

Northern Grampians 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.



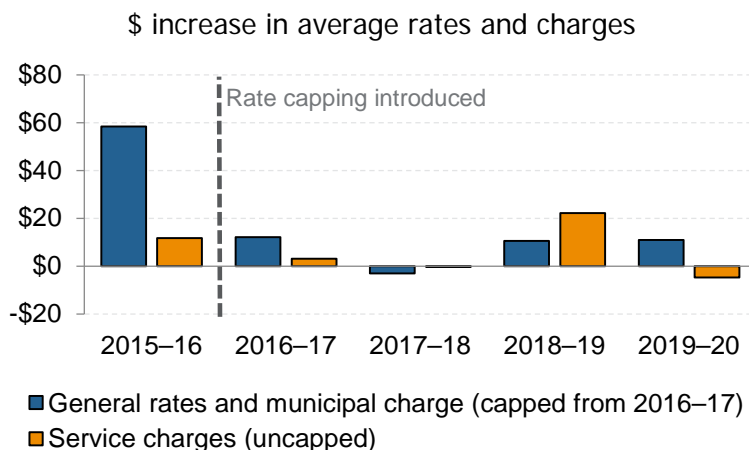
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Key facts

Population (June 2019):	11,402
Size (km ²):	5,730
Length of local roads (km):	3,372
Population per km of roads:	3
Council employees (FTE, 2019–20):	171
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	\$1,850	n/a
2016–17	\$1,865	2.50%
2017–18	\$1,862	2.00%
2018–19	\$1,894	2.25%
2019–20	\$1,901	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

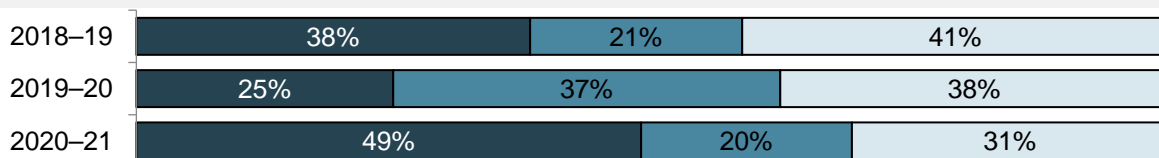
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 3 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 ratepayers	Industrial ratepayers	Rural ratepayers
	70% of ratepayers	4% of ratepayers	2% of ratepayers	24% of ratepayers
	\$11.2m (63%) of rates and charges revenue in 2019–20	\$1.2m (7%) of rates and charges revenue in 2019–20	\$0.4m (2%) of rates and charges revenue in 2019–20	\$5.0m (28%) of rates and charges revenue in 2019–20
	2.3% average annual increase between 2015–16 and 2019–20	-0.9% average annual increase between 2015–16 and 2019–20	-1.4% average annual increase between 2015–16 and 2019–20	-1.6% 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?

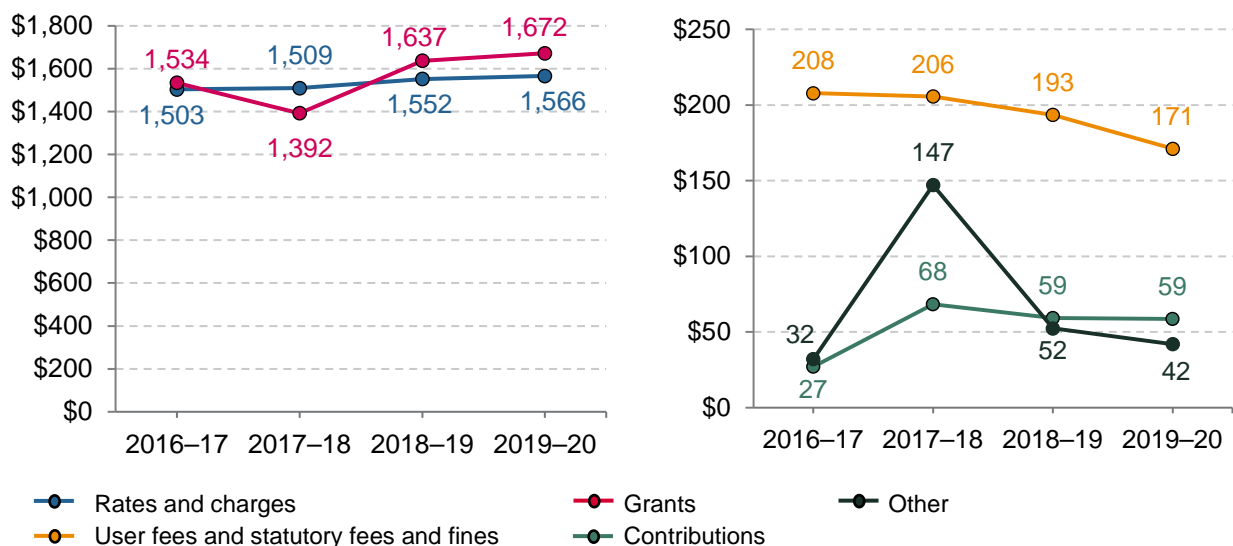
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	17.4	(45%)	17.4	(45%)	17.7	(44%)	17.9	(45%)
User fees and statutory fees and fines	2.4	(6%)	2.4	(6%)	2.2	(6%)	2.0	(5%)
Grants	17.7	(46%)	16.0	(42%)	18.7	(47%)	19.1	(48%)
Contributions	0.3	(1%)	0.8	(2%)	0.7	(2%)	0.7	(2%)
Other	0.4	(1%)	1.7	(4%)	0.6	(1%)	0.5	(1%)
Total	38.2		38.3		39.9		40.0	

In real terms, Northern Grampians Shire Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from grants (including natural disaster grants and one-off capital grants in 2018–19).

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 91 per cent of total revenue between 2016–17 and 2019–20. With revenue from grants increasing faster in real terms than revenue from rates and charges, the proportion of revenue council received through grants increased 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 grants trended upwards in real terms between 2016–17 and 2019–20. 'Other' revenue per person peaked in real terms in 2017–18 due to landfill provisions being less than expected.

Expenditure



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

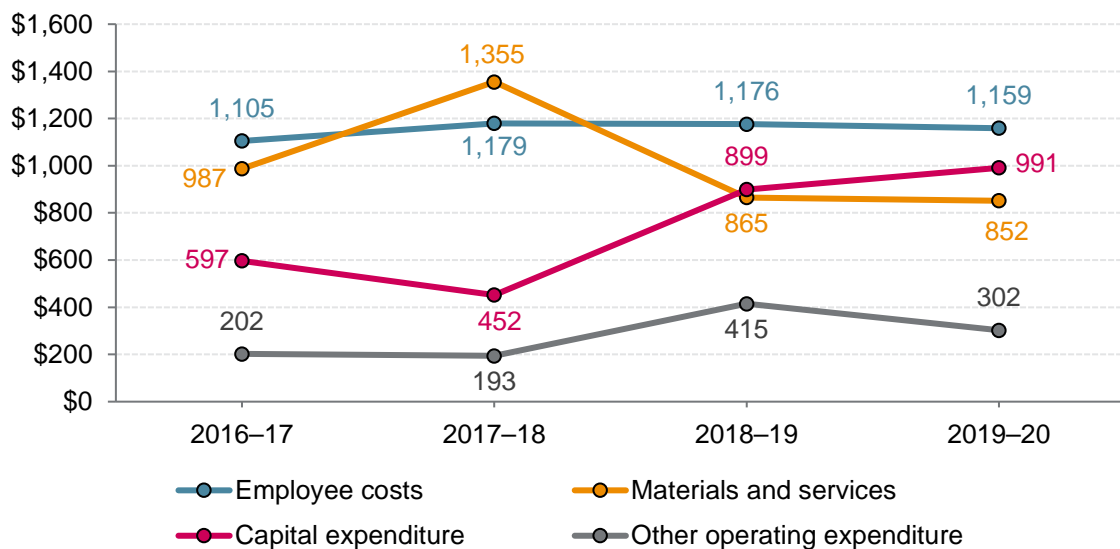
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	26.6 (79%)	31.4 (86%)	28.1 (73%)	26.4 (70%)
Employee costs	12.8 (38%)	13.6 (37%)	13.4 (35%)	13.2 (35%)
Materials and services	11.4 (34%)	15.6 (43%)	9.9 (26%)	9.7 (26%)
Other operating expenditure	2.3 (7%)	2.2 (6%)	4.7 (12%)	3.4 (9%)
Capital expenditure	6.9 (21%)	5.2 (14%)	10.3 (27%)	11.3 (30%)
Total	33.5	36.6	38.3	37.7

In real terms, Northern Grampians Shire Council's total expenditure increased between 2016–17 and 2018–19 before decreasing in 2019–20. These movements reflect a spike in expenditure on materials and services in 2017–18, and changes in capital expenditure and 'other operating expenditure' in 2018–19 and 2019–20. Employee costs remained relatively stable in real terms between 2016–17 and 2019–20.

Employee costs was council's largest area of expenditure, accounting for 36 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 upwards in real terms between 2016–17 and 2019–20, while expenditure on materials and services trended downwards. Employee costs per person remained relatively stable 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)

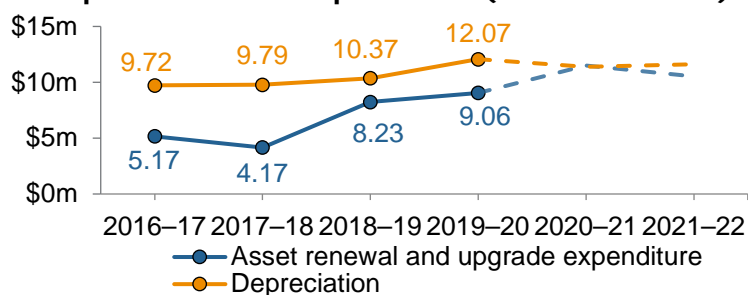
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	3.5	(50%)	2.9	(56%)	5.7	(56%)	6.3	(56%)
Upgrade	1.7	(25%)	1.3	(24%)	2.5	(24%)	2.7	(24%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	1.7	(25%)	1.0	(20%)	2.0	(20%)	2.2	(20%)
Total	6.9		5.2		10.3		11.3	

In real terms, Northern Grampians Shire Council's spending on asset renewal, upgrades and new assets trended upwards between 2017–18 and 2019–20, following a decrease in 2017–18.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 50 to 56 per cent of total capital expenditure).

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	53%
2017–18	43%
2018–19	79%
2019–20	75%
2020–21	101% (forecast data)
2021–22	91% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20, following a decrease in 2017–18. However, 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 2020–21, before decreasing back below in 2021–22.



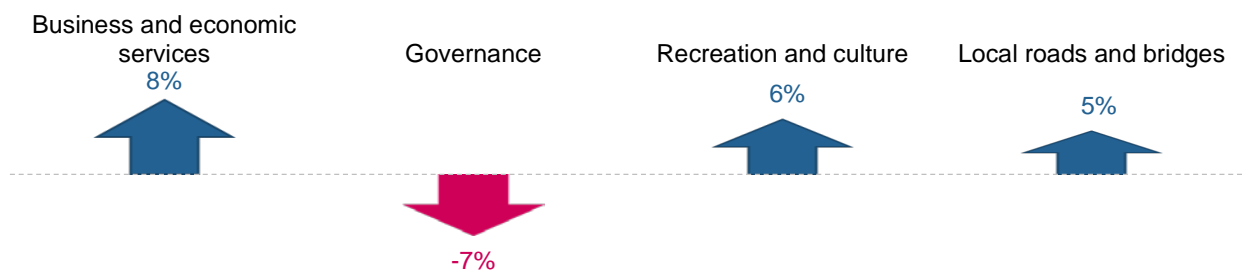
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Which service areas is council spending its money in?

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

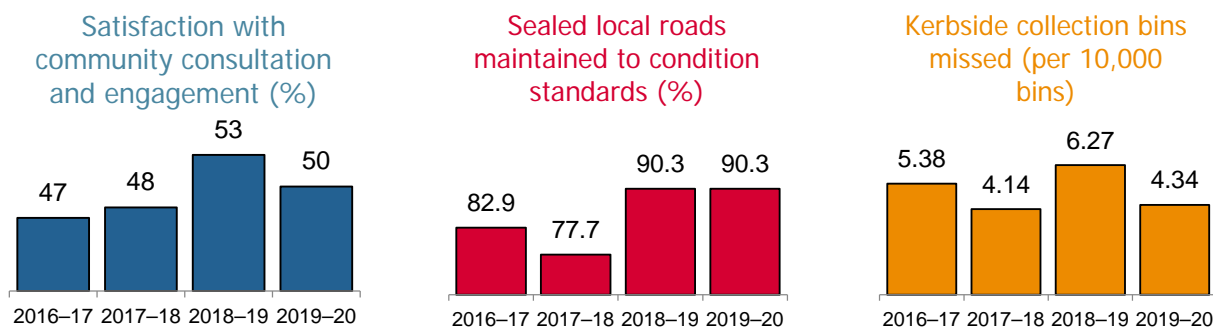
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	1.7 (5%)	1.4 (3%)	1.3 (4%)	1.3 (4%)
Business and economic services	2.8 (8%)	3.1 (8%)	3.6 (10%)	3.6 (10%)
Environment	0.8 (2%)	1.1 (3%)	1.0 (3%)	1.0 (3%)
Family and community services	1.3 (4%)	1.5 (4%)	1.8 (5%)	1.9 (5%)
Governance	9.9 (28%)	14.0 (34%)	7.9 (22%)	8.0 (22%)
Local roads and bridges	11.1 (32%)	12.3 (30%)	12.4 (35%)	12.8 (35%)
Recreation and culture	4.4 (13%)	5.0 (12%)	4.8 (14%)	5.3 (14%)
Traffic and street management	0.8 (2%)	0.8 (2%)	0.9 (3%)	1.1 (3%)
Waste management	1.8 (5%)	1.7 (4%)	1.9 (5%)	1.8 (5%)
Other	0.6 (2%)	0.4 (1%)	0.0 (0%)	0.1 (0%)
Total	35.3	41.2	35.6	36.9

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?



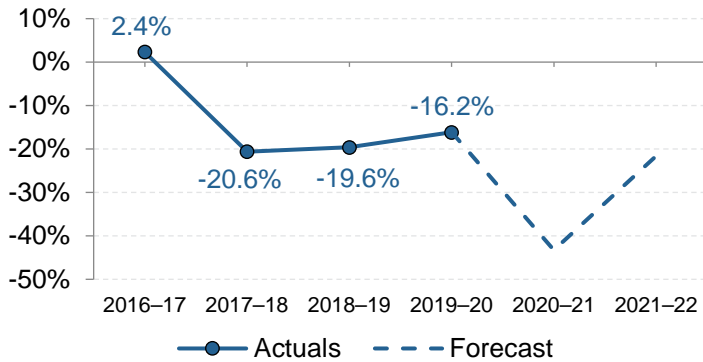
Financial position



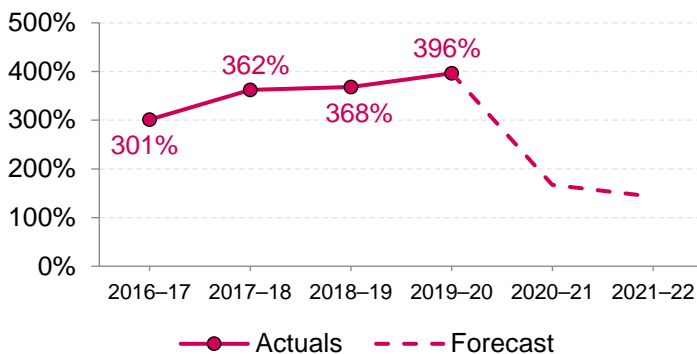
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Is council operating sustainably?

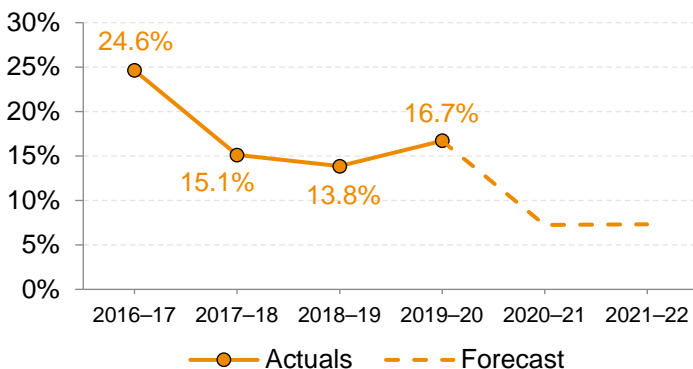
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Northern Grampians Shire Council reported an average **adjusted underlying result** of –13.5 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 surplus in 2016–17 reflects the timing of receipt of grants. The deficits from 2017–18 to 2019–20 reflect the funding of infrastructure renewal from an insufficient revenue base.

Council could meet its current financial obligations with a reported average **working capital ratio** of 357 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 17.6 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.