

# Strathbogie 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.

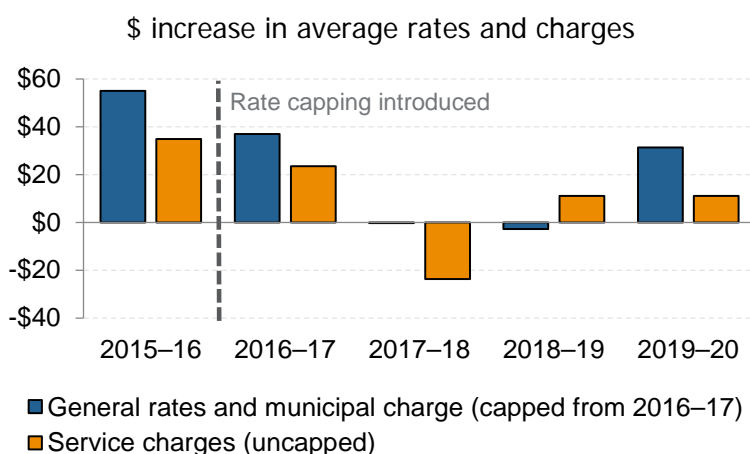


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| Key facts   |        |
|---|--------|
| Population (June 2019):   | 10,781 |
| Size (km <sup>2</sup> ):  | 3,303  |
| Length of local roads (km):   | 2,204  |
| Population per km of roads:   | 5      |
| Council employees (FTE, 2019–20):   | 113    |
| 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 | \$2,520                   | n/a                 |
| 2016–17 | \$2,580                   | 2.50%               |
| 2017–18 | \$2,556                   | 2.00%               |
| 2018–19 | \$2,564                   | 2.25%               |
| 2019–20 | \$2,607                   | 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             |

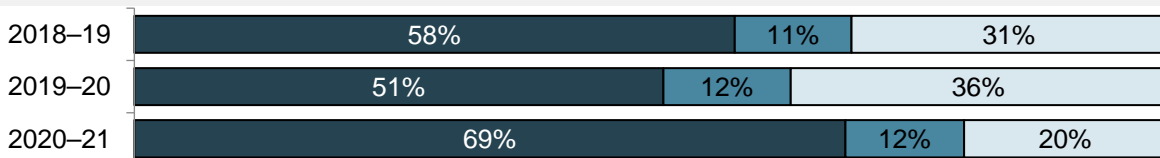
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 5 differential rates (for different types of property) and uses service charges to recover the cost of waste and tree management 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>66%</b><br>of ratepayers   | <b>4%</b><br>of ratepayers   | <b>29%</b><br>of ratepayers  |
|  | <b>\$10.4m</b><br>(53%) of rates and charges revenue in 2019–20     | <b>\$1.1m</b><br>(5%) of rates and charges revenue in 2019–20      | <b>\$8.3m</b><br>(42%) of rates and charges revenue in 2019–20     |
|  | <b>-1.2%</b><br>average annual increase between 2015–16 and 2019–20 | <b>2.8%</b><br>average annual increase between 2015–16 and 2019–20 | <b>3.5%</b><br>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?

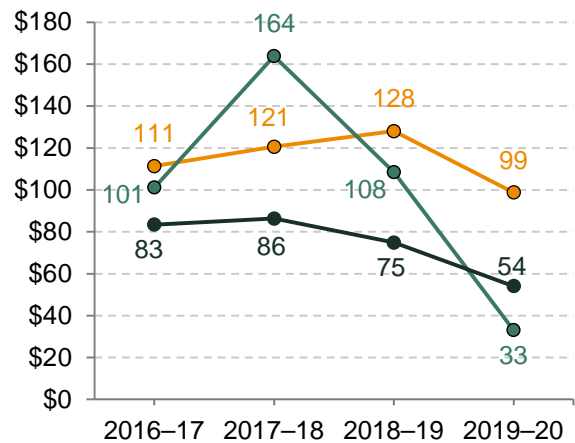
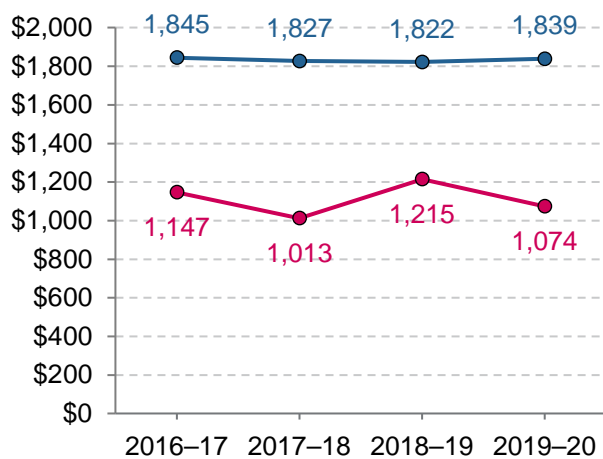
**Revenue** (2019–20 \$m and % of total revenue)

|  | 2016–17     |       | 2017–18     |       | 2018–19     |       | 2019–20     |       |
|--|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
|  | \$m         | %     | \$m         | %     | \$m         | %     | \$m         | %     |
| Rates and charges                      | 19.1        | (56%) | 19.2        | (57%) | 19.4        | (54%) | 19.8        | (59%) |
| User fees and statutory fees and fines | 1.2         | (3%)  | 1.3         | (4%)  | 1.4         | (4%)  | 1.1         | (3%)  |
| Grants                                 | 11.9        | (35%) | 10.6        | (32%) | 12.9        | (36%) | 11.6        | (35%) |
| Contributions                          | 1.0         | (3%)  | 1.7         | (5%)  | 1.2         | (3%)  | 0.4         | (1%)  |
| Other                                  | 0.9         | (3%)  | 0.9         | (3%)  | 0.8         | (2%)  | 0.6         | (2%)  |
| <b>Total</b>                           | <b>34.1</b> |       | <b>33.7</b> |       | <b>35.6</b> |       | <b>33.4</b> |       |

In real terms, Strathbogie Shire Council's total revenue was relatively stable between 2016–17 and 2019–20, except for an increase in 2018–19 when council received one-off flood recovery grants.

Rates and charges was the largest source of council's revenue, accounting for 57 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 fluctuated in real terms between 2016–17 and 2019–20. Revenue per person from contributions peaked in real terms in 2017–18.

# Expenditure



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

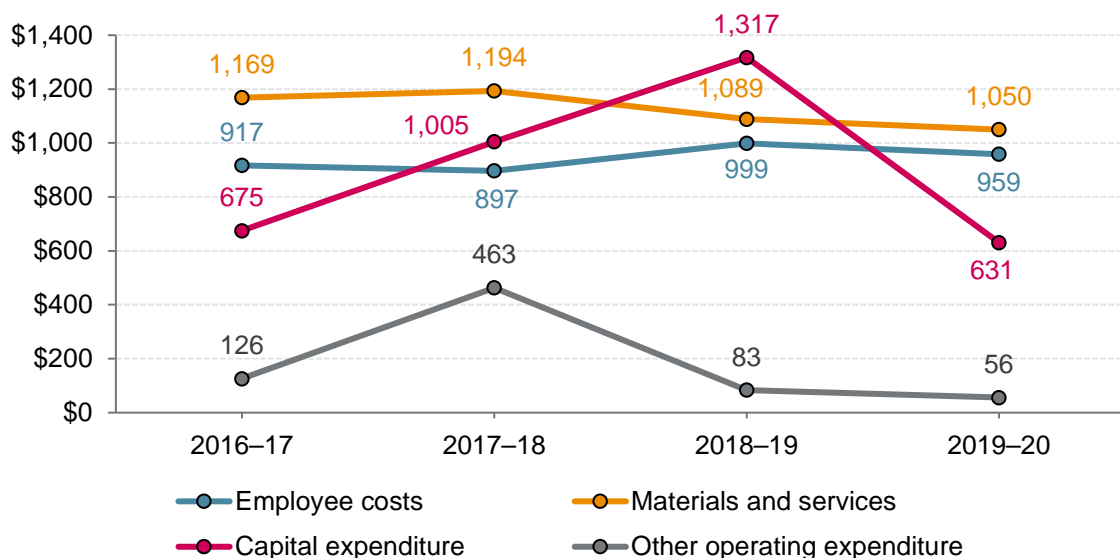
### Expenditure (2019–20 \$m and % of total expenditure)

|                             | 2016–17     | 2017–18     | 2018–19     | 2019–20     |
|-----------------------------|-------------|-------------|-------------|-------------|
|                             | \$m         | \$m         | \$m         | \$m         |
| Operating expenditure       | 22.9 (77%)  | 26.8 (72%)  | 23.1 (62%)  | 22.3 (77%)  |
| Employee costs              | 9.5 (32%)   | 9.4 (25%)   | 10.6 (29%)  | 10.3 (36%)  |
| Materials and services      | 12.1 (40%)  | 12.5 (34%)  | 11.6 (31%)  | 11.3 (39%)  |
| Other operating expenditure | 1.3 (4%)    | 4.9 (13%)   | 0.9 (2%)    | 0.6 (2%)    |
| Capital expenditure         | 7.0 (23%)   | 10.5 (28%)  | 14.0 (38%)  | 6.8 (23%)   |
| <b>Total</b>                | <b>29.9</b> | <b>37.3</b> | <b>37.1</b> | <b>29.1</b> |

In real terms, Strathbogie Shire Council's total expenditure increased in real terms in 2017–18 and remained at a similar level in 2018–19 before decreasing in 2019–20. These movements were mainly due to changes in capital expenditure and a spike in 'other operating expenditure' in 2017–18 (related to landfill rehabilitation).

Materials and services was council's largest area of expenditure between 2016–17 and 2019–20, except in 2018–19 when capital expenditure was higher.

### 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 2018–19, before decreasing in 2019–20. In real terms, expenditure per person on materials and services trended downwards between 2016–17 and 2019–20, while employee costs per person fluctuated. 'Other operating expenditure' per person spiked in 2017–18 in real terms.



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

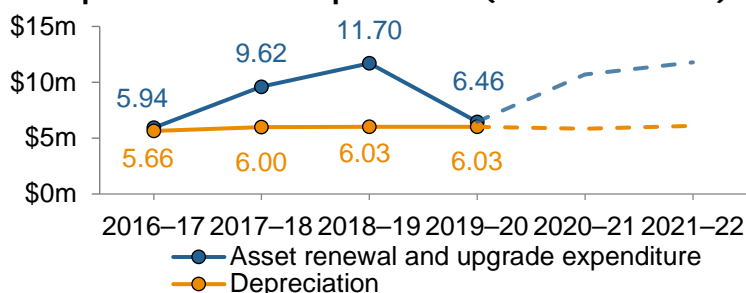
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

|              | 2016–17    |       | 2017–18     |       | 2018–19     |       | 2019–20    |       |
|--------------|------------|-------|-------------|-------|-------------|-------|------------|-------|
|              | \$m        |       | \$m         |       | \$m         |       | \$m        |       |
| Renewal      | 5.6        | (80%) | 8.9         | (84%) | 8.9         | (63%) | 4.9        | (71%) |
| Upgrade      | 0.4        | (6%)  | 0.7         | (7%)  | 2.8         | (20%) | 1.6        | (24%) |
| Expansion    | 0.1        | (2%)  | 0.2         | (2%)  | 0.0         | (0%)  | 0.0        | (0%)  |
| New          | 0.9        | (13%) | 0.7         | (6%)  | 2.3         | (16%) | 0.3        | (5%)  |
| <b>Total</b> | <b>7.0</b> |       | <b>10.5</b> |       | <b>14.0</b> |       | <b>6.8</b> |       |

In real terms, there was a jump in Strathbogie Shire Council's spending on asset renewal in 2017–18, but this spending returned to a level more in line with the historical downward trend in 2019–20. In 2018–19, there was also a spike in spending on new assets and asset upgrades. Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 63 to 84 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 | 105%                 |
| 2017–18 | 160%                 |
| 2018–19 | 194%                 |
| 2019–20 | 107%                 |
| 2020–21 | 183% (forecast data) |
| 2021–22 | 193% (forecast data) |

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20. This spending remained above 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 above 100 per cent of depreciation in 2020–21 and 2021–22.

# Services



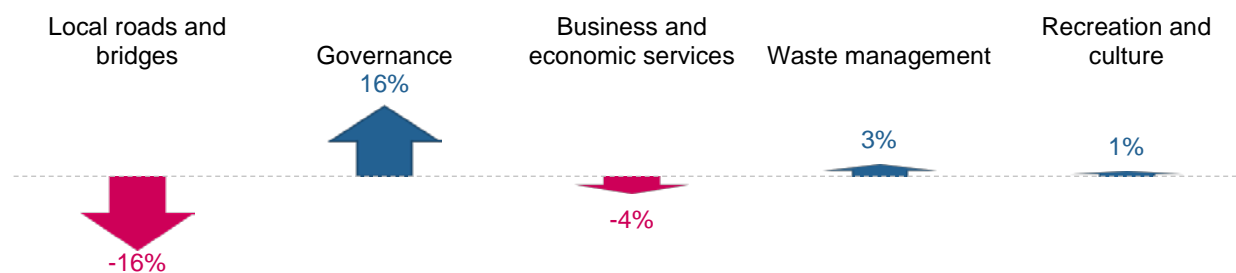
See the reader's guide for data sources and useful information.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

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

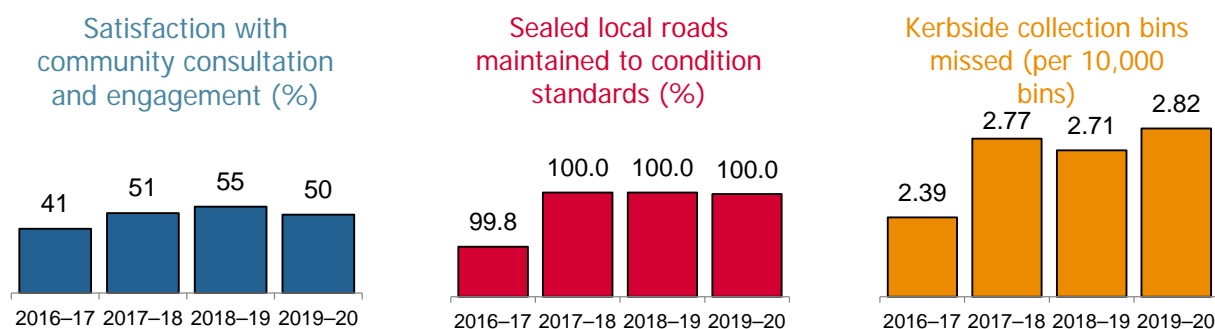
|                                | 2016–17     | 2017–18     | 2018–19     | 2019–20     |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | \$m         | \$m         | \$m         | \$m         |
| Aged and disabled services     | 0.2 (1%)    | 0.2 (0%)    | 0.0 (0%)    | 0.0 (0%)    |
| Business and economic services | 2.1 (7%)    | 2.1 (6%)    | 2.3 (8%)    | 1.9 (7%)    |
| Environment                    | 0.3 (1%)    | 0.3 (1%)    | 0.5 (2%)    | 0.8 (3%)    |
| Family and community services  | 0.9 (3%)    | 0.7 (2%)    | 0.8 (3%)    | 0.8 (3%)    |
| Governance                     | 8.1 (28%)   | 7.5 (23%)   | 7.2 (25%)   | 12.6 (44%)  |
| Local roads and bridges        | 11.0 (38%)  | 11.7 (36%)  | 12.0 (41%)  | 6.4 (22%)   |
| Recreation and culture         | 3.3 (12%)   | 3.4 (10%)   | 3.6 (12%)   | 3.5 (12%)   |
| Traffic and street management  | 0.2 (1%)    | 0.2 (1%)    | 0.1 (0%)    | 0.0 (0%)    |
| Waste management               | 2.4 (9%)    | 6.5 (20%)   | 2.7 (9%)    | 2.6 (9%)    |
| Other                          | 0.0 (0%)    | 0.0 (0%)    | 0.0 (0%)    | 0.0 (0%)    |
| <b>Total</b>                   | <b>28.6</b> | <b>32.5</b> | <b>29.1</b> | <b>28.5</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?

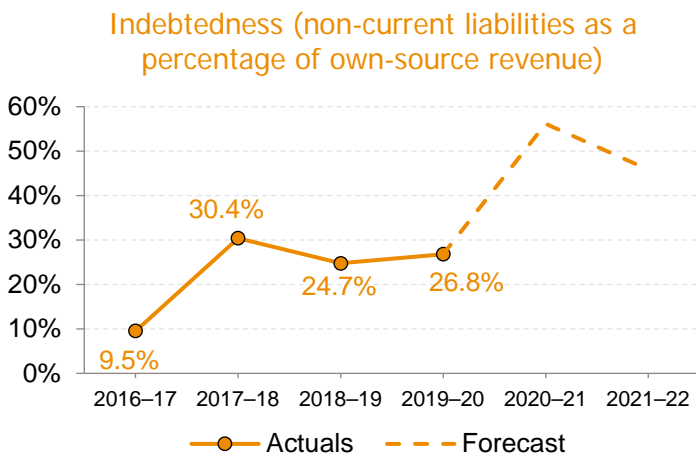
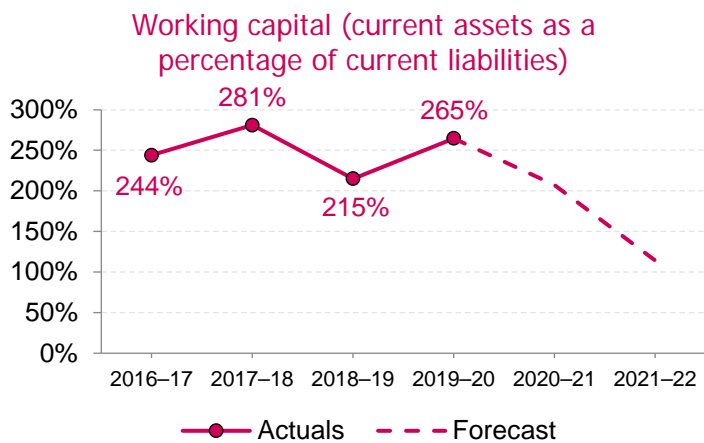
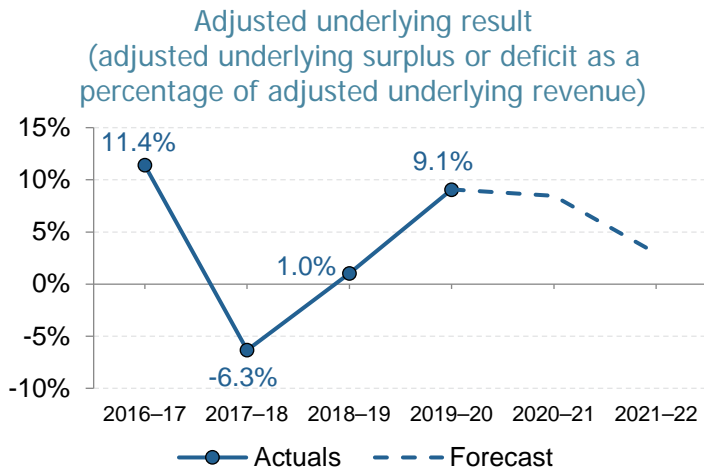


# Financial position



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

## Is council operating sustainably?



Between 2016–17 and 2019–20, Strathbogie Shire Council reported an average **adjusted underlying result** of 3.8 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. Variations in the result reflect changes in the timing and recognition of grant revenue.

Council could meet its current financial obligations with a reported average **working capital ratio** of 251 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 22.9 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 2017–18 reflects higher landfill rehabilitation provisions.

**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.