

# Murrindindi 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>.



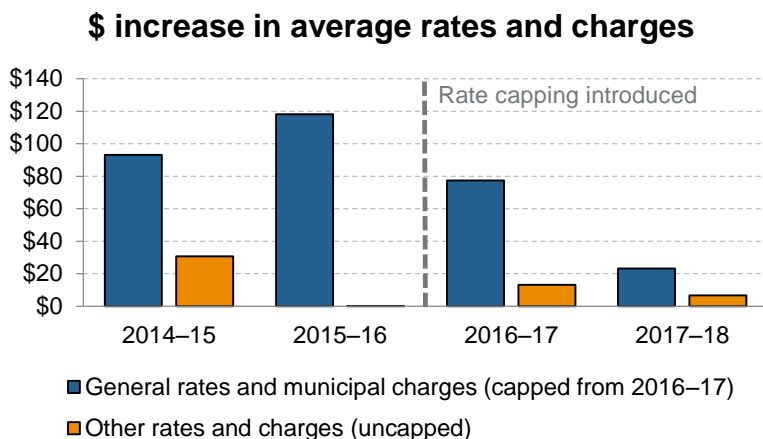
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### Key facts

Population:	14,234
Size (km <sup>2</sup> ):	3,879
Length of local roads (km):	1,199
Population per km of roads:	11.9
Council employees (FTE, 2017–18):	153
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

## Rates

### What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,775	n/a
2015–16	\$1,894	n/a
2016–17	\$1,984	4.30% <sup>a</sup>
2017–18	\$2,014	2.00%

<sup>a</sup> Approved higher cap. Minister's cap was 2.50%.

# 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 (4.30%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes (approved higher cap)	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).

2016–17

**Council did not provide data**

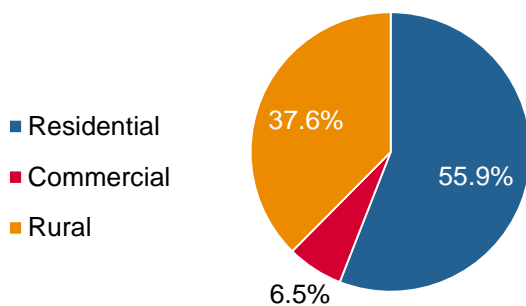
2018–19

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

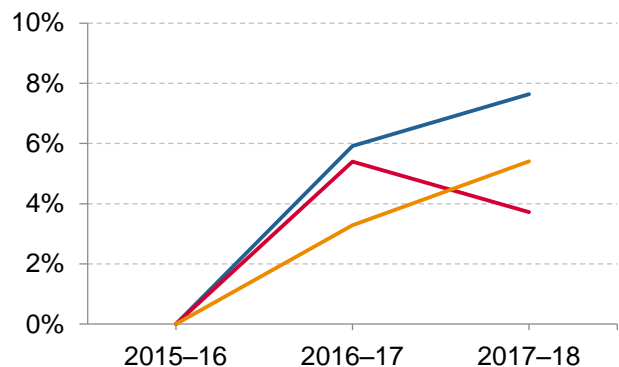
**Note:** In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

## Ratepayers by property class

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



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 Murrindindi Shire Council's rates and charges. This group of ratepayers, on average, experienced a 7.6 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 \$1,894 to \$2,014 (6.4 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?

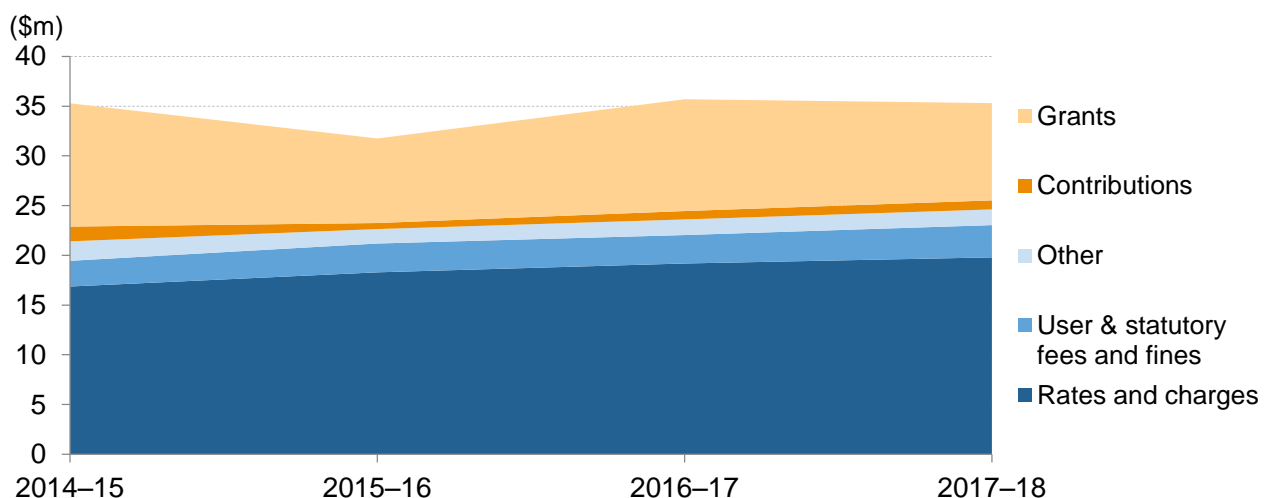
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	17.6	52	19.5	55
Grants	10.4	31	10.5	30
User fees and statutory fees and fines	2.7	8	3.1	9
Contributions	1.0	3	0.9	2
Other	1.7	5	1.6	4
<b>Total</b>	<b>33.5</b>	<b>100</b>	<b>35.5</b>	<b>100</b>

Murrindindi 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 proportion of council's revenue from each source remained relatively stable after the introduction of rate capping except for 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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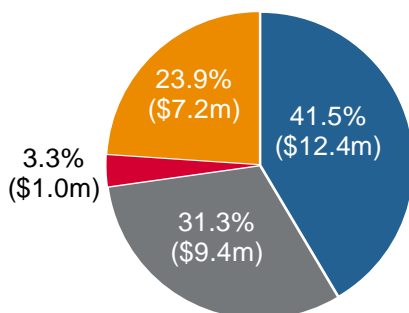
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$22.7m	\$6.2m	\$1,656	\$455
2015–16	\$22.8m	\$8.1m	\$1,648	\$584
2016–17	\$23.5m	\$9.3m	\$1,671	\$662
2017–18	\$23.8m	\$7.8m	\$1,675	\$545

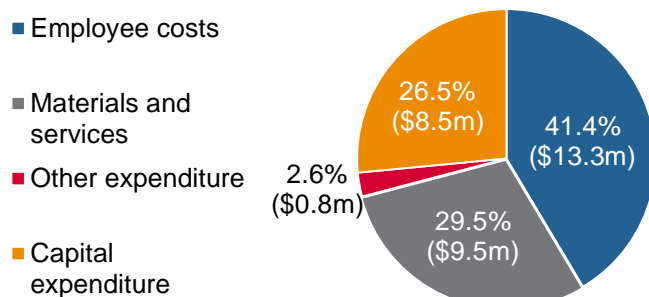
Murrindindi Shire Council's operating expenses have been trending upward over time, driven largely by increased employee costs in the two years following the introduction of rate capping. Capital expenditure has been more varied over the same period, reflecting fluctuations in spending on asset renewal and new assets.

## How is council spending its money?

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

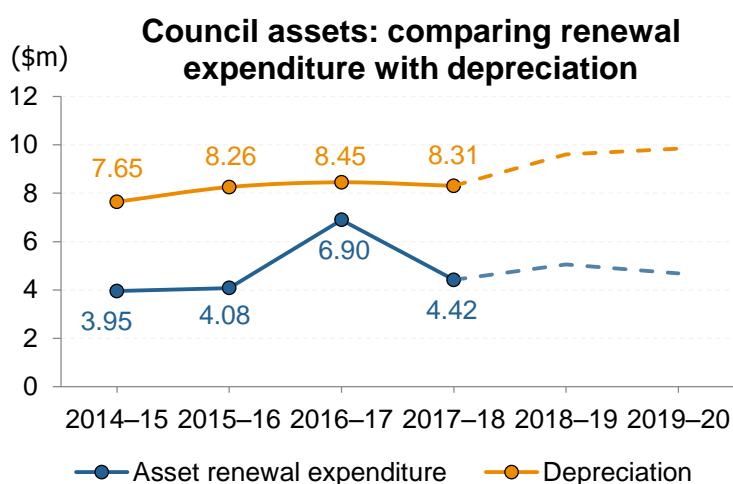


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of Murrindindi Shire Council's expenditure, reflecting an increase in average capital expenditure in the two years after rate capping was introduced. Employee costs decreased slightly 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	52
2015-16	49
2016-17	82
2017-18	53
2018-19	53 (forecast data)
2019-20	48 (forecast data)

Murrindindi Shire Council's spending on the renewal of its assets has trended upward in recent years, with a spike in 2016-17, 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 continue on a similar trend, remaining 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					Council's average spending on asset renewal in the two years after rate capping was introduced has increased. Average spending on new assets decreased, while average spending on upgrade and expansion projects increased.
	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	4.0	56	5.7	66	
New	2.0	27	0.2	3	
Upgrade	1.2	17	1.7	20	
Expansion	0.0	0	0.9	10	
<b>Total</b>	<b>7.2</b>	<b>100</b>	<b>8.5</b>	<b>100</b>	

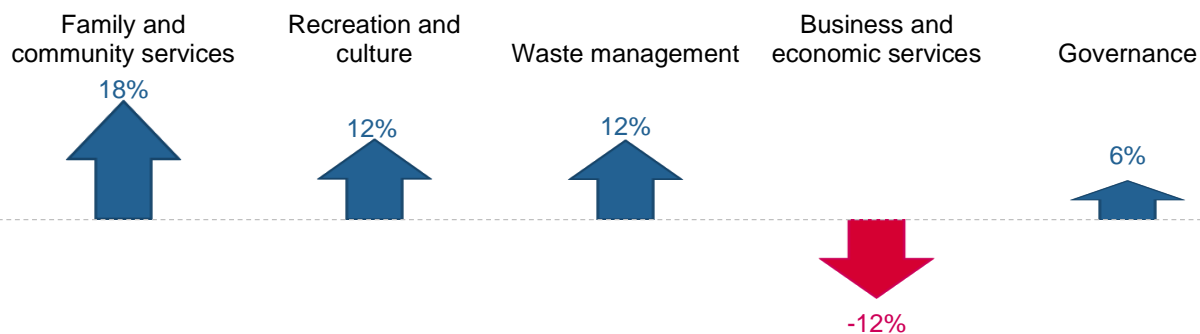
# Services

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

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

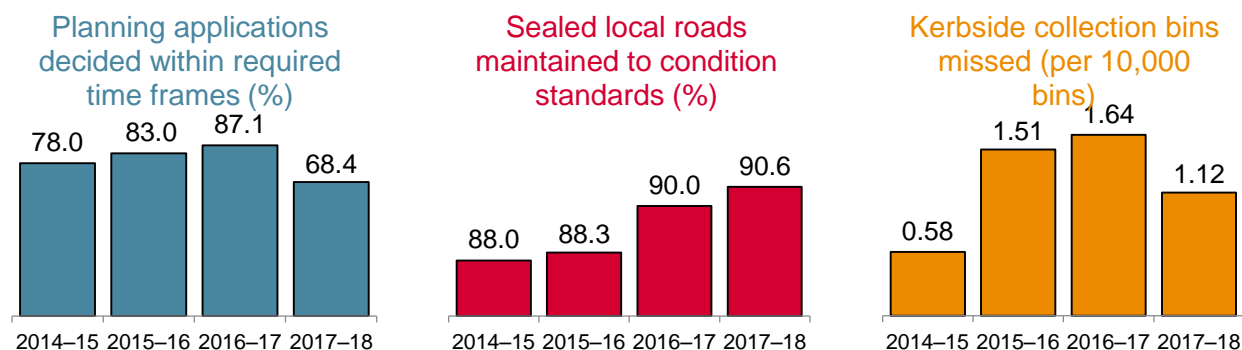
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	596	26.9	576	25.3
Governance	396	17.9	419	18.4
Recreation and culture	355	16.0	397	17.5
Waste management	188	8.5	211	9.3
Business and economic services	215	9.7	190	8.4
Aged and disabled services	165	7.5	161	7.1
Family and community services	128	5.8	150	6.6
Traffic and street management	89	4.0	92	4.1
Environment	85	3.9	78	3.4
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)

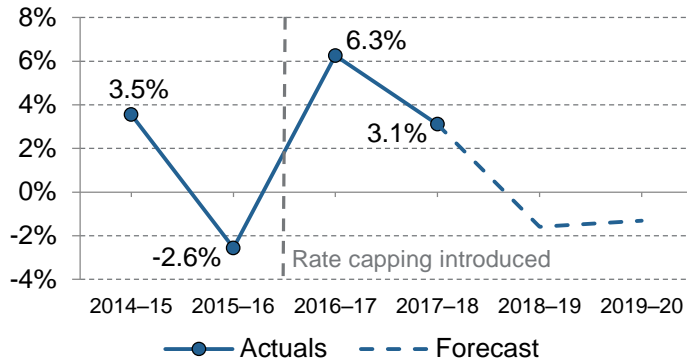


# Financial position

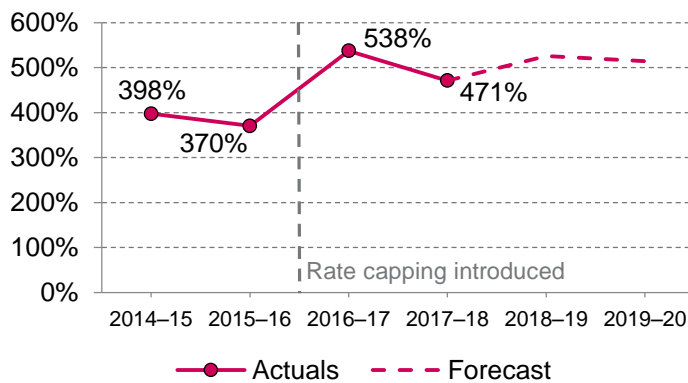
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## Is council operating sustainably?

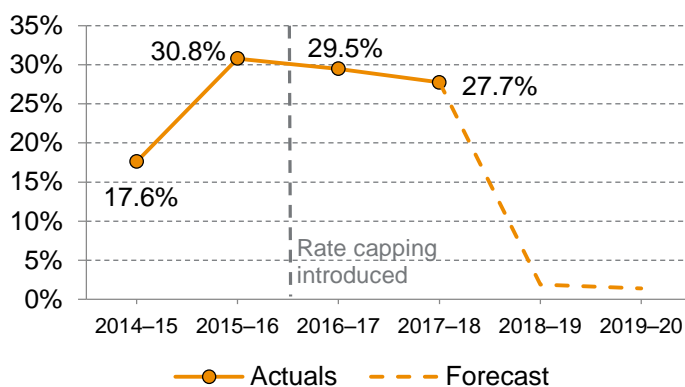
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Murrindindi Shire Council reported an average **adjusted underlying result** of 2.6 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 444 per cent between 2014–15 and 2017–18. The increase in working capital ratio reflects council building cash reserves to fund future capital works.

In 2015–16, the increase in the **indebtedness ratio** relates to an increase in landfill 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.