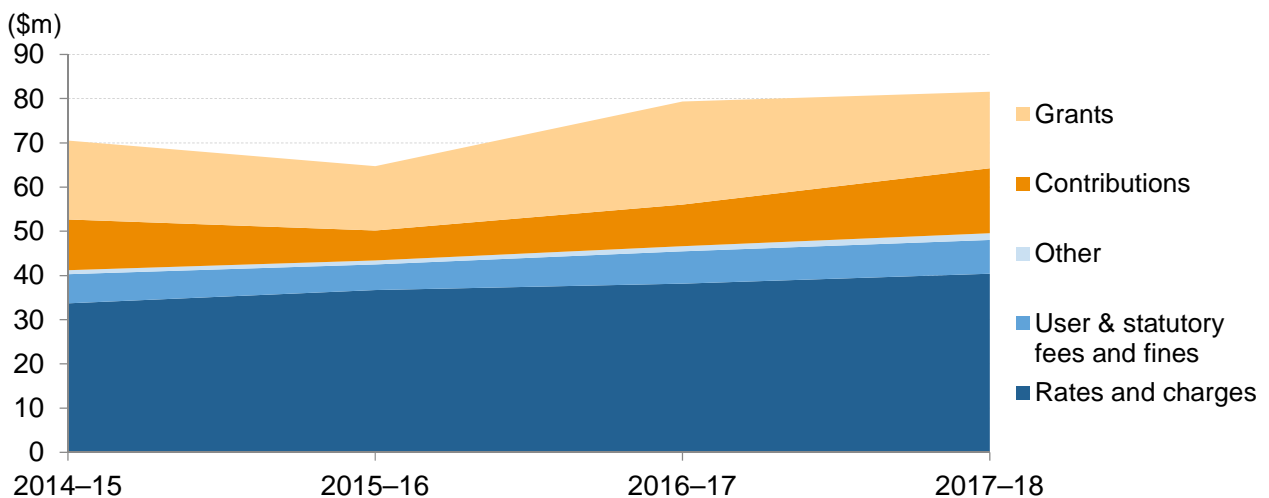
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	35.2	52	39.3	49
Grants	16.2	24	20.3	25
User fees and statutory fees and fines	6.2	9	7.5	9
Contributions	9.1	13	12.1	15
Other	0.9	1	1.3	2
Total	67.6	100	80.5	100

Mitchell Shire Council's average revenue from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportions 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 increase in the proportion of revenue from contributions.

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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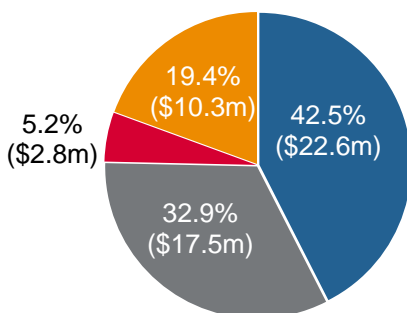
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$42.9m	\$10.9m	\$1,097	\$279
2015–16	\$42.9m	\$9.8m	\$1,066	\$243
2016–17	\$43.2m	\$20.2m	\$1,033	\$484
2017–18	\$51.4m	\$17.7m	\$1,198	\$413

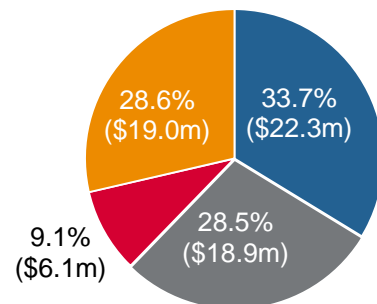
Mitchell Shire Council's operating expenses have been relatively stable in recent years, with a jump in 2017–18 (from a \$5.6 million adjustment relating to revaluation of its footpath and cycleway network). Capital expenditure has varied over the same period, reflecting fluctuation in spending on new assets.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

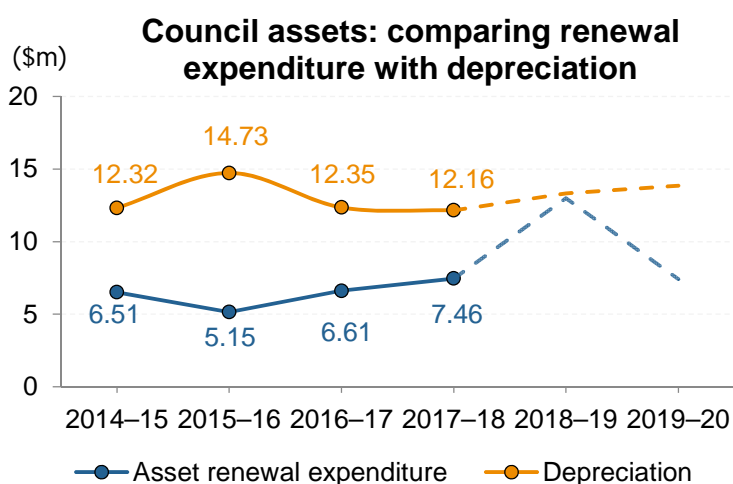


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Mitchell Shire Council's expenditure, reflecting increases in average capital and 'other' expenditure in the two years after rate capping was introduced. There was a slight decrease in average employee costs, while average spending on materials and services decreased as a proportion of total expenditure 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	53
2015-16	35
2016-17	53
2017-18	61
2018-19	98 (forecast data)
2019-20	54 (forecast data)

Mitchell Shire Council's spending on the renewal of its assets has trended upward 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 to around 100 per cent of depreciation in 2018-19, but decrease again in 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					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 also increased (despite year on year fluctuations).
	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	5.8	56	7.0	37	
New	3.0	29	9.0	47	
Upgrade	1.1	11	2.7	14	
Expansion	0.3	3	0.2	1	
Total	10.3	100	19.0	100	

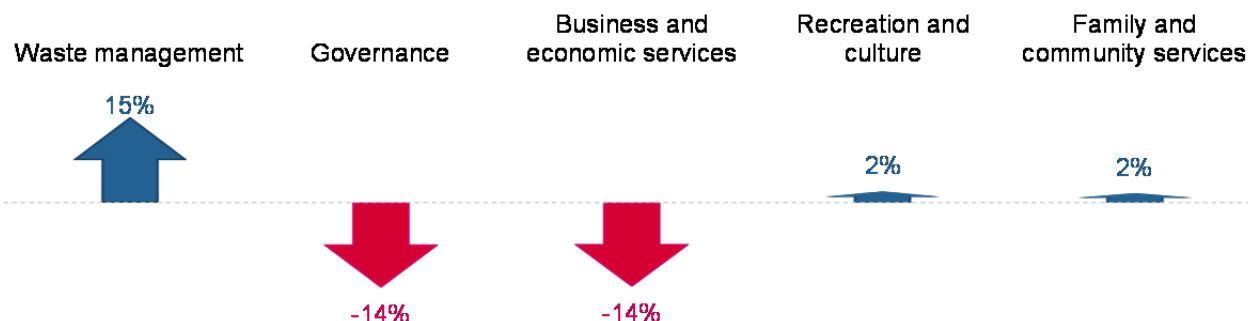
Services

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

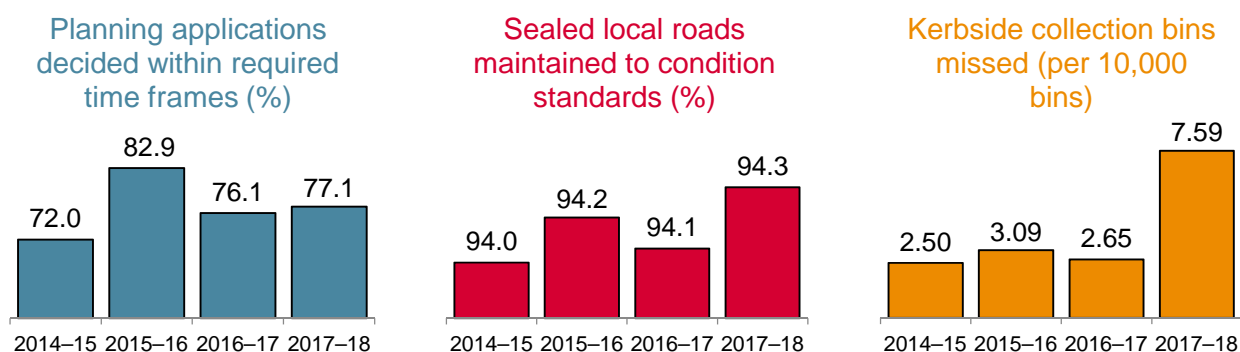
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	661	46.7	566	42.9
Recreation and culture	215	15.2	219	16.6
Local roads and bridges	167	11.8	168	12.8
Family and community services	119	8.4	121	9.2
Waste management	100	7.1	115	8.7
Business and economic services	86	6.1	74	5.6
Environment	27	1.9	32	2.4
Traffic and street management	38	2.7	22	1.6
Aged and disabled services	3	0.2	1	0.1
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.

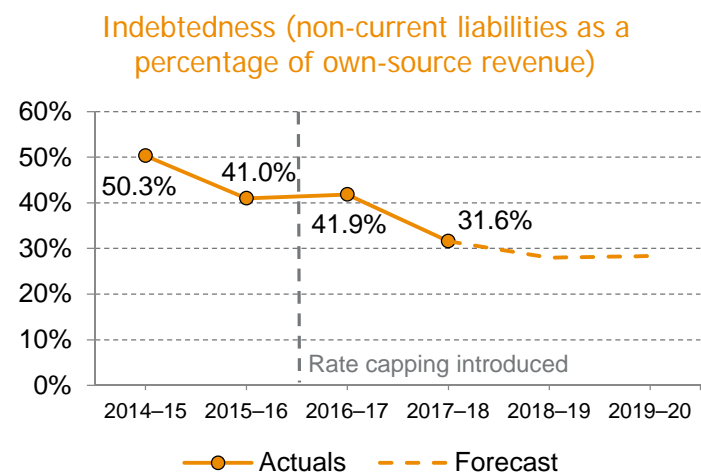
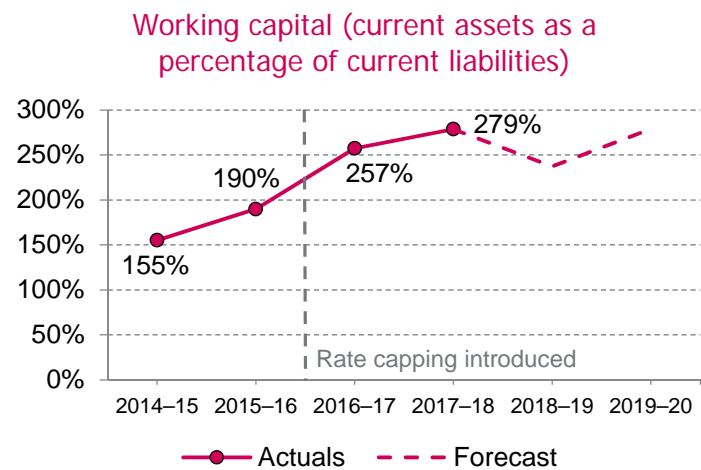
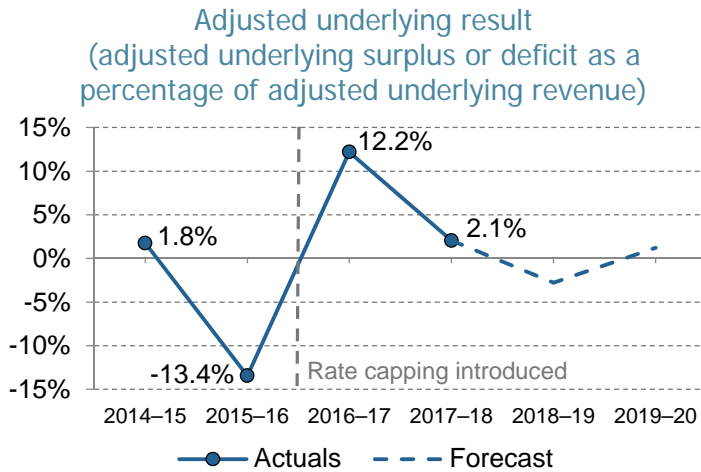
Has there been a change in service quality? (selected services only)



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, Mitchell Shire Council reported an average **adjusted underlying result** of 0.6 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 220 per cent between 2014–15 and 2017–18. The increase in working capital reflects council building cash and investments.

The falling **indebtedness ratio** relates to reductions in provisions.

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.