

# Murrindindi Shire 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.



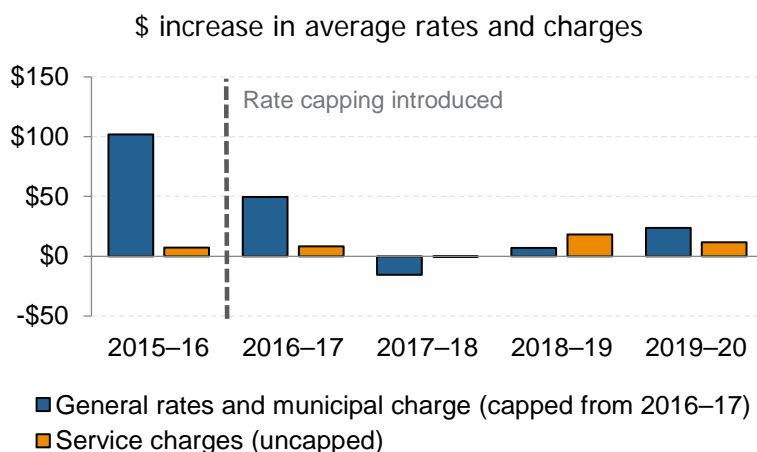
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### Key facts

Population (June 2019):	14,570
Size (km <sup>2</sup> ):	3,880
Length of local roads (km):	1,204
Population per km of roads:	12
Council employees (FTE, 2019–20):	153
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	Yes (see table below)

## Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,034	n/a
2016–17	\$2,092	4.30% <sup>a</sup>
2017–18	\$2,076	2.00%
2018–19	\$2,101	2.25%
2019–20	\$2,137	2.50%

<sup>a</sup> Approved higher cap.

# 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

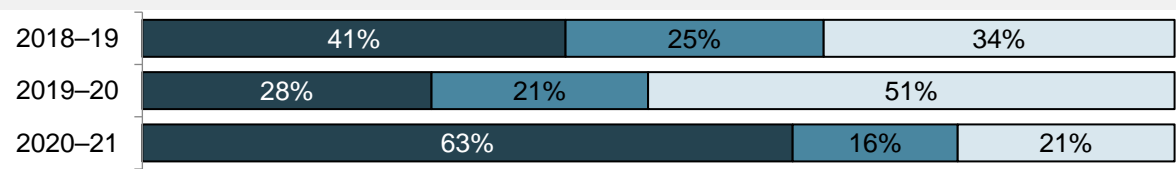
## How have rates changed for different ratepayers?

### 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
	<b>64%</b> of ratepayers	<b>5%</b> of ratepayers	<b>31%</b> of ratepayers
	<b>\$12.2m</b> (57%) of rates and charges revenue in 2019–20	<b>\$1.5m</b> (7%) of rates and charges revenue in 2019–20	<b>\$7.7m</b> (36%) of rates and charges revenue in 2019–20
	<b>1.9%</b> average annual increase between 2015–16 and 2019–20	<b>4.1%</b> average annual increase between 2015–16 and 2019–20	<b>-0.1%</b> 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.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Where is council's money coming from?

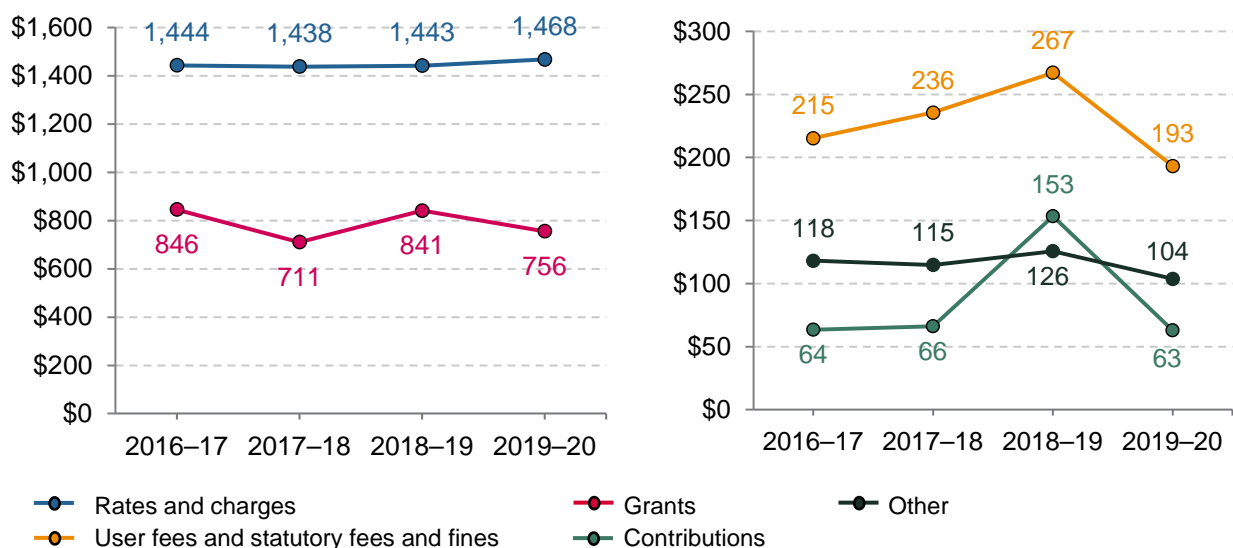
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	20.3	(54%)	20.5	(56%)	20.9	(51%)	21.4	(57%)
User fees and statutory fees and fines	3.0	(8%)	3.4	(9%)	3.9	(9%)	2.8	(7%)
Grants	11.9	(31%)	10.1	(28%)	12.2	(30%)	11.0	(29%)
Contributions	0.9	(2%)	0.9	(3%)	2.2	(5%)	0.9	(2%)
Other	1.7	(4%)	1.6	(4%)	1.8	(4%)	1.5	(4%)
<b>Total</b>	<b>37.8</b>		<b>36.5</b>		<b>41.0</b>		<b>37.6</b>	

In real terms, Murrindindi Shire Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in revenue from grants. In 2019–20, council's revenue from user fees and statutory fees and fines decreased in real terms due to the council withdrawing its aged and disability services, and receiving less landfill fees (due to reduced waste from lower construction activity).

Rates and charges was the largest source of council's revenue, accounting for between 51 and 57 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 fluctuated in real terms between 2016–17 and 2019–20. Revenue per person from user fees and statutory fees and fines, and contributions peaked in real terms in 2018–19.

# Expenditure



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

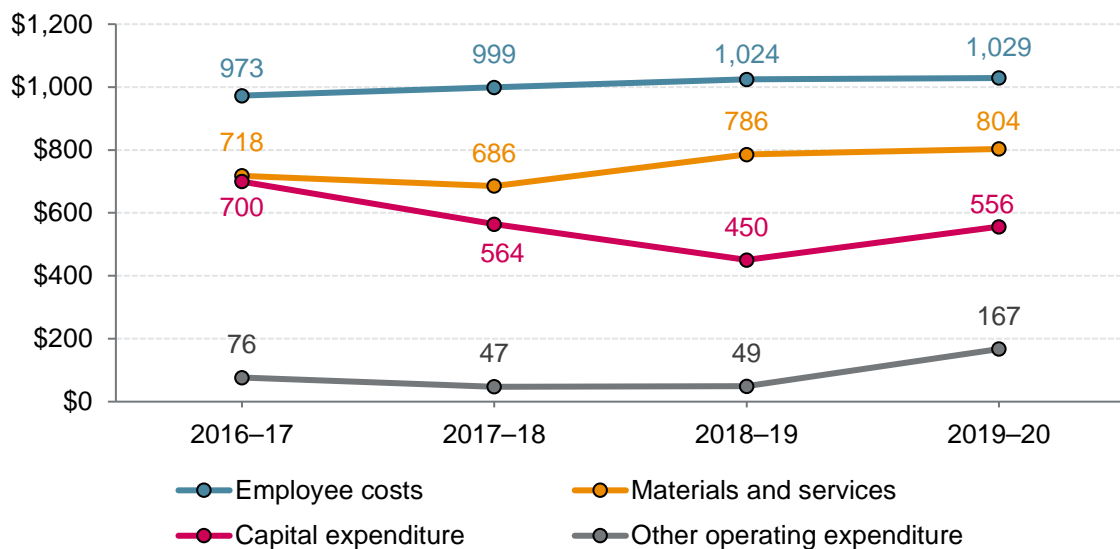
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	24.8 (72%)	24.7 (75%)	26.9 (81%)	29.1 (78%)
Employee costs	13.7 (39%)	14.2 (44%)	14.8 (44%)	15.0 (40%)
Materials and services	10.1 (29%)	9.8 (30%)	11.4 (34%)	11.7 (31%)
Other operating expenditure	1.1 (3%)	0.7 (2%)	0.7 (2%)	2.4 (7%)
Capital expenditure	9.8 (28%)	8.0 (25%)	6.5 (19%)	8.1 (22%)
<b>Total</b>	<b>34.7</b>	<b>32.7</b>	<b>33.4</b>	<b>37.2</b>

In real terms, Murrindindi Shire Council's total expenditure decreased in 2017–18 before increasing in 2018–19 and 2019–20, mainly due to changes in capital expenditure and expenditure on materials and services. Employee costs increased in real terms between 2016–17 and 2019–20.

Employee costs was council's largest area of expenditure, accounting for 42 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 trended downwards in real terms between 2016–17 and 2019–20, while employee costs and expenditure on materials and services trended upwards.



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

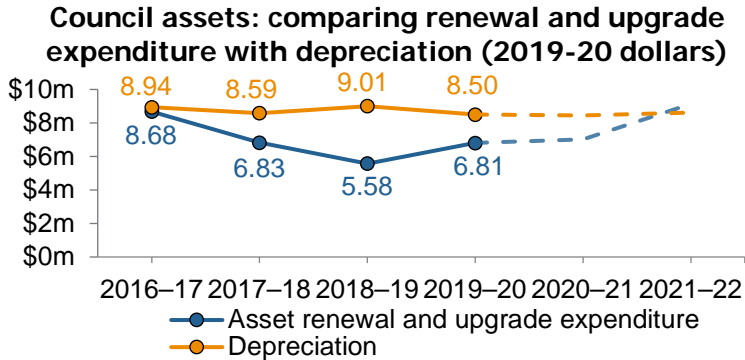
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	7.3	(74%)	4.6	(57%)	3.9	(60%)	4.9	(61%)
Upgrade	1.4	(14%)	2.3	(28%)	1.7	(26%)	1.9	(23%)
Expansion	0.9	(9%)	0.9	(11%)	0.0	(0%)	0.0	(0%)
New	0.2	(2%)	0.3	(4%)	0.9	(14%)	1.3	(16%)
<b>Total</b>	<b>9.8</b>		<b>8.0</b>		<b>6.5</b>		<b>8.1</b>	

In real terms, Murrindindi Shire Council's spending on asset renewal trended downwards between 2016–17 and 2018–19, before increasing in 2019–20. Spending on new assets trended upwards in real terms between 2016–17 and 2019–20, while there was a spike in spending on asset upgrades in 2017–18.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 57 to 74 per cent of total capital expenditure).

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



**Renewal & upgrade expenditure as a percentage of depreciation**

2016–17	97%
2017–18	79%
2018–19	62%
2019–20	80%
2020–21	83% (forecast data)
2021–22	106% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended downwards between 2016–17 and 2018–19, before increasing in 2019–20. This spending 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 increase above 100 per cent of depreciation in 2021–22.



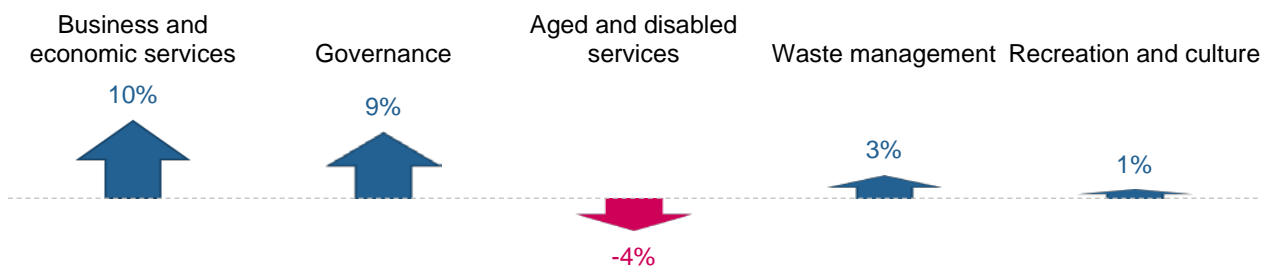
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## Which service areas is council spending its money in?

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

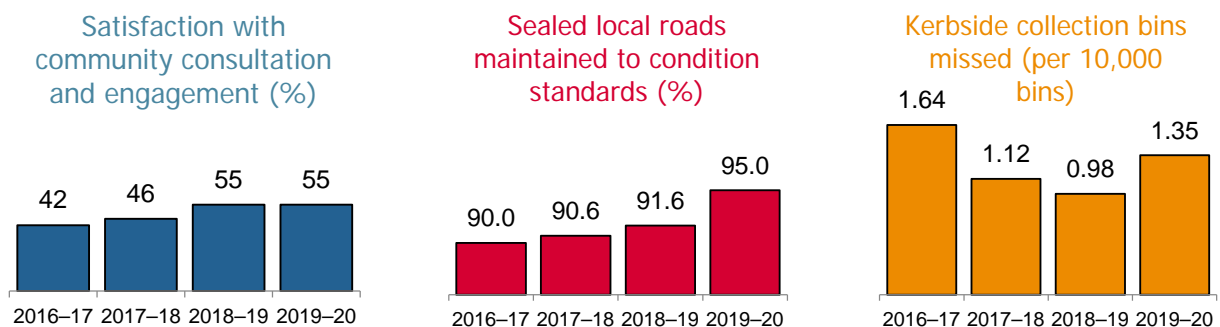
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	2.4	(7%)	2.4	(7%)	2.4	(7%)	2.1	(6%)
Business and economic services	2.7	(8%)	2.9	(9%)	3.7	(10%)	3.6	(10%)
Environment	1.2	(4%)	1.1	(3%)	1.3	(4%)	1.3	(4%)
Family and community services	2.3	(7%)	2.2	(6%)	2.5	(7%)	2.3	(6%)
Governance	6.1	(18%)	6.3	(19%)	6.8	(19%)	7.9	(22%)
Local roads and bridges	8.8	(26%)	8.2	(25%)	8.9	(24%)	8.7	(24%)
Recreation and culture	5.8	(17%)	6.0	(18%)	6.1	(17%)	6.0	(16%)
Traffic and street management	1.2	(4%)	1.5	(5%)	1.2	(3%)	1.3	(3%)
Waste management	3.3	(10%)	3.0	(9%)	3.6	(10%)	3.6	(10%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
<b>Total</b>	<b>33.7</b>		<b>33.6</b>		<b>36.5</b>		<b>36.6</b>	

## 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?

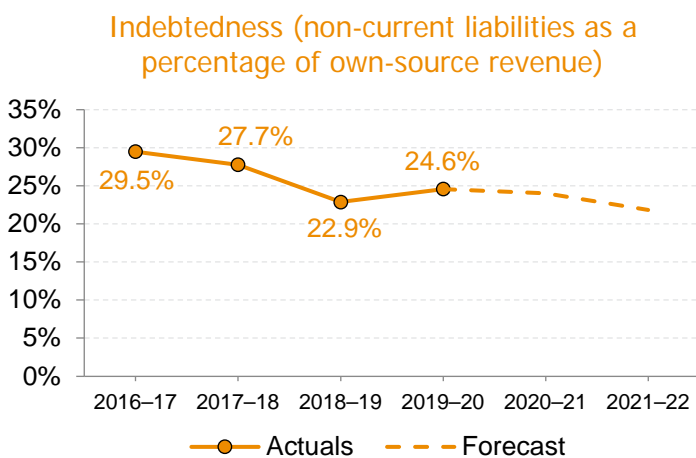
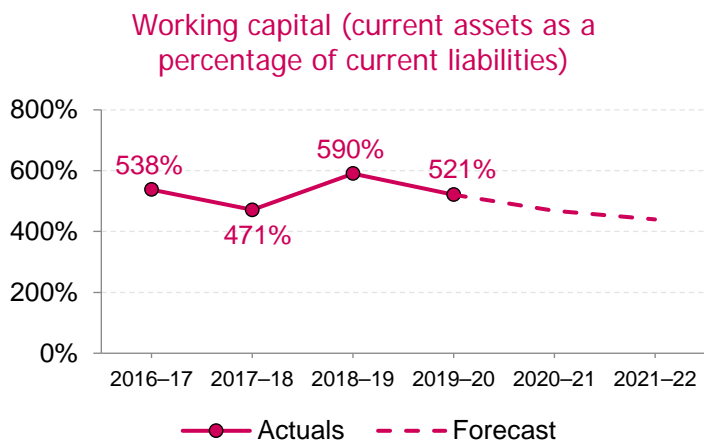
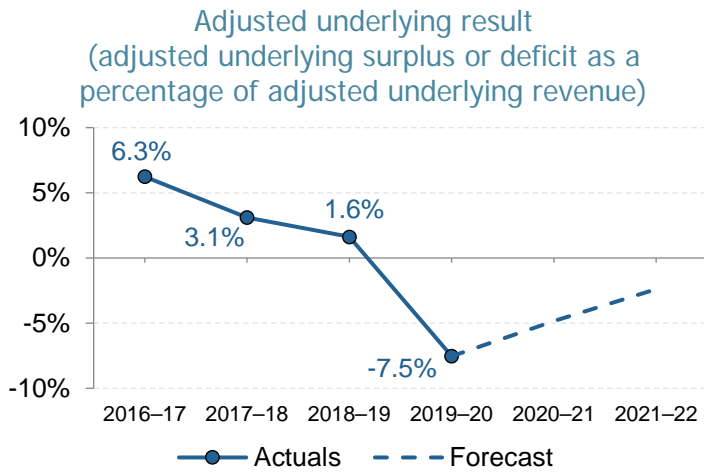


# Financial position



See the reader's guide for data sources and useful information.  
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## Is council operating sustainably?



Between 2016–17 and 2019–20, Murrindindi Shire Council reported an average **adjusted underlying result** of 0.9 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The deficit in 2019–20 reflects an increase in landfill provision and the written down value of assets disposed.

Council could meet its current financial obligations with a reported average **working capital ratio** of 530 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 26.2 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.

**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.