

Towong 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>.

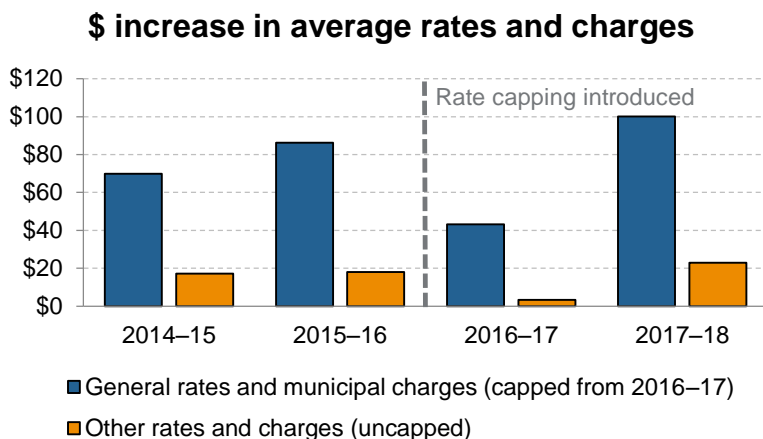


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Key facts	
Population:	6,040
Size (km ²):	6,674
Length of local roads (km):	1,183
Population per km of roads:	5.1
Council employees (FTE, 2017–18):	72
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,597	n/a
2015–16	\$1,701	n/a
2016–17	\$1,748	6.34% ^a
2017–18	\$1,871	5.55% ^a

^a Approved higher caps. Minister's cap was 2.50% (2016–17) and 2.00% (2017–18).

Rates (continued)

See the reader's guide for data sources and useful information.
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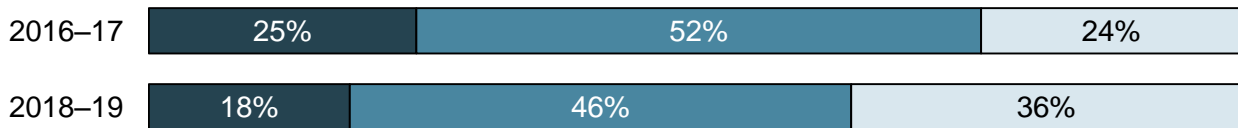
Have council's average rates complied with the applicable rate caps?

2016–17 (6.34%)	2017–18 (5.55%)	2018–19 (5.55%)
Yes (approved higher cap)	Yes (approved higher cap)	Yes (approved higher cap)

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).

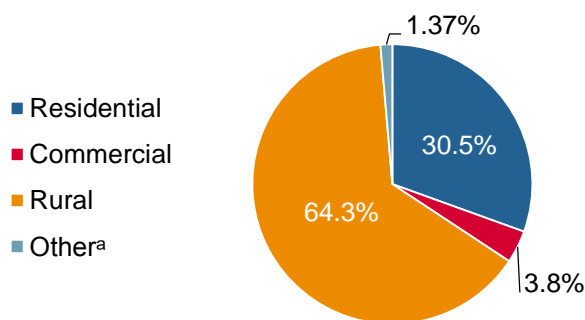


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

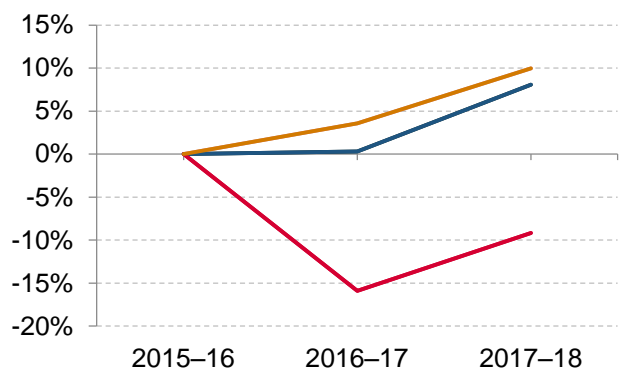
Ratepayers by property class

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



^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.

Rural ratepayers pay the majority of Towong Shire Council's rates and charges. This group of ratepayers, on average, experienced a 10 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 \$1,701 to \$1,871 (10 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?

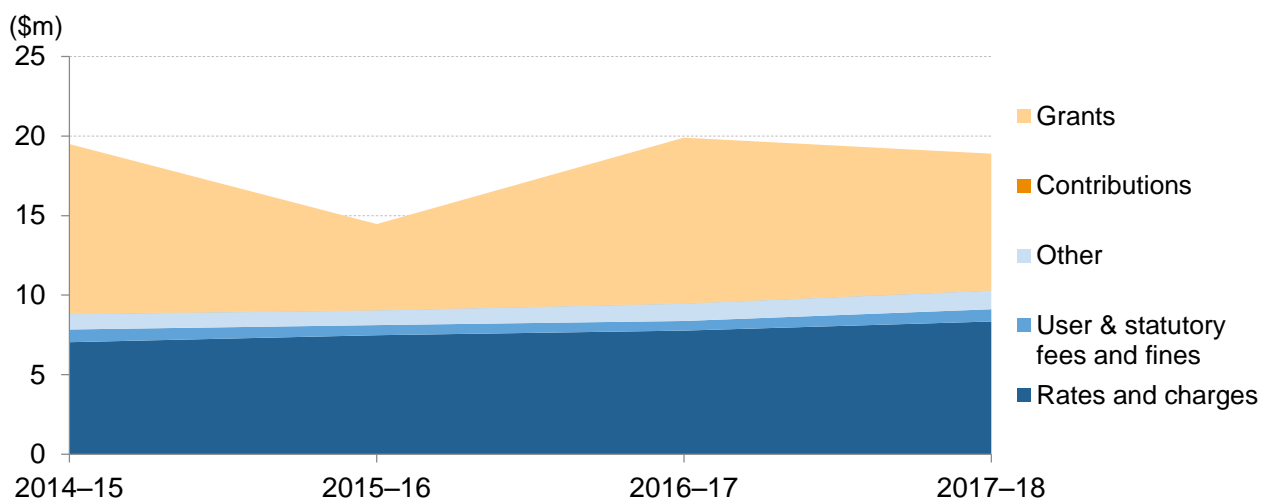
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	7.3	43	8.1	42
Grants	8.0	47	9.5	49
User fees and statutory fees and fines	0.7	4	0.7	4
Contributions	0.0	0	0.0	0
Other	1.0	6	1.1	6
Total	17.0	100	19.4	100

Towong Shire Council's average revenue from rates and charges, grants and 'other' sources 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 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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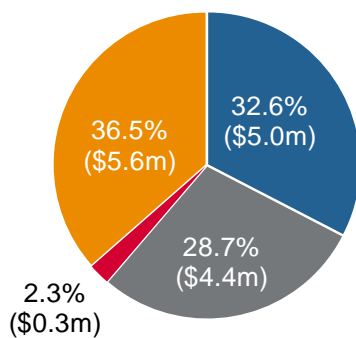
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$10m	\$4.5m	\$1,666	\$759
2015–16	\$9.4m	\$6.6m	\$1,564	\$1,094
2016–17	\$9.4m	\$5.2m	\$1,562	\$853
2017–18	\$10m	\$7.1m	\$1,653	\$1,176

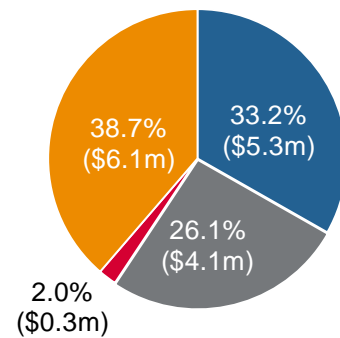
Towong Shire Council's operating expenses have been relatively stable in recent years, with small fluctuations caused by higher spending on materials and services in 2014–15 and employee costs in 2017–18. Capital expenditure has varied more over the same period, reflecting fluctuations in spending on asset renewal, new assets and upgrade projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

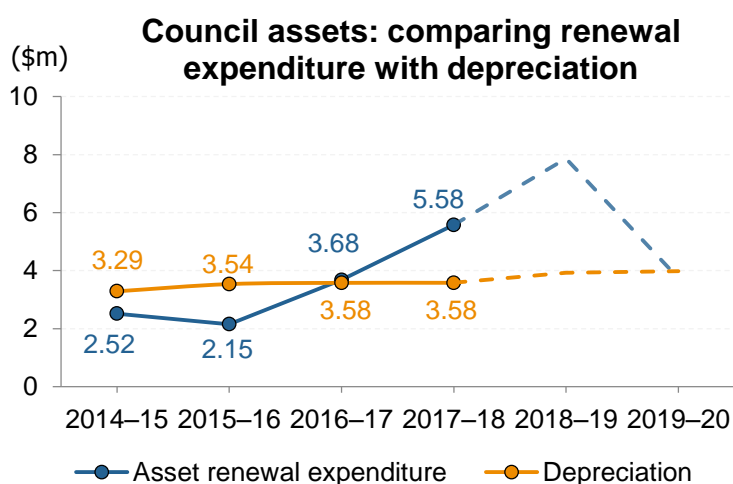


Average expenditure by category in the 2 years after rate capping



There were small changes in the composition of Towong Shire Council's expenditure, reflecting an increase in average capital expenditure in the two years after rate capping was introduced. Average employee costs also increased, while average spending on materials and services decreased over the same period.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	77
2015-16	61
2016-17	103
2017-18	156
2018-19	200 (forecast data)
2019-20	94 (forecast data)

In recent years, Towong Shire Council's spending on the renewal of its assets has fluctuated above and below the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain above, or around, 100 per cent of depreciation in 2018-19 and 2019-20.

Has 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)		Council's average spending on asset renewal in the two years after rate capping was introduced has increased. Average spending on new assets, upgrade and expansion projects decreased.
	\$m	% of total	\$m	% of total	
Renewal	2.3	42	4.6	76	
New	2.0	37	0.7	12	
Upgrade	1.1	20	0.8	13	
Expansion	0.1	1	0.0	0	
Total	5.6	100	6.1	100	

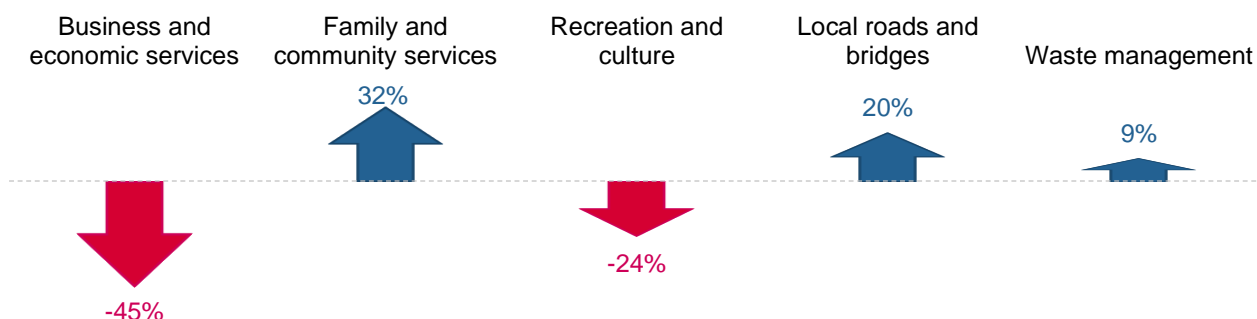
Services

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

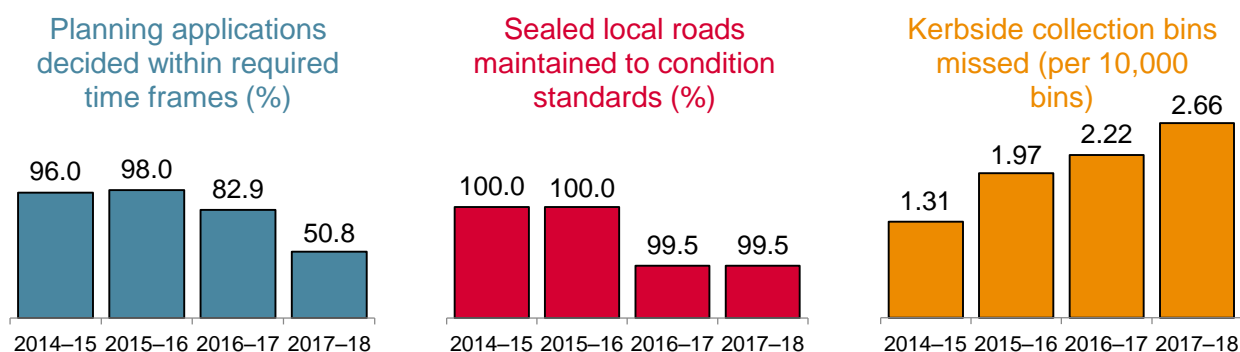
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	692	31.7	833	38.0
Governance	523	24.0	523	23.9
Recreation and culture	322	14.8	246	11.2
Family and community services	144	6.6	190	8.7
Waste management	155	7.1	169	7.7
Business and economic services	304	13.9	168	7.7
Environment	23	1.1	42	1.9
Traffic and street management	19	0.9	11	0.5
Aged and disabled services	0	0.0	6	0.3
Other	0	0.0	3	0.1

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)

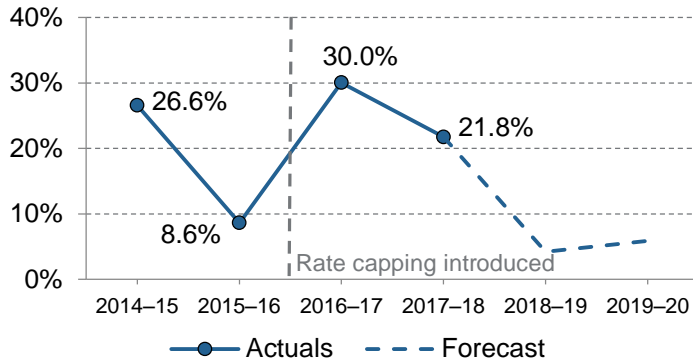


Financial position

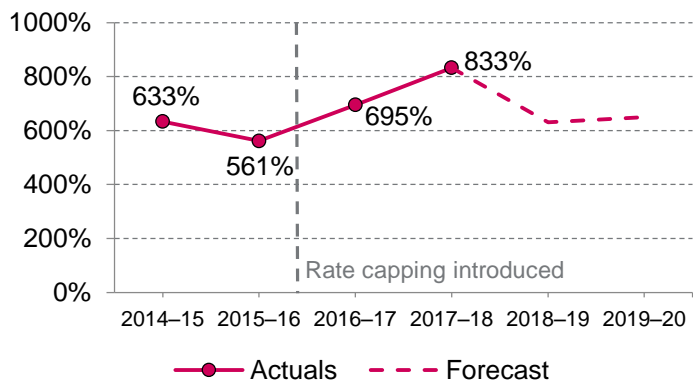
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Is council operating sustainably?

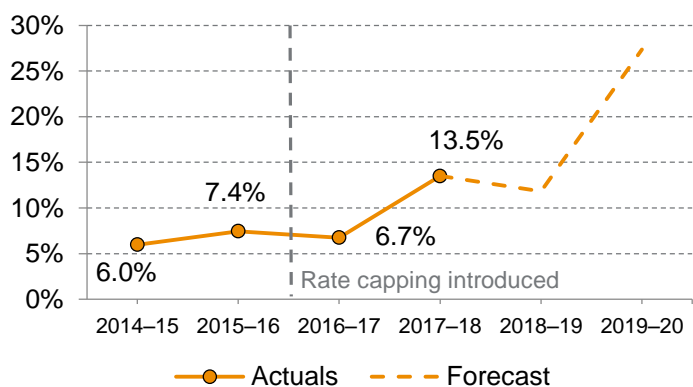
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Towong Shire Council reported an average **adjusted underlying result** of 21.8 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 681 per cent between 2014–15 and 2017–18. The increase in working capital relates to council building cash reserves to fund future capital works.

The increasing **indebtedness ratio** reflects council borrowing to fund capital works and increased provisions for landfill rehabilitation.

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.