

Benalla Rural City Council

Group: small shire

This fact sheet uses graphs and data to examine this council's revenue, expenditure and financial sustainability over recent years. This information is intended to help readers understand the impacts of rate capping, which was introduced in 2016–17 to restrict the amount councils can increase their general rates and municipal charges in each financial year.

You can compare this council's data against its 'group' by looking at the fact sheet for small shires. Further information is available at <http://www.esc.vic.gov.au/outcomes-reports>, including an interactive version of this fact sheet, a reader's guide to help you understand key terms used in this fact sheet, and information about the sector as a whole.



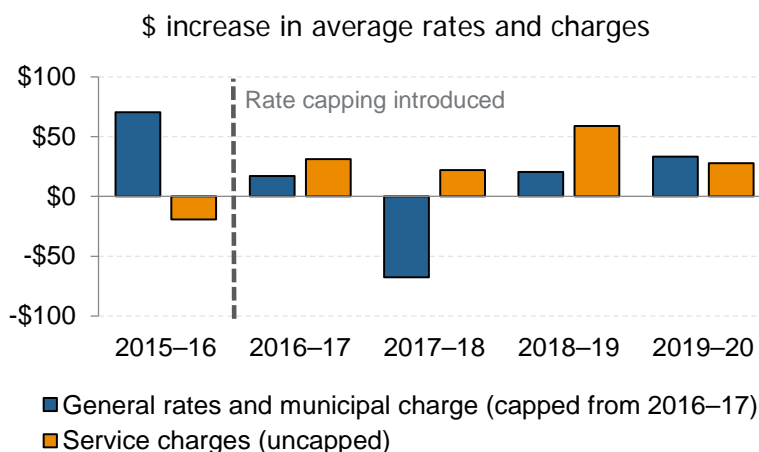
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Key facts

Population (June 2019):	14,037
Size (km ²):	2,353
Length of local roads (km):	1,353
Population per km of roads:	10
Council employees (FTE, 2019–20):	127
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,092	n/a
2016–17	\$2,140	2.50%
2017–18	\$2,094	2.00%
2018–19	\$2,174	2.25%
2019–20	\$2,235	2.50%

Rates (continued)



See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

2018–19 (2.25%)	2019–20 (2.50%)	2020–21 (2.00%)
Yes	Yes	Yes

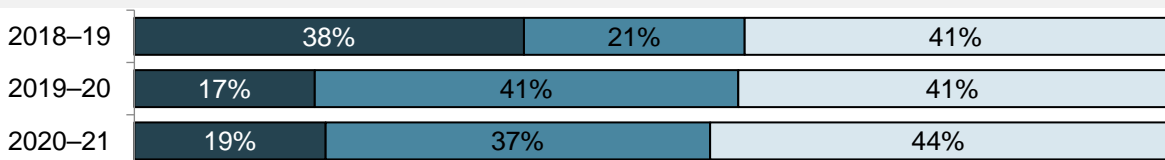
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 8 differential rates (for different types of property), a municipal charge and uses service charges to recover the cost of waste services. More information about council's differential rate categories and charges can be found in council's adopted budget.

Distribution of rates increases and decreases

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less than the applicable cap (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

Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial & Industrial ratepayers	Rural ratepayers
	64% of ratepayers	6% of ratepayers	31% of ratepayers
	\$9.7m (53%) of rates and charges revenue in 2019–20	\$2.3m (13%) of rates and charges revenue in 2019–20	\$6.4m (35%) of rates and charges revenue in 2019–20
	1.2% average annual increase between 2015–16 and 2019–20	0.6% average annual increase between 2015–16 and 2019–20	3.9% average annual increase between 2015–16 and 2019–20

Source: Victorian Local Government Grants Commission (unaudited data). Includes both capped and uncapped rates and charges. 'Other' category of property class has been omitted.

Revenue



See the reader's guide for data sources and useful information.
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Where is council's money coming from?

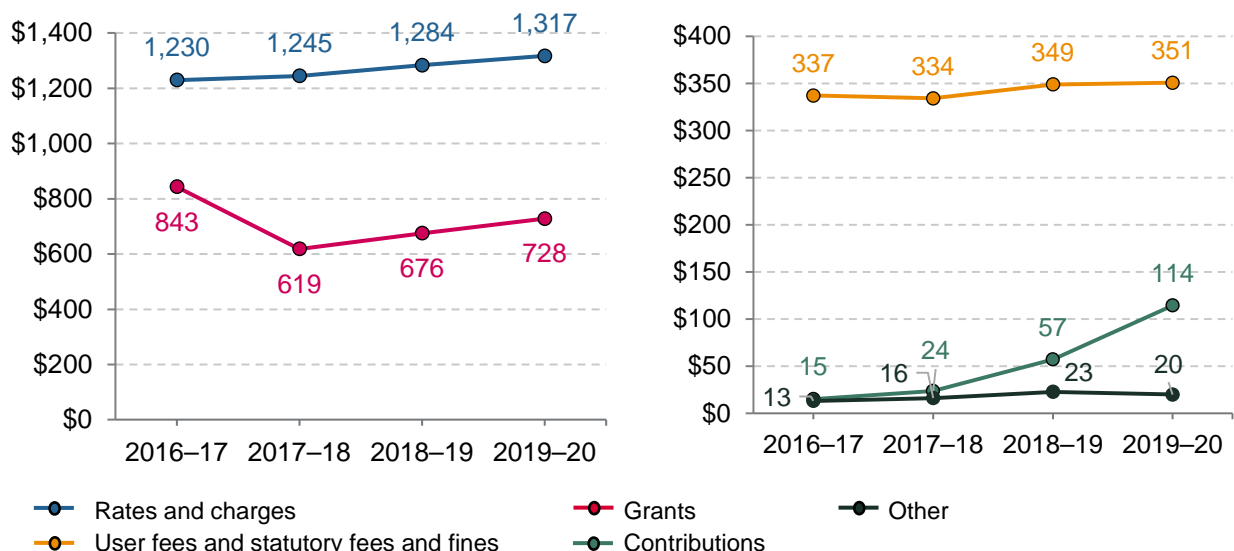
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	17.2	(50%)	17.4	(56%)	18.0	(54%)	18.5	(52%)
User fees and statutory fees and fines	4.7	(14%)	4.7	(15%)	4.9	(15%)	4.9	(14%)
Grants	11.8	(35%)	8.6	(28%)	9.5	(28%)	10.2	(29%)
Contributions	0.2	(1%)	0.3	(1%)	0.8	(2%)	1.6	(5%)
Other	0.2	(1%)	0.2	(1%)	0.3	(1%)	0.3	(1%)
Total	34.1		31.3		33.5		35.5	

In real terms, Benalla Rural City Council's total revenue increased between 2016–17 and 2019–20, despite an initial decrease in 2017–18. In 2016–17, total revenue was inflated with higher revenue from grants, due to an advance payment of Commonwealth financial assistance grants.

Rates and charges was the largest source of council's revenue, accounting for between 50 and 56 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from rates and charges and contributions trended upwards in real terms between 2016–17 and 2019–20. Revenue from grants decreased in real terms in 2017–18, before increasing in 2018–19 and 2019–20.

Expenditure



See the reader's guide for data sources and useful information.
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How much money is council spending?

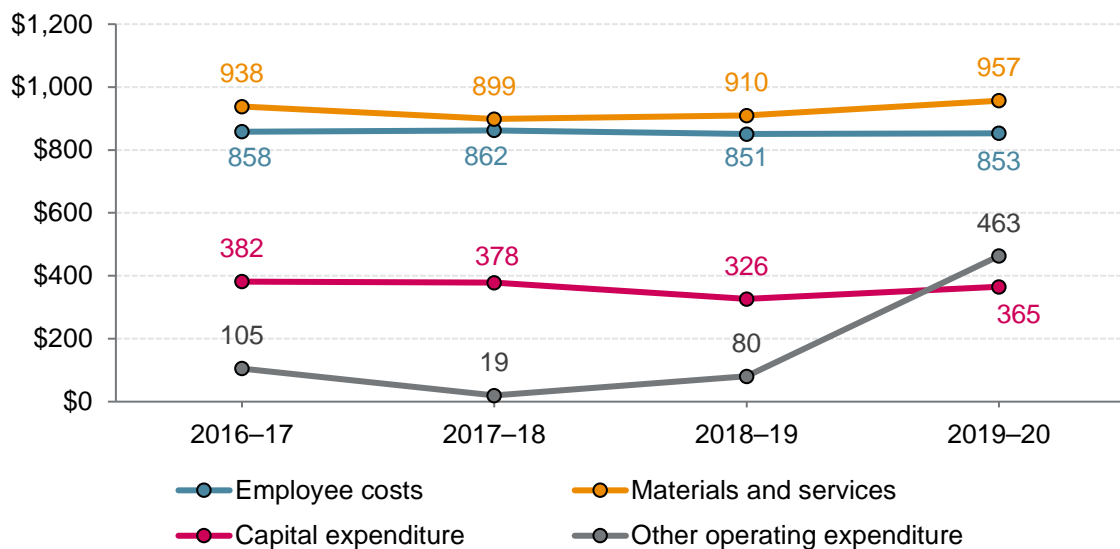
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	26.6 (83%)	24.9 (82%)	25.8 (85%)	31.9 (86%)
Employee costs	12.0 (38%)	12.0 (40%)	11.9 (39%)	12.0 (32%)
Materials and services	13.1 (41%)	12.6 (42%)	12.8 (42%)	13.4 (36%)
Other operating expenditure	1.5 (5%)	0.3 (1%)	1.1 (4%)	6.5 (18%)
Capital expenditure	5.3 (17%)	5.3 (18%)	4.6 (15%)	5.1 (14%)
Total	31.9	30.2	30.4	37.0

In real terms, Benalla Rural City Council's total expenditure decreased in 2017–18 and remained at a similar level in 2018–19. In 2019–20, total expenditure increased due to an increase in 'other operating expenditure' relating to impairment of assets and landfill rehabilitation provisions.

Materials and services was council's largest area of expenditure, accounting for 40 per cent of total expenditure between 2016–17 and 2019–20.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), employee costs and expenditure on materials and services remained relatively stable in real terms between 2016–17 and 2019–20, while 'other operating expenditure' increased in 2019–20. In real terms, capital expenditure per person decreased between 2016–17 and 2019–20.



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Has council's capital expenditure pattern changed?

Capital expenditure (2019–20 \$m and % of total capital expenditure)

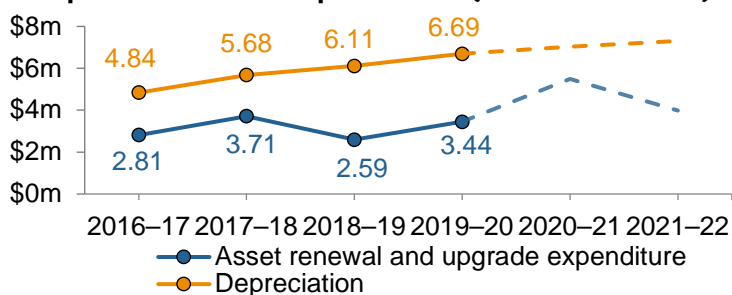
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	2.8	(52%)	2.6	(49%)	2.0	(43%)	2.1	(41%)
Upgrade	0.1	(1%)	1.1	(22%)	0.6	(14%)	1.3	(26%)
Expansion	1.4	(25%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	1.2	(22%)	1.6	(30%)	2.0	(43%)	1.7	(33%)
Total	5.3		5.3		4.6		5.1	

In real terms, Benalla Rural City Council's spending on asset renewal trended downwards between 2016–17 and 2018–19, before increasing in 2019–20. Spending on new assets and asset upgrades trended upwards (aside from decreases in asset upgrades in 2018–19 and new assets in 2019–20). Asset expansion returned to zero after some spending in 2016–17.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (equal with new assets in 2018–19).

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

Council assets: comparing renewal and upgrade expenditure with depreciation (2019-20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	58%
2017–18	65%
2018–19	42%
2019–20	51%
2020–21	78% (forecast data)
2021–22	55% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated year on year in real terms between 2017–18 and 2019–20, however remained below the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade expenditure was forecast to remain below 100 per cent of depreciation in 2020–21 and 2021–22 (despite an increase in renewal and upgrade spending in 2020–21).

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.

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 (2019–20 \$m and % of total services expenditure)

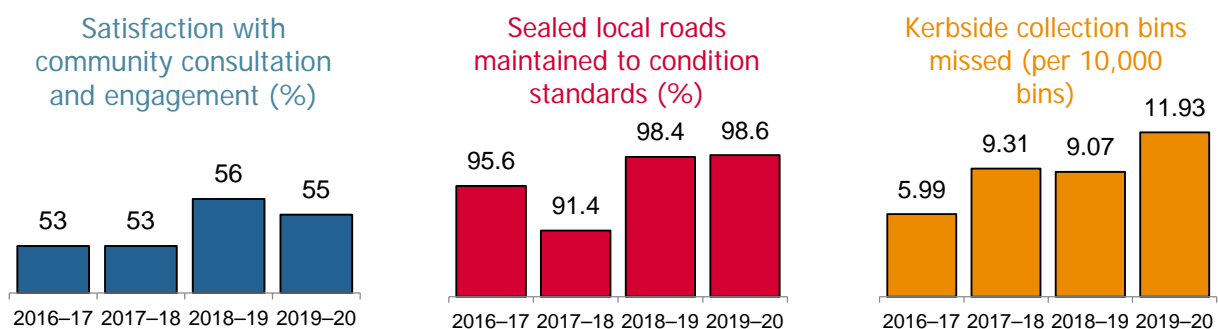
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	1.9 (6%)	1.7 (5%)	1.7 (5%)	2.2 (6%)
Business and economic services	1.5 (5%)	1.6 (5%)	1.7 (5%)	1.8 (5%)
Environment	0.8 (3%)	4.7 (15%)	1.5 (5%)	2.4 (7%)
Family and community services	2.5 (8%)	2.0 (6%)	2.0 (6%)	1.9 (6%)
Governance	6.9 (22%)	6.6 (21%)	7.4 (23%)	7.7 (22%)
Local roads and bridges	5.1 (16%)	2.6 (8%)	5.5 (17%)	5.2 (15%)
Recreation and culture	4.5 (15%)	4.6 (15%)	4.8 (15%)	4.6 (13%)
Traffic and street management	3.1 (10%)	2.4 (8%)	1.2 (4%)	2.1 (6%)
Waste management	4.9 (16%)	4.8 (15%)	6.0 (19%)	6.8 (20%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	31.2	30.9	31.9	34.8

Which service areas have experienced the biggest changes in spending?



Source: Victorian Local Government Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

Has there been a change in service quality and community satisfaction?

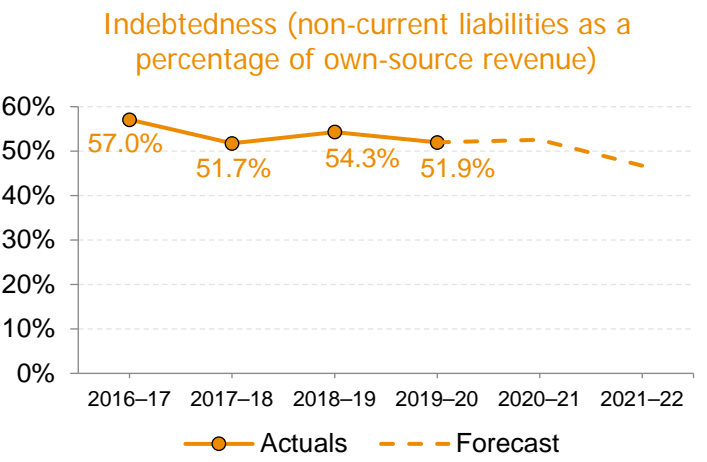
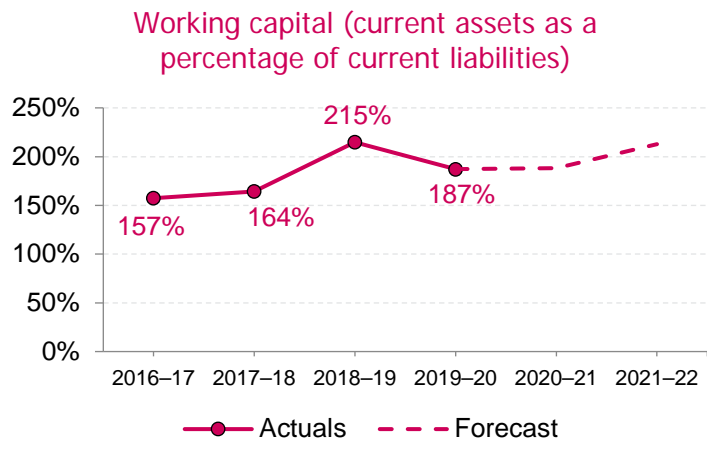
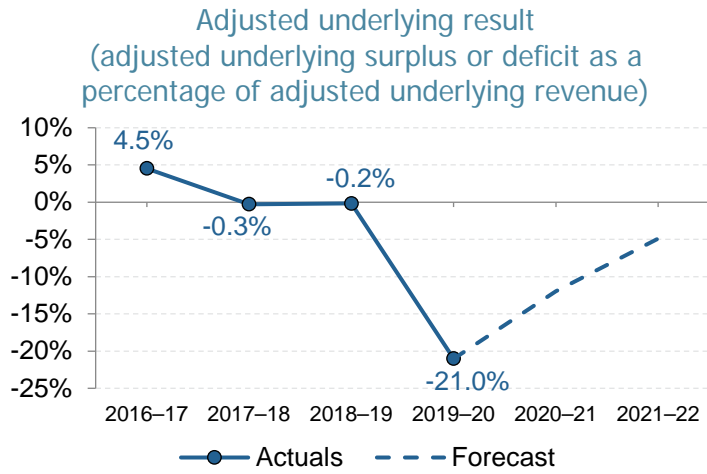


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Benalla Rural City Council reported an average **adjusted underlying result** of –4.2 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The deficit in 2019–20 reflects an increase in expenses, including higher landfill management costs.

Council could meet its current financial obligations with a reported average **working capital ratio** of 181 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 53.7 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor–General’s medium risk category for this indicator, which means there is some concern over council’s ability to repay debt from the revenue it controls.

Note: Some of the year-on-year changes in these financial indicators may be due to the advance payment of Commonwealth grants (particularly in 2016–17) and changes to accounting standards or the impact of coronavirus (in 2019–20). See the reader's guide for more information.