

Yarriambiack 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.

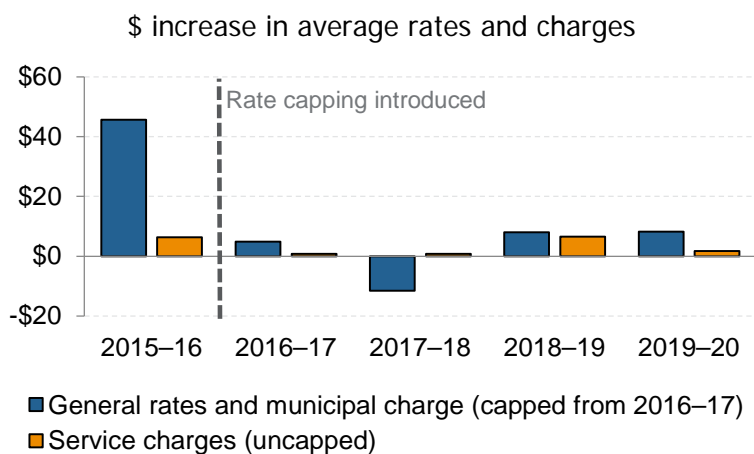


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Key facts	
Population (June 2019):	6,639
Size (km ²):	7,326
Length of local roads (km):	4,821
Population per km of roads:	1
Council employees (FTE, 2019–20):	117
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,784	n/a
2016–17	\$1,790	2.50%
2017–18	\$1,779	2.00%
2018–19	\$1,794	2.25%
2019–20	\$1,804	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%)
Materially non-compliant (0.32 above the cap)	Yes	Yes

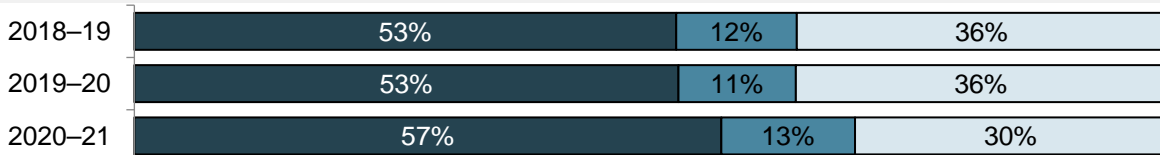
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 2 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
	49% of ratepayers	7% of ratepayers	45% of ratepayers
	\$3.3m (26%) of rates and charges revenue in 2019–20	\$0.6m (5%) of rates and charges revenue in 2019–20	\$8.7m (69%) of rates and charges revenue in 2019–20
	-1.3% average annual increase between 2015–16 and 2019–20	-1.7% average annual increase between 2015–16 and 2019–20	1.2% 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?

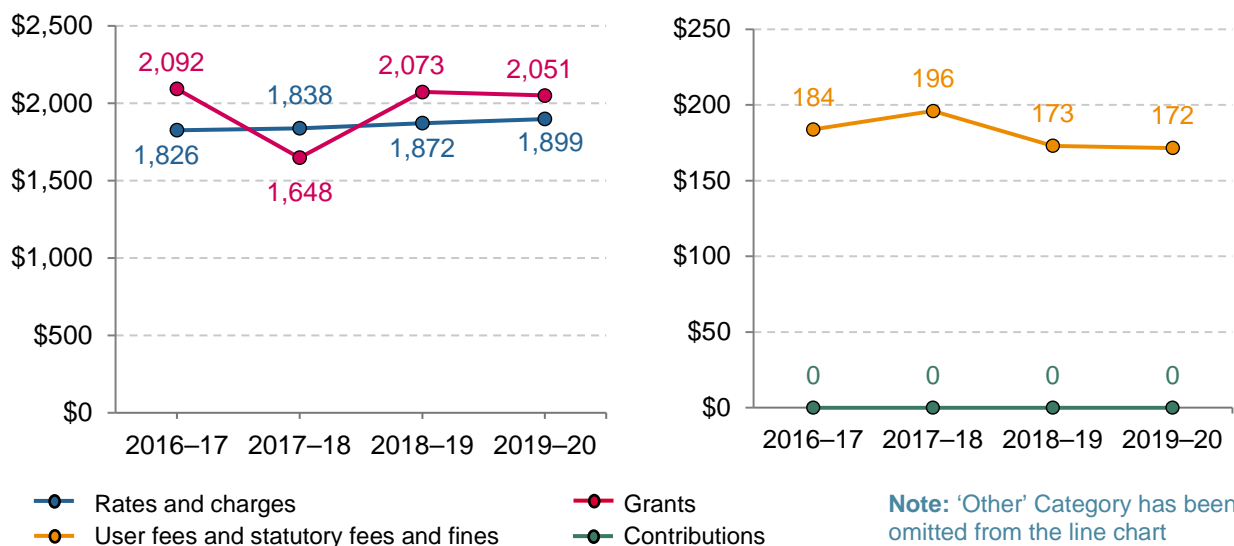
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	12.3	(44%)	12.3	(49%)	12.5	(46%)	12.6	(47%)
User fees and statutory fees and fines	1.2	(4%)	1.3	(5%)	1.2	(4%)	1.1	(4%)
Grants	14.1	(50%)	11.0	(44%)	13.8	(51%)	13.6	(50%)
Contributions	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Other	0.4	(1%)	0.4	(2%)	-0.3	(-1%)	-0.3	(-1%)
Total	28.0		25.0		27.2		27.1	

In real terms, Yarriambiack Shire Council's total revenue was relatively stable between 2016–17 and 2019–20. Revenue from grants was higher in 2016–17 due to an advance payment of Commonwealth financial assistance grants, and in 2018–19 and 2019–20 due to the receipt of natural disaster grants.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 95 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 rates and charges increased in real terms between 2016–17 and 2019–20, while revenue from grants was relatively stable in real terms (except for a decrease 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?

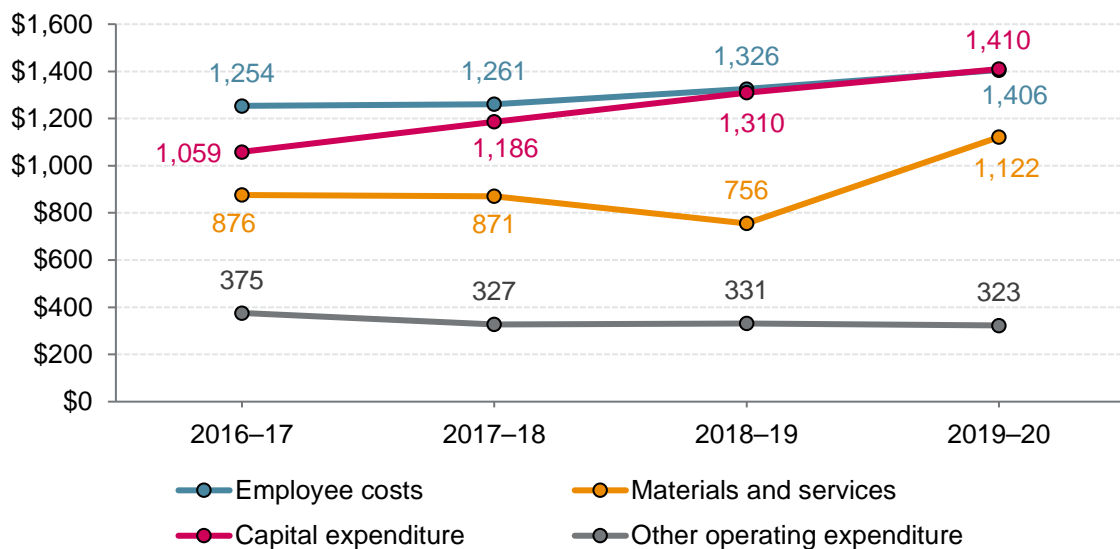
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	16.9 (70%)	16.4 (67%)	16.1 (65%)	18.9 (67%)
Employee costs	8.5 (35%)	8.4 (35%)	8.8 (36%)	9.3 (33%)
Materials and services	5.9 (25%)	5.8 (24%)	5.0 (20%)	7.4 (26%)
Other operating expenditure	2.5 (11%)	2.2 (9%)	2.2 (9%)	2.1 (8%)
Capital expenditure	7.1 (30%)	7.9 (33%)	8.7 (35%)	9.4 (33%)
Total	24.0	24.4	24.8	28.3

In real terms, Yarriambiack Shire Council's total expenditure remained relatively stable between 2016–17 and 2018–19, before increasing in 2019–20 due to increases in all areas of expenditure except 'other operating expenditure'.

Employee costs was council's largest area of expenditure between 2016–17 and 2018–19. However, following increases in capital expenditure, this became council's largest area of expenditure in 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 'other operating expenditure') trended upwards 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?

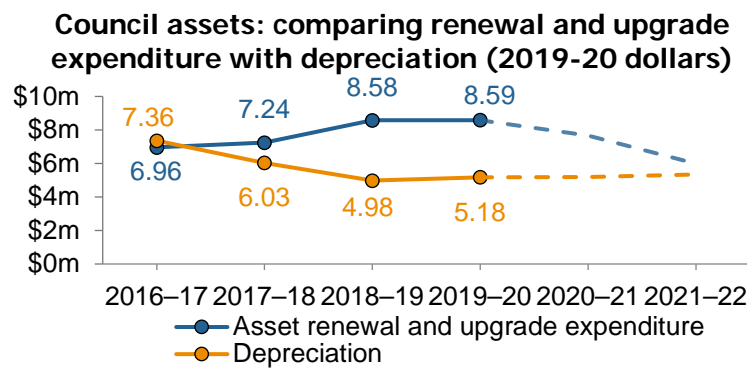
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	6.5	(92%)	6.5	(82%)	7.0	(81%)	6.1	(65%)
Upgrade	0.4	(6%)	0.7	(9%)	1.5	(18%)	2.5	(26%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	0.2	(3%)	0.7	(9%)	0.1	(2%)	0.8	(8%)
Total	7.1		7.9		8.7		9.4	

In real terms, Yarriambiack Shire Council's spending on asset renewal trended downwards between 2016–17 and 2019–20 (aside from an increase in 2018–19), continuing an historical downward trend. Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20, however it fell from 92 per cent of total capital expenditure in 2016–17 to 65 per cent in 2019–20.

Spending on asset upgrades trended upwards between 2016–17 and 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	94%
2017–18	120%
2018–19	172%
2019–20	166%
2020–21	148% (forecast data)
2021–22	112% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2019–20, increasing above the amount of depreciation (the decline in value of council's assets caused by age and use) from 2017–18.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22 (despite spending on renewal and upgrades decreasing in real terms).

Services



See the reader's guide for data sources and useful information.
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Which service areas is council spending its money in?

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

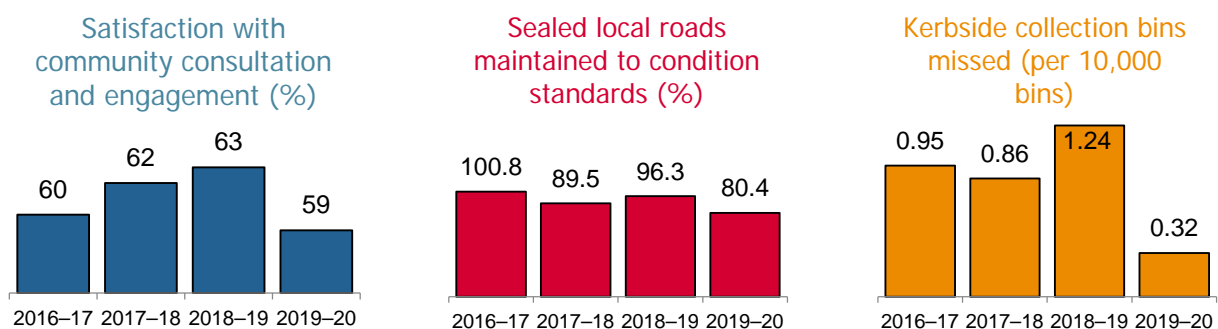
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	1.5	(6%)	1.5	(7%)	1.4	(6%)	1.2	(5%)
Business and economic services	2.0	(8%)	1.9	(8%)	1.8	(8%)	3.1	(13%)
Environment	0.8	(3%)	0.7	(3%)	0.7	(3%)	0.9	(4%)
Family and community services	1.5	(6%)	1.3	(6%)	1.5	(7%)	1.6	(7%)
Governance	3.7	(15%)	3.3	(15%)	3.4	(15%)	4.0	(16%)
Local roads and bridges	9.1	(38%)	8.2	(37%)	8.1	(36%)	6.6	(27%)
Recreation and culture	1.8	(8%)	1.5	(7%)	1.5	(7%)	3.0	(12%)
Traffic and street management	2.4	(10%)	2.5	(11%)	2.4	(11%)	2.1	(9%)
Waste management	1.5	(6%)	1.5	(7%)	1.5	(7%)	1.8	(8%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	24.3		22.5		22.3		24.4	

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?



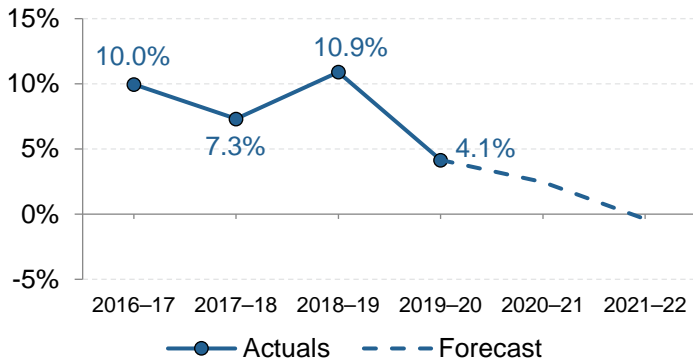
Financial position



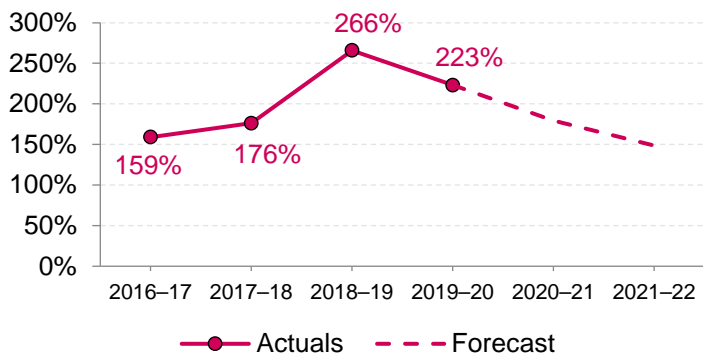
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Is council operating sustainably?

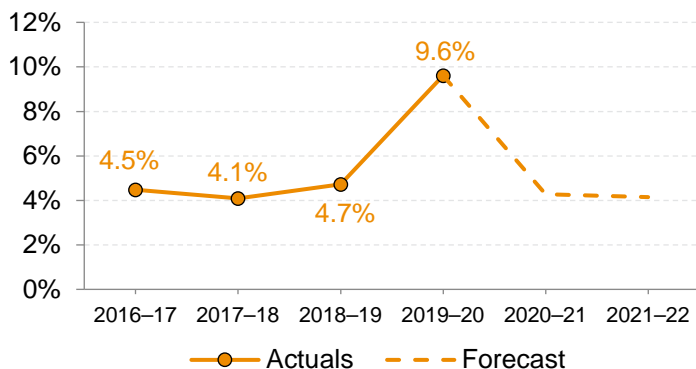
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Yarriambiack Shire Council reported an average **adjusted underlying result** of 8.1 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. Variations over the period generally reflect the timing of receipt of grants. The decrease in 2019–20 also reflects increased materials and services expenses as well as employee costs.

Council could meet its current financial obligations with a reported average **working capital ratio** of 206 per cent between 2016–17 and 2019–20. The increase in 2018–19 reflects the receipt of grants.

The reported average **indebtedness ratio** of 5.7 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 changes in accounting standards for leases.

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.