

Glenelg Shire Council

Group: large 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 large 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.

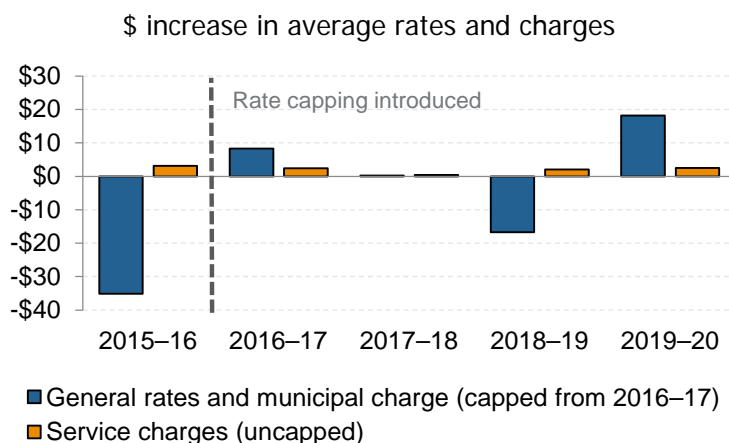


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Key facts	
Population (June 2019):	19,674
Size (km ²):	6,219
Length of local roads (km):	2,629
Population per km of roads:	7
Council employees (FTE, 2019–20):	253
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,570	n/a
2016–17	\$1,580	2.50%
2017–18	\$1,581	2.00%
2018–19	\$1,566	2.25%
2019–20	\$1,587	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

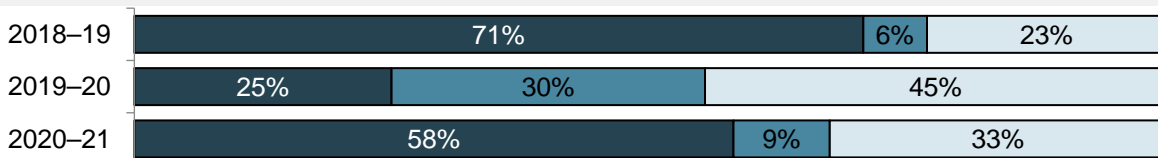
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 2 differential rates (for different types of property) 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
	72% of ratepayers	7% of ratepayers	20% of ratepayers
	\$12.6m (46%) of rates and charges revenue in 2019–20	\$7m (26%) of rates and charges revenue in 2019–20	\$7.5m (28%) of rates and charges revenue in 2019–20
	-0.4% average annual increase between 2015–16 and 2019–20	0% average annual increase between 2015–16 and 2019–20	2% 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



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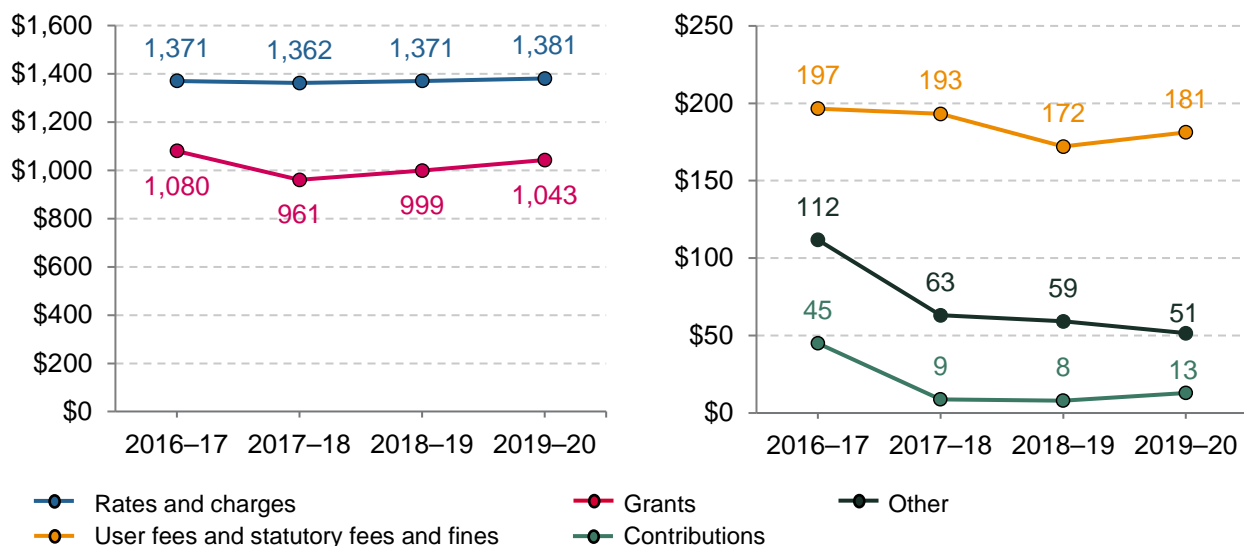
Where is council's money coming from?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	27.1	(49%)	26.8	(53%)	27.0	(53%)	27.2	(52%)
User fees and statutory fees and fines	3.9	(7%)	3.8	(7%)	3.4	(7%)	3.6	(7%)
Grants	21.3	(39%)	18.9	(37%)	19.6	(38%)	20.5	(39%)
Contributions	0.9	(2%)	0.2	(0%)	0.2	(0%)	0.3	(0%)
Other	2.2	(4%)	1.2	(2%)	1.2	(2%)	1.0	(2%)
Total	55.4		51.0		51.3		52.5	

In real terms, Glenelg Shire Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in revenue from grants. In 2016–17, total revenue was inflated with higher levels of grants due to an advance payment of Commonwealth financial assistance grants. Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 85 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 grants decreased in real terms in 2017–18, before increasing in 2018–19 and 2019–20. This compares with a downward trend in revenue per person from contributions and 'other' revenue.

Expenditure



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

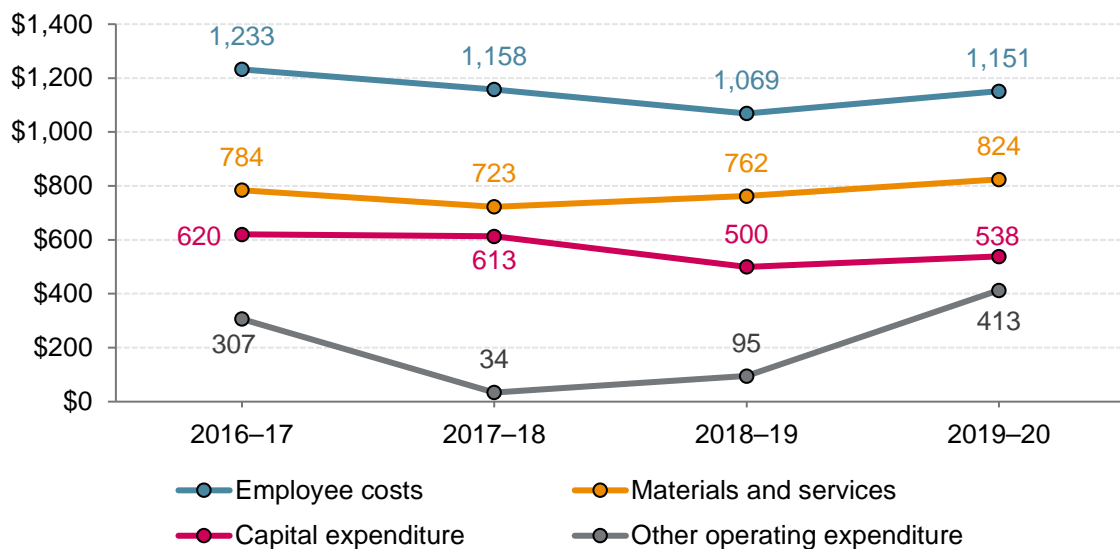
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	45.9 (79%)	37.7 (76%)	37.9 (79%)	47.0 (82%)
Employee costs	24.4 (42%)	22.8 (46%)	21.0 (44%)	22.7 (39%)
Materials and services	15.5 (27%)	14.2 (29%)	15.0 (31%)	16.2 (28%)
Other operating expenditure	6.1 (10%)	0.7 (1%)	1.9 (4%)	8.1 (14%)
Capital expenditure	12.3 (21%)	12.1 (24%)	9.8 (21%)	10.6 (18%)
Total	58.2	49.8	47.7	57.6

In real terms, Glenelg Shire Council's total expenditure decreased between 2016–17 and 2018–19, with decreases in all areas of expenditure. Despite an increase in each area of expenditure in 2019–20, council's total expenditure in 2019–20 remained lower in real terms than it was in 2016–17.

Employee costs was council's largest area of expenditure, accounting for 43 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), capital expenditure and employee costs trended downwards in real terms between 2016–17 and 2018–19. In 2019–20, all areas of expenditure increased in real terms compared to 2018–19.



See the reader's guide for data sources and useful information.
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Has council's capital expenditure pattern changed?

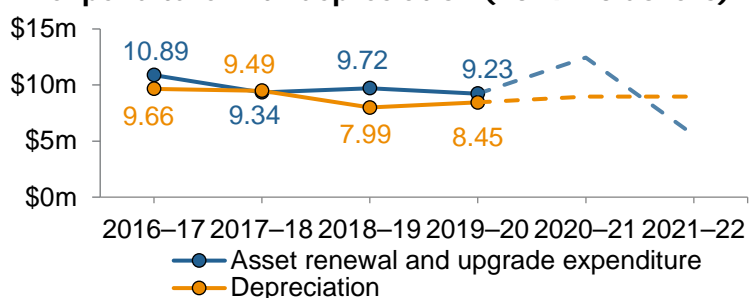
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	8.1	(66%)	6.8	(56%)	7.3	(75%)	4.7	(44%)
Upgrade	2.8	(23%)	2.6	(21%)	2.4	(24%)	4.6	(43%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	1.4	(11%)	2.7	(23%)	0.1	(1%)	1.4	(13%)
Total	12.3		12.1		9.8		10.6	

Glenelg Shire Council's spending on asset renewal trended downwards in real terms (from a peak in 2015–16), however remained the largest proportion of total capital expenditure each year. Spending on new assets fluctuated in real terms between 2016–17 and 2019–20, while spending on asset upgrades trended upwards, increasing to a 43 per cent share of total capital expenditure in 2019–20 (just behind spending on asset renewal at 44 per cent).

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	113%
2017–18	98%
2018–19	122%
2019–20	109%
2020–21	139% (forecast data)
2021–22	62% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, prior to a decrease in 2019–20. This spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) from 2018–19.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21, before falling below in 2021–22, with a drop in renewal and upgrade expenditure in real terms forecast for that year.

Services



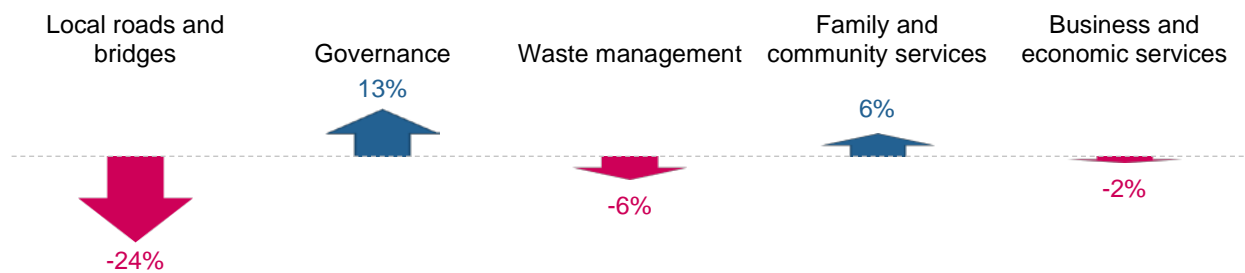
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Which service areas is council spending its money in?

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

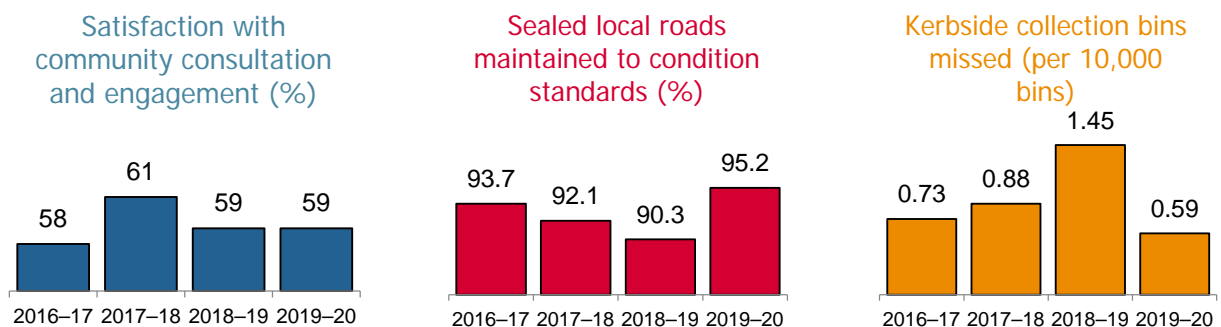
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	2.3 (4%)	2.5 (5%)	2.3 (5%)	2.3 (5%)
Business and economic services	4.9 (9%)	4.4 (9%)	5.0 (11%)	4.6 (9%)
Environment	1.8 (3%)	0.8 (2%)	2.9 (6%)	2.9 (6%)
Family and community services	4.6 (8%)	4.1 (9%)	4.8 (10%)	5.5 (11%)
Governance	9.5 (18%)	9.8 (21%)	13.2 (28%)	13.8 (28%)
Local roads and bridges	16.3 (30%)	16.0 (34%)	6.8 (14%)	7.2 (15%)
Recreation and culture	6.6 (12%)	6.5 (14%)	6.1 (13%)	6.7 (14%)
Traffic and street management	1.9 (3%)	1.8 (4%)	2.1 (4%)	2.0 (4%)
Waste management	5.0 (9%)	1.0 (2%)	3.6 (8%)	4.1 (8%)
Other	1.1 (2%)	0.0 (0%)	0.2 (1%)	0.3 (1%)
Total	54.0	47.1	47.1	49.5

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?



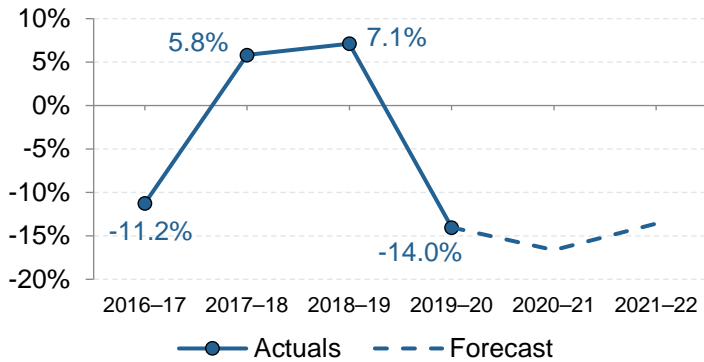
Financial position



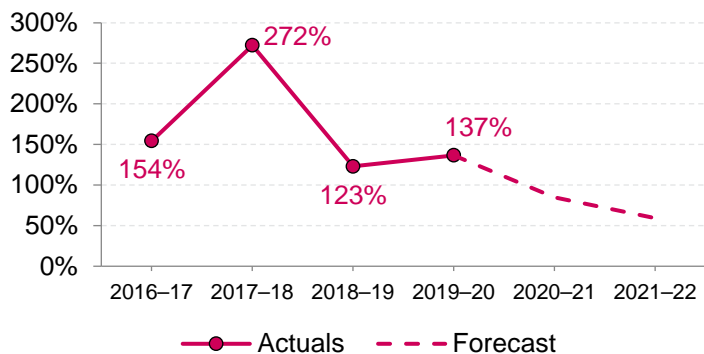
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Is council operating sustainably?

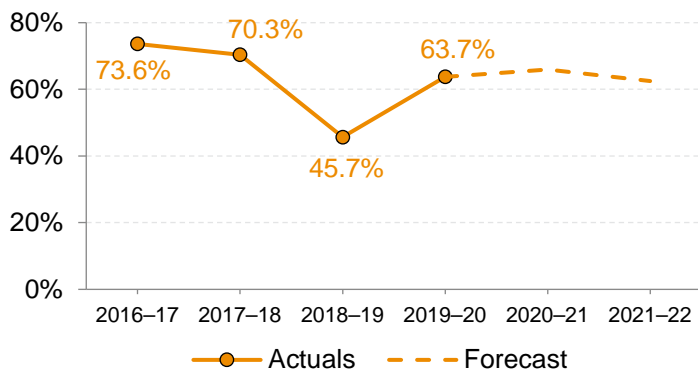
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2016–17 and 2019–20, Glenelg Shire Council reported an average **adjusted underlying result** of -3.1 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 increase in 2017–18 reflects lower than budgeted costs, as well as early receipt of the next year's grants. The decrease in 2019–20 partly reflects an increase in expenses related to future landfill costs.

Council could meet its current financial obligations with a reported average **working capital ratio** of 172 per cent between 2016–17 and 2019–20. The decrease in 2018–19 reflects landfill rehabilitation being recognised as a current liability.

The reported average **indebtedness ratio** of 63.3 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General's high risk category for this indicator, which means there is potentially long-term concern over council's ability to repay debt from the revenue it controls. In 2018–19, some liability for landfill rehabilitation was transferred from non-current to current, and in 2019–20 a new long-term loan was drawn down.

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.