

# Surf Coast 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.



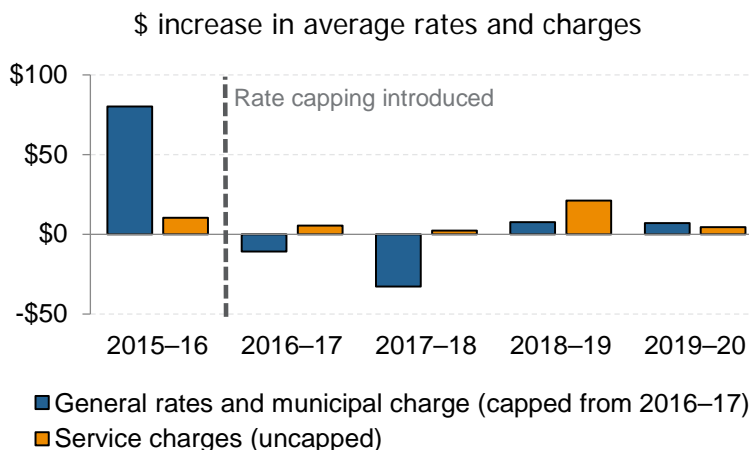
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## Key facts

Population (June 2019):	33,456
Size (km <sup>2</sup> ):	1,553
Length of local roads (km):	1,127
Population per km of roads:	30
Council employees (FTE, 2019–20):	347
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	\$2,351	n/a
2016–17	\$2,346	2.50%
2017–18	\$2,315	2.00%
2018–19	\$2,344	2.25%
2019–20	\$2,356	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

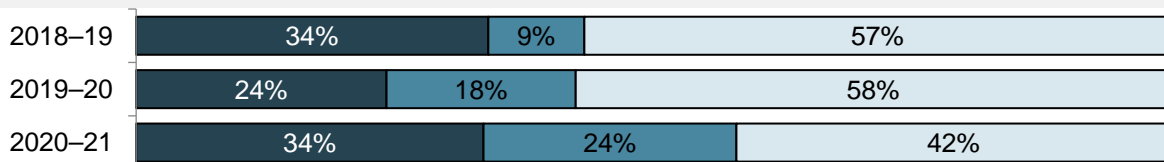
## How have rates changed for different ratepayers?

### 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 & Industrial ratepayers	Rural ratepayers
	<b>91%</b> of ratepayers	<b>5%</b> of ratepayers	<b>4%</b> of ratepayers
	<b>\$48.2m</b> (88%) of rates and charges revenue in 2019–20	<b>\$3.8m</b> (7%) of rates and charges revenue in 2019–20	<b>\$2.8m</b> (5%) of rates and charges revenue in 2019–20
	<b>0.5%</b> average annual increase between 2015–16 and 2019–20	<b>-2.8%</b> average annual increase between 2015–16 and 2019–20	<b>1.3%</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.  
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## Where is council's money coming from?

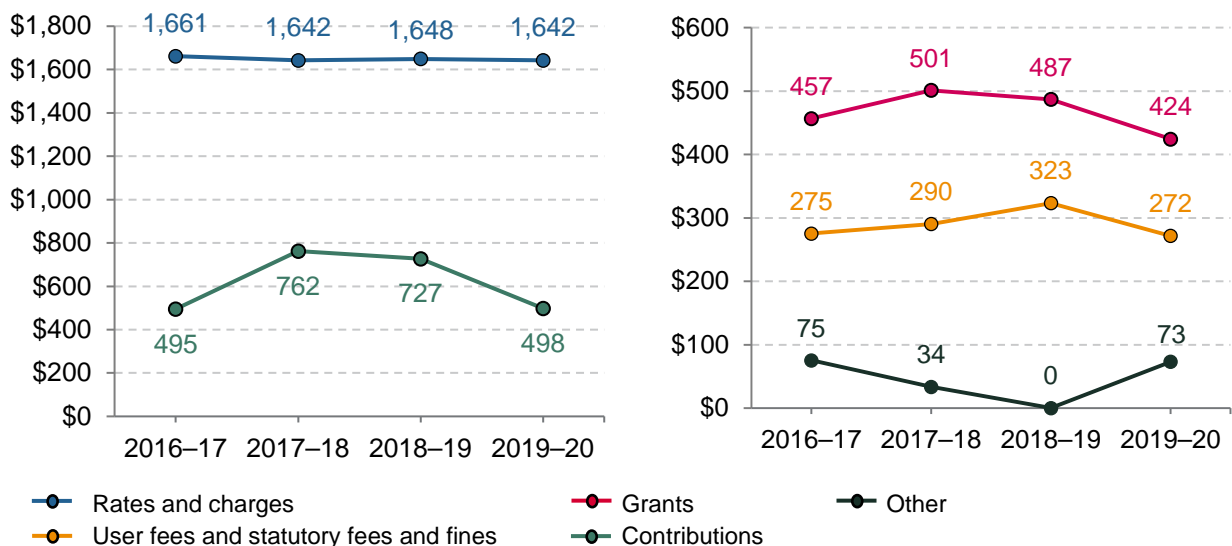
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	50.6	(56%)	51.5	(51%)	53.2	(52%)	54.9	(56%)
User fees and statutory fees and fines	8.4	(9%)	9.1	(9%)	10.4	(10%)	9.1	(9%)
Grants	13.9	(15%)	15.7	(16%)	15.7	(15%)	14.2	(15%)
Contributions	15.1	(17%)	23.9	(24%)	23.4	(23%)	16.7	(17%)
Other	2.3	(3%)	1.1	(1%)	0.0	(0%)	2.4	(3%)
<b>Total</b>	<b>90.3</b>		<b>101.2</b>		<b>102.7</b>		<b>97.3</b>	

In real terms, Surf Coast Shire Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from all sources. Revenue from contributions was higher in real terms in 2017–18 and 2018–19 due to higher levels of development activity.

Rates and charges was the largest source of council's revenue, accounting for 54 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 and contributions peaked in real terms in 2017–18. Revenue per person from user fees and statutory fees and fines 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?

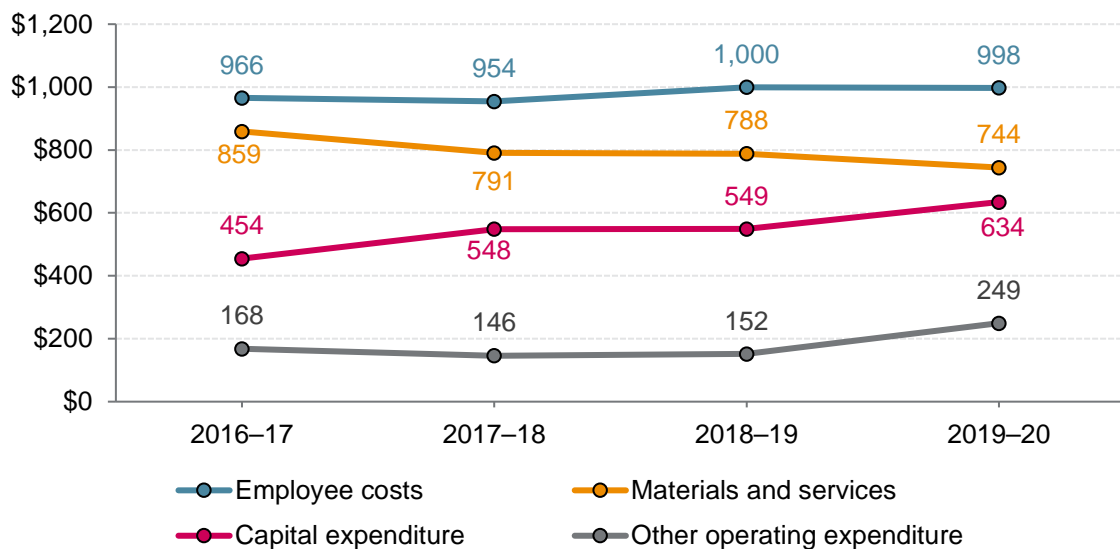
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	60.7	(81%)	59.3	(78%)	62.6	(78%)	66.6	(76%)
Employee costs	29.4	(39%)	29.9	(39%)	32.2	(40%)	33.4	(38%)
Materials and services	26.2	(35%)	24.8	(32%)	25.4	(32%)	24.9	(28%)
Other operating expenditure	5.1	(7%)	4.6	(6%)	4.9	(6%)	8.3	(9%)
Capital expenditure	13.8	(19%)	17.2	(22%)	17.7	(22%)	21.2	(24%)
<b>Total</b>	<b>74.5</b>		<b>76.5</b>		<b>80.3</b>		<b>87.8</b>	

In real terms, Surf Coast Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in all areas of expenditure, except expenditure on materials and services.

Employee costs was council's largest area of expenditure, accounting for 39 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), all areas of council's expenditure (except expenditure on materials and services) trended upwards in real terms between 2016–17 and 2019–20.



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

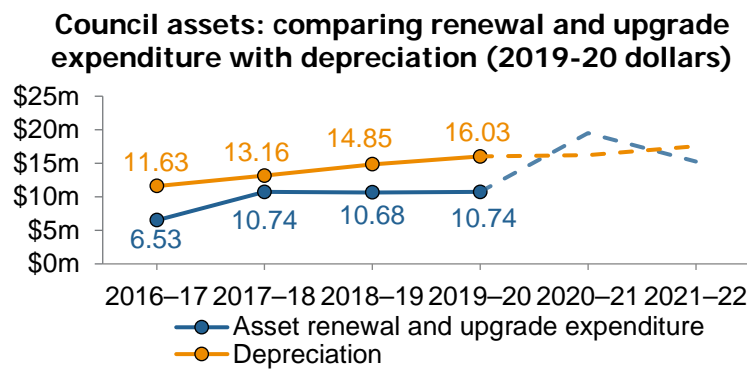
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	5.1	(37%)	4.9	(29%)	6.5	(36%)	6.1	(29%)
Upgrade	1.4	(10%)	5.8	(34%)	4.2	(24%)	4.6	(22%)
Expansion	0.5	(4%)	0.1	(0%)	0.5	(3%)	0.6	(3%)
New	6.8	(49%)	6.4	(37%)	6.5	(37%)	9.9	(47%)
<b>Total</b>	<b>13.8</b>		<b>17.2</b>		<b>17.7</b>		<b>21.2</b>	

In real terms, Surf Coast Shire Council's spending on asset upgrades trended upwards between 2016–17 and 2019–20, with a spike in this spending in 2017–18. There was also a jump in council's spending on asset renewal in 2018–19, and in new assets in 2019–20.

Spending on new assets remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 37 to 49 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	56%
2017–18	82%
2018–19	72%
2019–20	67%
2020–21	120% (forecast data)
2021–22	87% (forecast data)

In real terms, there was a jump in council's spending on the renewal and upgrade of its assets 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 falling back below in 2021–22.

# Services



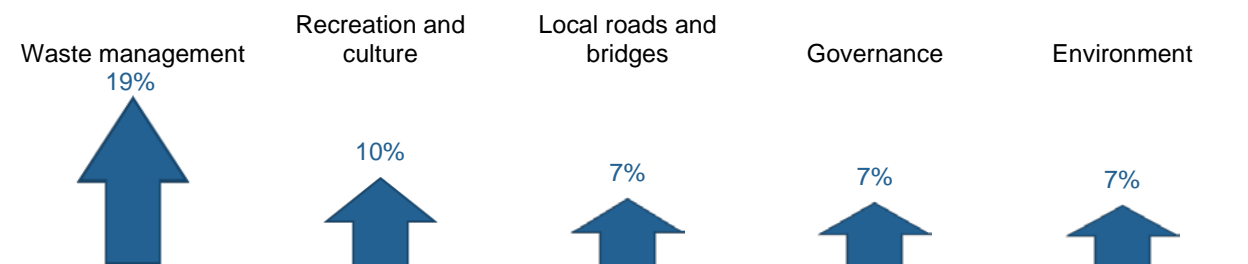
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## Which service areas is council spending its money in?

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

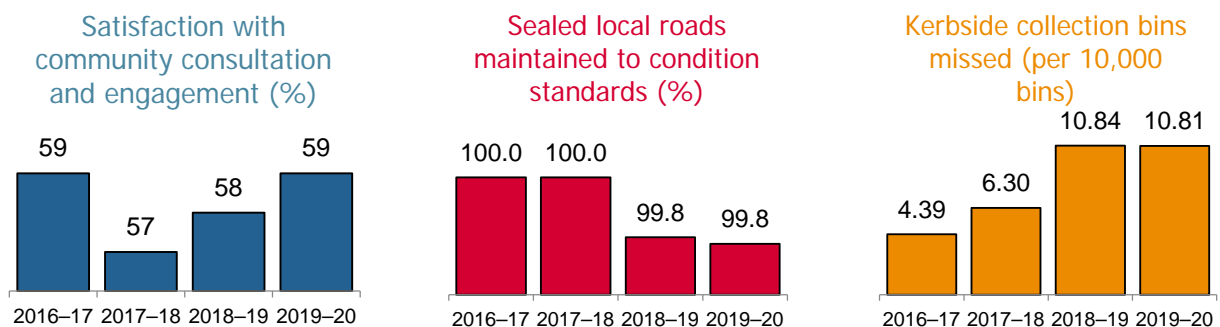
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	3.2 (5%)	3.4 (5%)	3.0 (4%)	2.5 (3%)
Business and economic services	6.1 (9%)	5.8 (8%)	6.9 (8%)	6.4 (7%)
Environment	5.2 (8%)	5.7 (8%)	7.9 (10%)	6.4 (7%)
Family and community services	3.9 (6%)	4.0 (6%)	4.4 (5%)	4.7 (5%)
Governance	17.7 (25%)	18.2 (26%)	19.7 (24%)	21.7 (25%)
Local roads and bridges	10.3 (15%)	8.4 (12%)	8.6 (11%)	12.7 (15%)
Recreation and culture	12.5 (18%)	13.8 (20%)	16.2 (20%)	16.5 (19%)
Traffic and street management	3.2 (5%)	4.3 (6%)	3.5 (4%)	3.5 (4%)
Waste management	7.7 (11%)	6.6 (9%)	11.2 (14%)	12.9 (15%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
<b>Total</b>	<b>69.8</b>	<b>70.2</b>	<b>81.4</b>	<b>87.4</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?

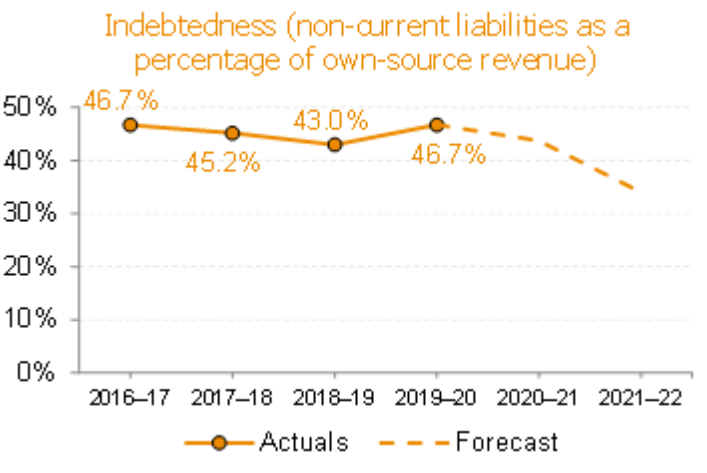
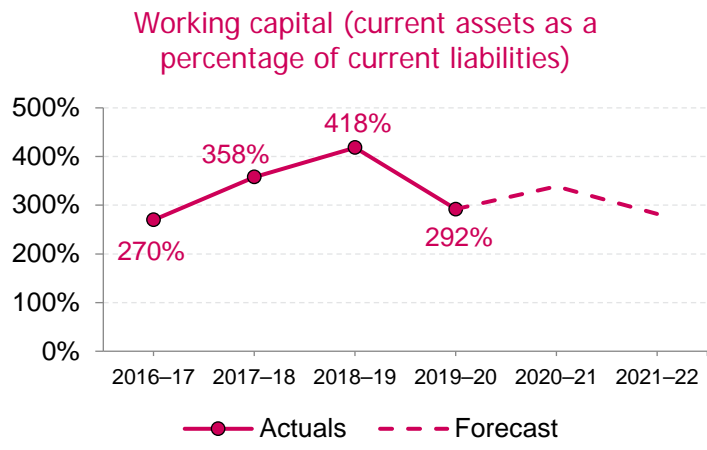
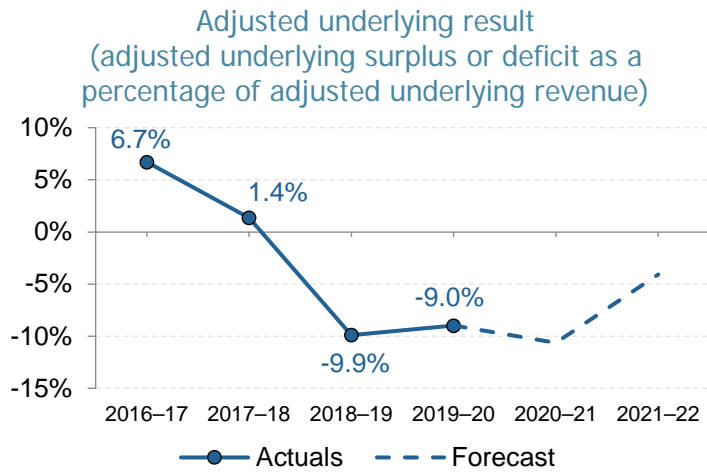


# Financial position



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, Surf Coast Shire Council reported an average **adjusted underlying result** of -2.7 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 decreases in 2017–18 and 2018–19 mainly reflect higher depreciation and amortisation, and higher employee costs.

Council could meet its current financial obligations with a reported average **working capital ratio** of 334 per cent between 2016–17 and 2019–20. The increases in 2017–18 and 2018–19 reflect amounts carried forward for incomplete capital works.

The reported average **indebtedness ratio** of 45.4 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General’s medium risk category for this indicator, which means there is some 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.