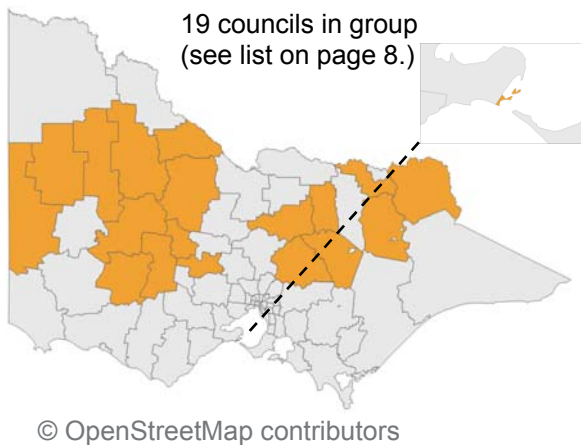


Small shire council group

This fact sheet uses graphs and other data to show whether there have been any significant changes in services, infrastructure and financial outcomes for the small shire group of councils 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 your council's data against its 'group' by looking at this fact sheet. 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>.

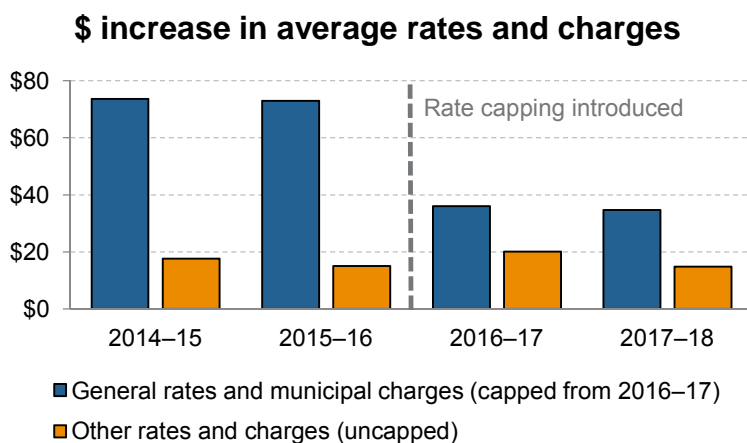


Key Facts (average small shire council)

Population:	9,761
Size (km ²):	4,509
Length of local roads (km):	2,262
Population per km of roads:	4.3
Council employees (FTE, 2017–18):	115
Number of applications for a higher cap for 2016–17 or 2017–18	9 applications from 7 councils (1 unsuccessful)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Minister's cap
2014–15	\$1,674	n/a
2015–16	\$1,762	n/a
2016–17	\$1,818	2.50%
2017–18	\$1,867	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.

How many small shire councils complied with the applicable rate caps?

	2016–17	2017–18	2018–19
Councils with an approved higher cap	4 of 19	4 of 19	3 of 19
Councils complying with applicable cap	19 of 19	18 of 19	18 of 19

How have rates changed for individual ratepayers?

Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to each council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

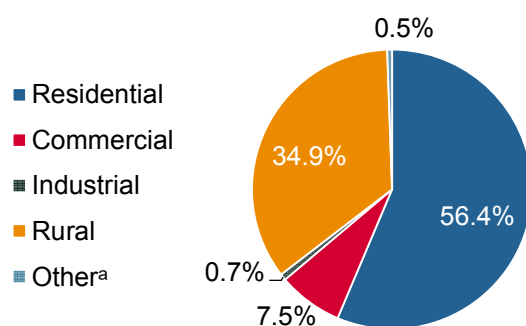


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

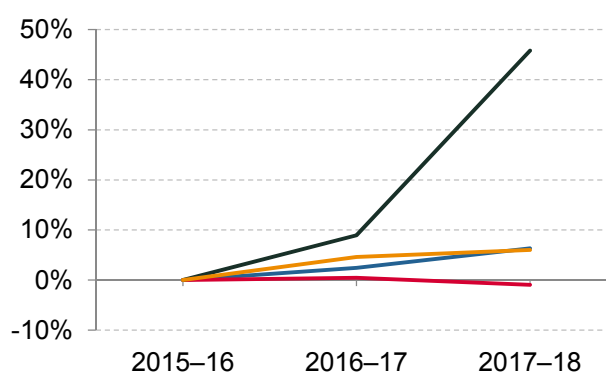
Ratepayers by property class

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



^a 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 the average small shire council's rates and charges. This group of ratepayers experienced an average 6.3 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rates increases can be due to relative changes in property valuations, and changes in property numbers, councils' rating structures, and uncapped rates and charges. For the group as a whole, average rates and charges (a combination of all classes) increased from \$1,762 to \$1,867 (6.0 per cent) over the same period.

Revenue

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

Where is the average small shire council's money coming from?

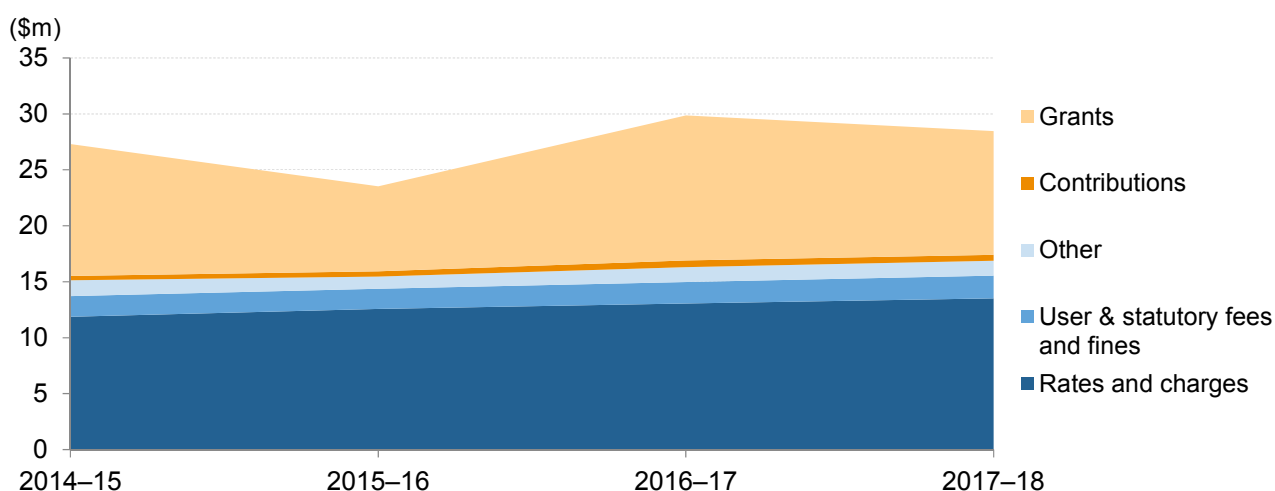
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	12.2	48	13.3	46
Grants	9.7	38	12.0	41
User fees and statutory fees and fines	1.8	7	2.0	7
Contributions	0.4	2	0.6	2
Other	1.2	5	1.3	5
Total	25.4	100	29.2	100

The average revenue for small shire councils across Victoria from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The changes in the composition of the average small shire council's revenue were a decrease in the proportion of revenue from rates and charges and an increase in the proportion of revenue from grants over the two years after rate capping commenced. The proportions of revenue from the other sources remained the same over these periods for the average small shire council.

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.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

How much money is the average small shire council spending?

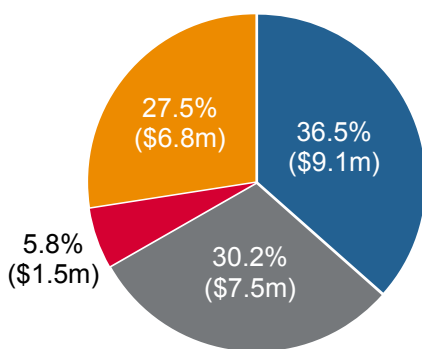
Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$18.2m	\$7.1m	\$1,894	\$734
2015–16	\$17.9m	\$6.6m	\$1,858	\$687
2016–17	\$19.4m	\$6.8m	\$1,990	\$697
2017–18	\$20.3m	\$7.0m	\$2,084	\$722

Operating expenses for the average small shire council trended upward in recent years, driven by higher spending on materials and services in the two years following the introduction of rate capping (with many small shire councils undertaking flood recovery works). Capital expenditure was more stable over the same period.

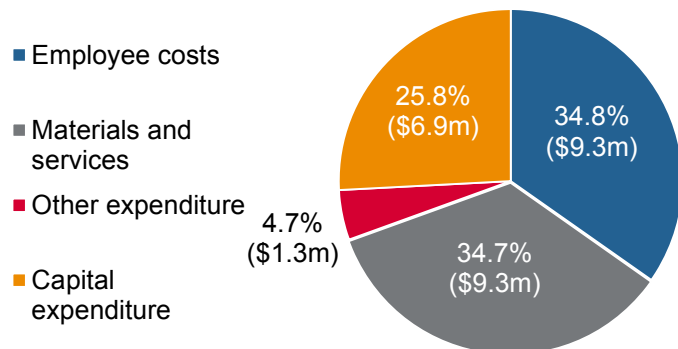
This resulted in a decline in the ratio of capital expenditure to operating expenditure from a peak in 2013–14.

How is the average small shire council spending its money?

Average expenditure by category in the 2 years before rate capping

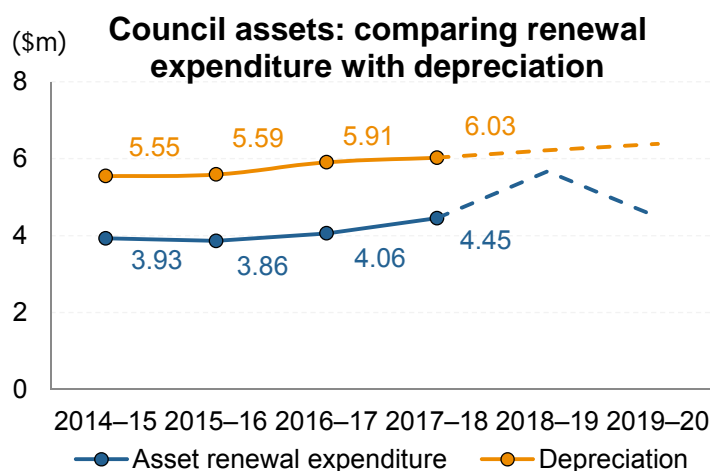


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of expenditure for the average small shire council, reflecting an increase in average spending on materials and services in the two years after rate capping was introduced. Employee costs and capital expenditure decreased as a proportion of total expenditure over the same period, despite increasing in terms of average dollars spent.

Is the average small shire council renewing its assets?



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	71
2015-16	69
2016-17	69
2017-18	74
2018-19	91 (forecast data)
2019-20	70 (forecast data)

Spending on asset renewal for the average small shire council has trended upward in recent years, while remaining below the average amount of depreciation (the decline in value of council assets caused by age and use) for a small shire council. The average renewal expenditure is planned to be higher in 2018-19, while remaining below 100 per cent of depreciation.

The asset renewal expenditure as a percentage of depreciation (asset renewal ratio) for the small shire group as a whole is projected to be around 90 per cent in 2018-19, but otherwise remains relatively stable at around 70 per cent.

Note: Asset renewal ratio figures are for the small shire group as a whole, not the average asset renewal ratio amongst small shire councils.

Has the average small shire council's capital expenditure pattern changed?

Capital expenditure

	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		While total spending for the average small shire council remained stable in the two years after rate capping was introduced, there was an increase in average spending on asset renewal and a decrease in average spending on upgrade projects. Spending on expansion also increased.
	\$m	% of total	\$m	% of total	
Renewal	3.9	57	4.3	62	
New	1.1	17	1.1	16	
Upgrade	1.7	24	1.3	19	
Expansion	0.1	2	0.2	3	
Total	6.8	100	6.9	100	

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 the average small shire council spending its money in?

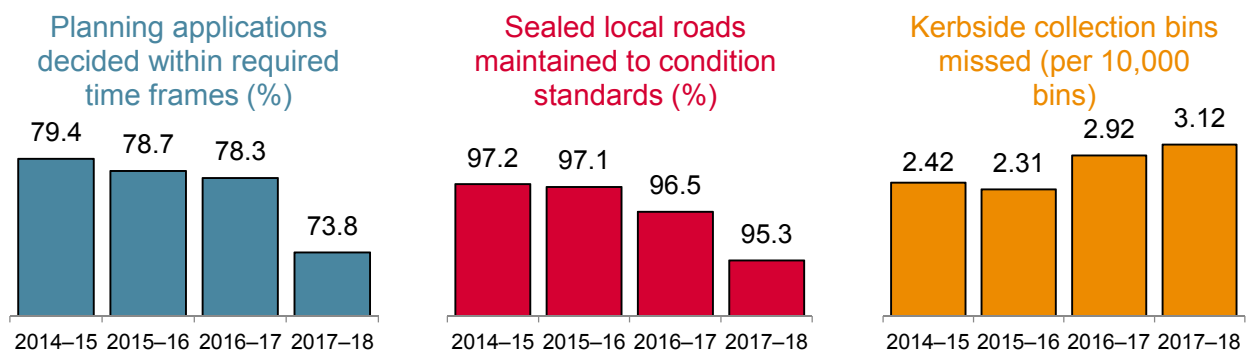
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	692	28.6	790	30.4
Governance	503	20.8	568	21.8
Recreation and culture	329	13.6	346	13.3
Business and economic services	241	9.9	232	8.9
Waste management	182	7.5	202	7.8
Aged and disabled services	146	6.1	131	5.0
Family and community services	126	5.2	125	4.8
Traffic and street management	99	4.1	102	3.9
Environment	81	3.3	85	3.3
Other	22	0.9	18	0.7

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.

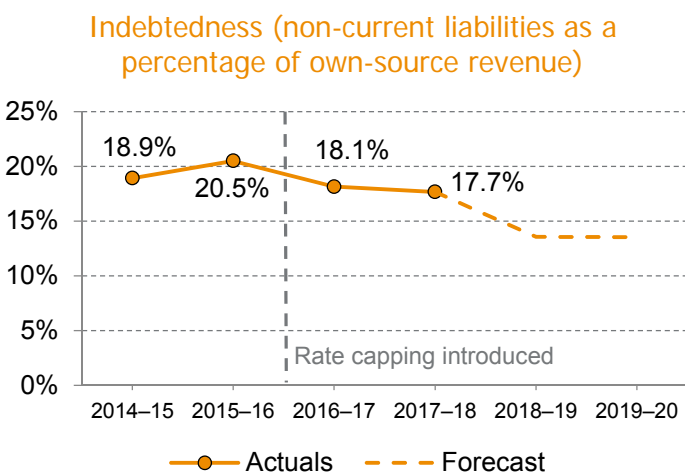
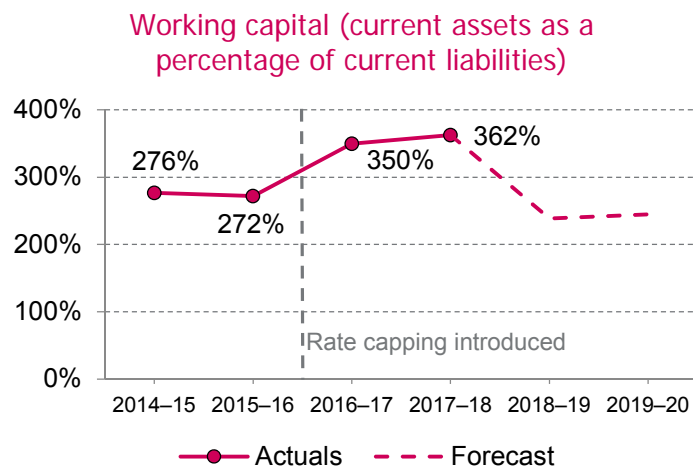
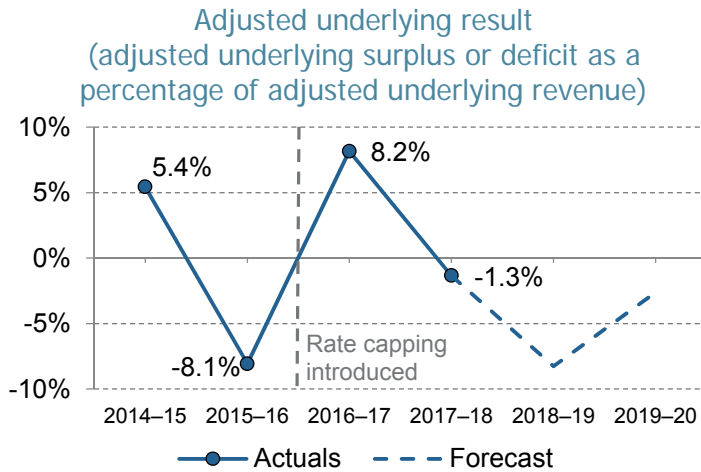
Has there been a change in service quality? (selected services only)



Financial position

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

Is the average small shire council operating sustainably?



Between 2014–15 and 2017–18, the small shire group reported an average **adjusted underlying result** of 1.1 per cent. A positive result indicates that there is enough ongoing revenue to continue to fund the current level of service provision.

Working capital for the average small shire council trended upward between 2014–15 and 2017–18. This was due to a number of councils building up cash reserves to fund future capital works. Overall, the high ratio indicates that councils are well placed to fund their short term obligations.

The **indebtedness** ratio remained low and trended downward. In 2014–15, 16 small shire councils had \$35.7 million in long term borrowings on their balance sheets. In 2017–18, this figure for 14 councils was \$34 million.

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.

Small shire councils

Councils in this group	
Alpine Shire Council	Mansfield Shire Council
Ararat Rural City Council	Murrindindi Shire Council
Benalla Rural City Council	Northern Grampians Shire Council
Buloke Shire Council	Pyrenees Shire Council
Central Goldfields Shire Council	Borough of Queenscliffe Council
Gannawarra Shire Council	Strathbogie Shire Council
Hepburn Shire Council	Towong Shire Council
Hindmarsh Shire Council	West Wimmera Shire Council
Indigo Shire Council	Yarriambiack Shire Council
Loddon Shire Council	