

Greater Shepparton City Council

Group: regional city

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 regional city councils. 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.



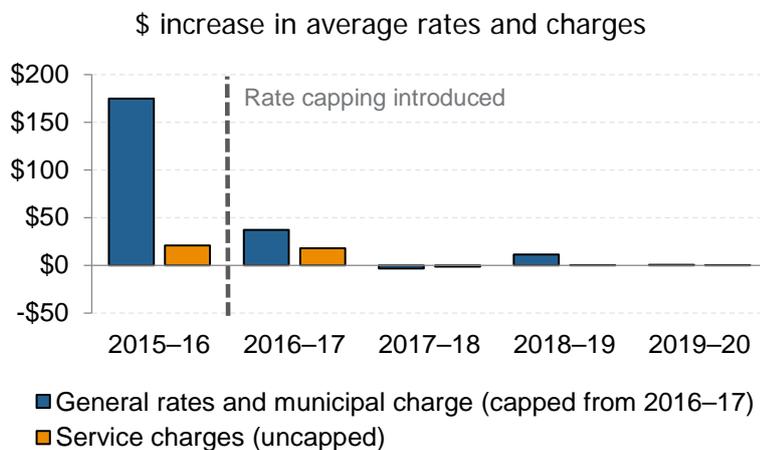
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Key facts

Population (June 2019):	66,498
Size (km ²):	2,422
Length of local roads (km):	2,527
Population per km of roads:	26
Council employees (FTE, 2019–20):	584
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	\$2,420	n/a
2016–17	\$2,476	2.50%
2017–18	\$2,471	2.00%
2018–19	\$2,483	2.25%
2019–20	\$2,484	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

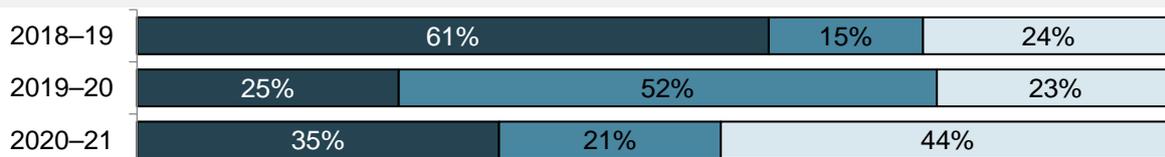
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 4 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
	83% of ratepayers	8% of ratepayers	9% of ratepayers
	\$51.1m (64%) of rates and charges revenue in 2019–20	\$20.7m (26%) of rates and charges revenue in 2019–20	\$8.6m (11%) of rates and charges revenue in 2019–20
	-0.1% average annual increase between 2015–16 and 2019–20	5.2% average annual increase between 2015–16 and 2019–20	3.3% 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?

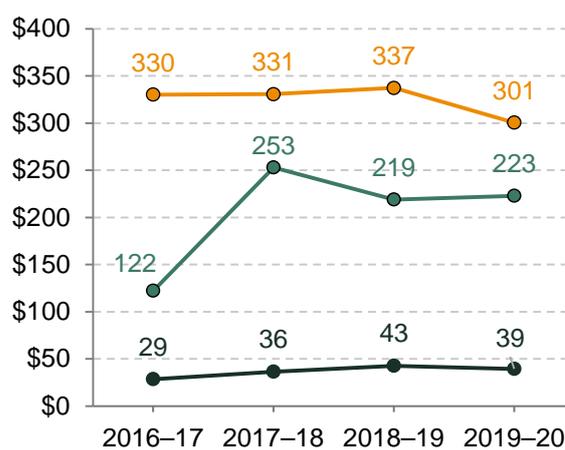
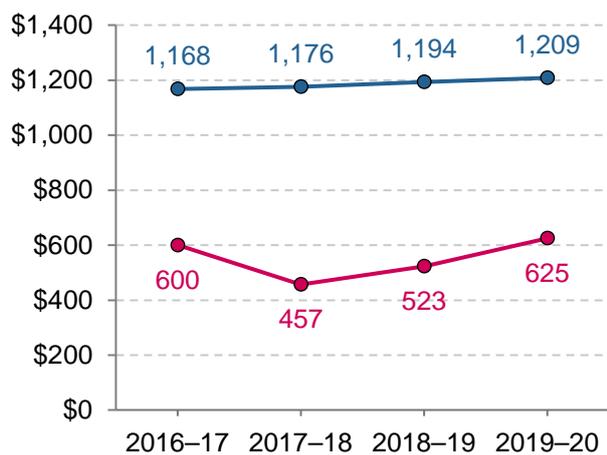
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	76.0	(52%)	77.1	(52%)	78.8	(52%)	80.4	(50%)
User fees and statutory fees and fines	21.5	(15%)	21.7	(15%)	22.3	(15%)	20.0	(13%)
Grants	39.1	(27%)	30.0	(20%)	34.6	(23%)	41.6	(26%)
Contributions	8.0	(5%)	16.6	(11%)	14.5	(9%)	14.8	(9%)
Other	1.9	(1%)	2.4	(2%)	2.8	(2%)	2.6	(2%)
Total	146.4		147.7		152.9		159.4	

In real terms, Greater Shepparton City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from all sources, except user fees and statutory fees and fines (which decreased in 2019–20). Revenue from grants increased in real terms in 2018–19 and 2019–20 due to the receipt of one-off capital grants.

Rates and charges was the largest source of council's revenue, accounting for 52 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



- Rates and charges
- Grants
- User fees and statutory fees and fines
- Contributions
- Other

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 user fees and statutory fees and fines.

Expenditure



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.

How much money is council spending?

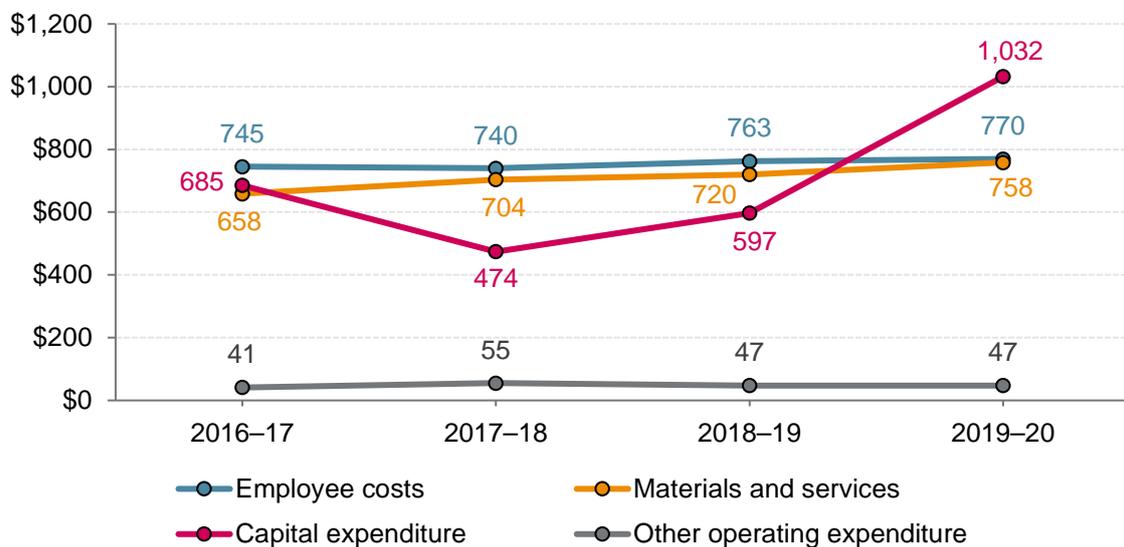
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	94.0 (68%)	98.2 (76%)	101.0 (72%)	104.7 (60%)
Employee costs	48.5 (35%)	48.5 (38%)	50.3 (36%)	51.2 (30%)
Materials and services	42.8 (31%)	46.1 (36%)	47.5 (34%)	50.4 (29%)
Other operating expenditure	2.7 (2%)	3.6 (3%)	3.1 (2%)	3.1 (2%)
Capital expenditure	44.6 (32%)	31.1 (24%)	39.4 (28%)	68.6 (40%)
Total	138.6	129.3	140.4	173.4

In real terms, Greater Shepparton City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, particularly capital expenditure in 2019–20.

Employee costs was council's largest area of expenditure, accounting for 34 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 decreased in 2017–18, before trending upwards in real terms in 2018–19 and 2019–20.

Employee costs per person and expenditure per person on materials and services trended upwards in real terms 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)

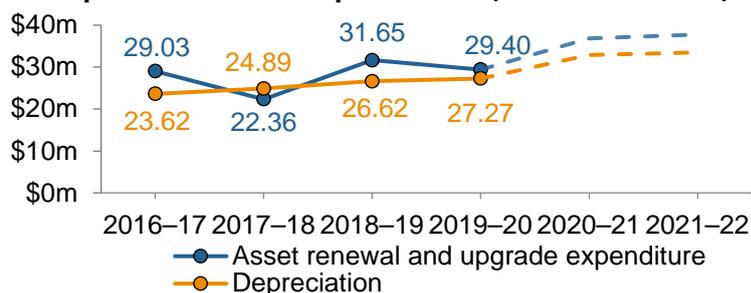
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	25.5	(57%)	19.0	(61%)	26.8	(68%)	19.5	(28%)
Upgrade	3.5	(8%)	3.4	(11%)	4.8	(12%)	9.9	(14%)
Expansion	0.0	(0%)	0.2	(1%)	1.4	(3%)	4.8	(7%)
New	15.6	(35%)	8.6	(28%)	6.4	(16%)	34.5	(50%)
Total	44.6		31.1		39.4		68.6	

In real terms, Greater Shepparton City Council's spending on asset upgrades and expansion trended upwards between 2016–17 and 2019–20. Council's spending on new assets trended downwards between 2016–17 and 2018–19, before a jump in 2019–20.

Asset renewal was the highest share of capital expenditure each year between 2016–17 and 2018–19, however, was surpassed by new assets following the jump in spending on new assets in 2019–20.

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	123%
2017–18	90%
2018–19	119%
2019–20	108%
2020–21	112% (forecast data)
2021–22	113% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets fluctuated year on year between 2016–17 and 2019–20. This spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use), except in 2017–18 when it dropped below 100 per cent of depreciation.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22.

Services



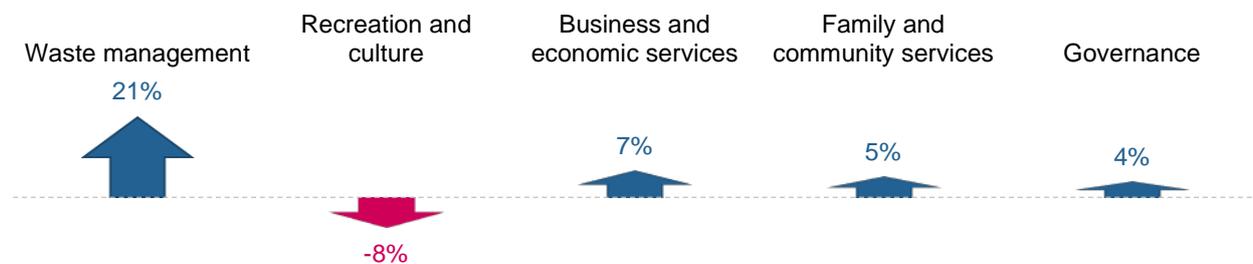
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Which service areas is council spending its money in?

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

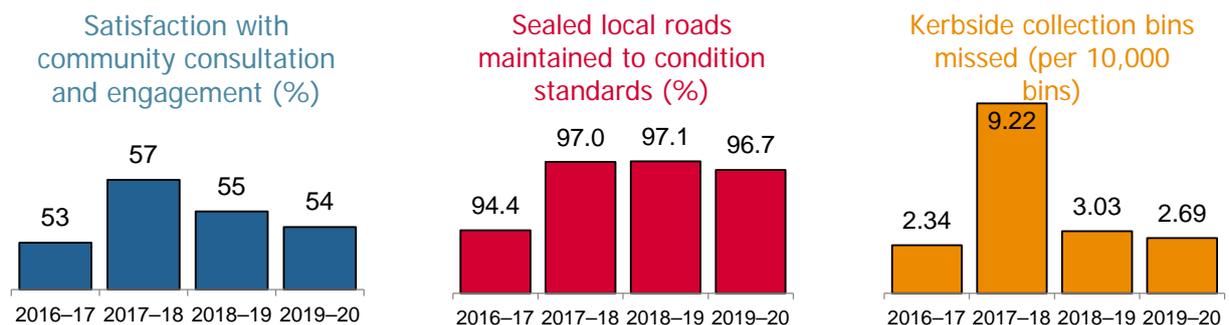
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	4.5	(4%)	4.4	(4%)	4.8	(4%)	5.1	(4%)
Business and economic services	11.4	(10%)	9.8	(8%)	12.8	(10%)	13.9	(11%)
Environment	2.2	(2%)	3.6	(3%)	6.4	(5%)	6.9	(5%)
Family and community services	12.4	(11%)	13.1	(11%)	14.5	(11%)	14.5	(11%)
Governance	25.3	(22%)	38.6	(32%)	27.1	(21%)	28.5	(22%)
Local roads and bridges	23.3	(20%)	22.5	(18%)	20.3	(16%)	21.1	(16%)
Recreation and culture	25.5	(22%)	15.1	(12%)	20.1	(16%)	19.9	(15%)
Traffic and street management	3.9	(3%)	4.7	(4%)	6.1	(5%)	6.7	(5%)
Waste management	8.4	(7%)	10.4	(9%)	13.2	(10%)	14.9	(11%)
Other	0.0	(0%)	0.0	(0%)	1.3	(1%)	0.4	(0%)
Total	116.7		122.2		126.7		131.9	

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?



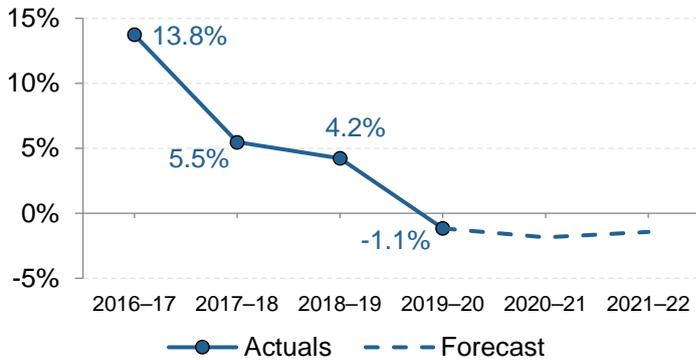
Financial position



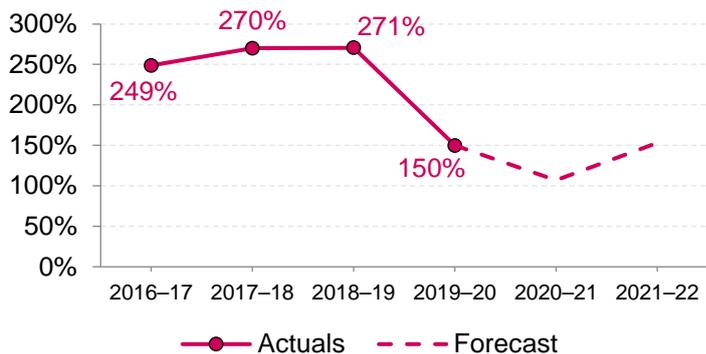
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Is council operating sustainably?

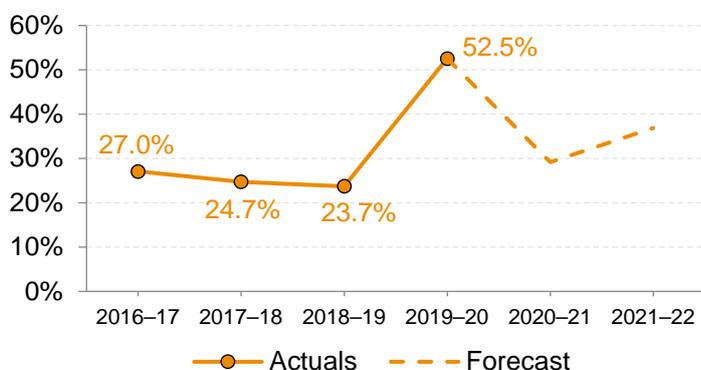
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Greater Shepparton City Council reported an average **adjusted underlying result** of 5.6 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The higher result in 2016–17 reflects early receipt of grants. The decrease in 2019–20 reflects one-off expenditure relating to non-council assets.

Council could meet its current financial obligations with a reported average **working capital ratio** of 235 per cent between 2016–17 and 2019–20. The decrease in 2019–20 reflects council's use of cash reserves to fund capital works.

The reported average **indebtedness ratio** of 32 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General's low risk category for this indicator, which means there is no concern over council's ability to repay debt from the revenue it controls. The increase in 2019–20 reflects provision for new waste landfill rehabilitation.

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.