

Ararat Rural City Council

Group: Small Shire

This fact sheet uses graphs and other data to show whether there have been any significant changes in this council's services, infrastructure and financial outcomes since the introduction of rate capping — a system that restricts the amount a council can increase its general rates and municipal charges in each financial year.

A reader's guide is available to help you understand the terms used in this fact sheet. You can compare this council's data against its 'group' by looking at the fact sheet for small shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



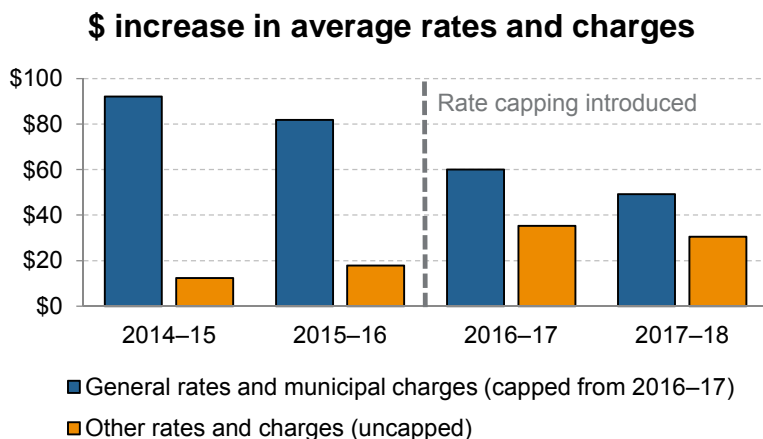
© OpenStreetMap contributors

Key facts

Population:	11,757
Size (km ²):	4,211
Length of local roads (km):	2,364
Population per km of roads:	5
Council employees (FTE, 2017–18):	135
Submitted an application for a higher cap for 2016–17 or 2017–18?	No

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$2,057	n/a
2015–16	\$2,156	n/a
2016–17	\$2,252	2.50%
2017–18	\$2,332	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Yes

How have rates changed for individual ratepayers?

Distribution of rates increases and decreases in revaluation years

The applicable rate cap is applied to council's average rate, which means some individual rates increased by more and some increased by less (or even decreased).

2016–17

Council did not provide data

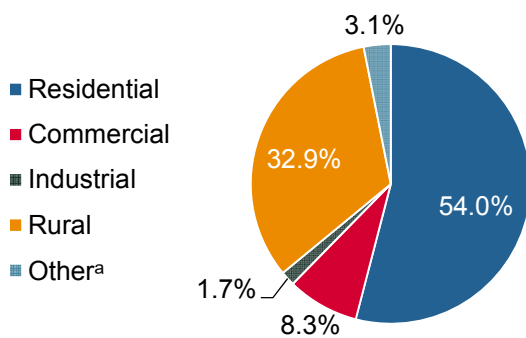
2018–19

- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

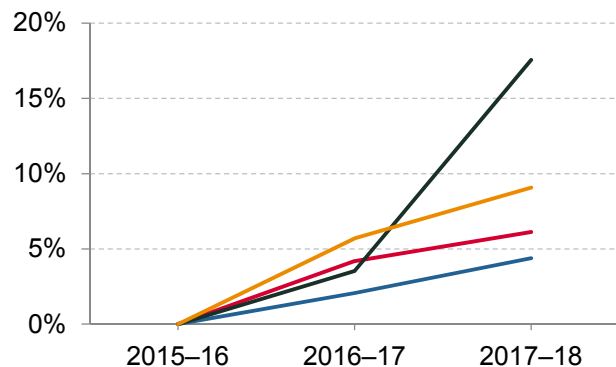
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^a Category has been omitted from the line chart

Percentage change in average rates and charges since 2015–16



Source: Victoria Grants Commission (unaudited data). Includes both capped and uncapped rates and charges.

Residential ratepayers pay the majority of Ararat Rural City Council's rates and charges. This group of ratepayers, on average, experienced a 4.4 per cent increase in their rates notices between 2015–16 and 2017–18. The difference in rate increases can be due to relative changes in property valuations, and changes in property numbers, the council's rating structure, and uncapped rates and charges. Council's average rates and charges (a combination of all classes) increased from \$2,156 to \$2,332 (8.1 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Where is council's money coming from?

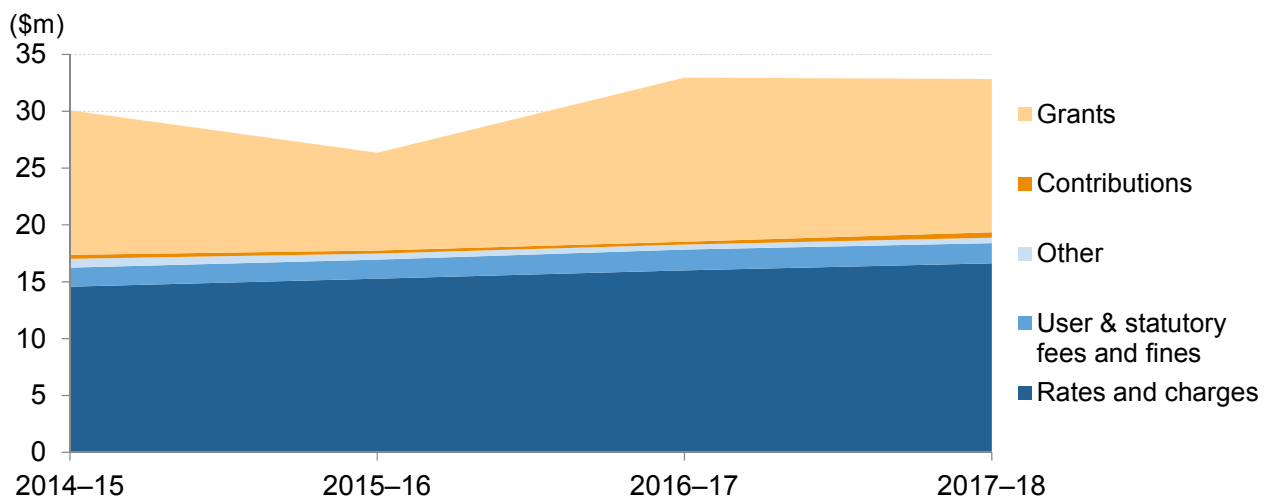
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	14.9	53	16.3	50
Grants	10.7	38	14.0	42
User fees and statutory fees and fines	1.7	6	1.8	5
Contributions	0.3	1	0.4	1
Other	0.7	2	0.5	1
Total	28.2	100	32.9	100

Ararat Rural City Council's average revenue from all sources (except 'other') increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The biggest changes in the composition of council's revenue were the decrease in the proportion of revenue from rates and charges and the increase in the proportion of revenue from grants over the two years after rate capping commenced.

Note: Revenue from grants may have been affected by the advance payment of annual Commonwealth grant allocations in 2014–15, 2016–17 and 2017–18.

Revenue growth by source



Expenditure

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

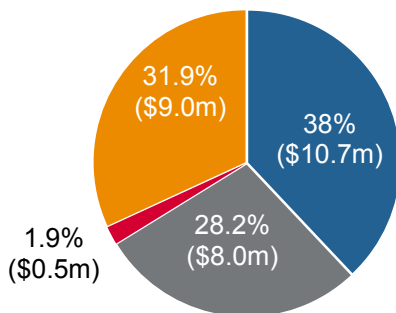
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$19.3m	\$10.3m	\$1,673	\$890
2015–16	\$19.2m	\$7.7m	\$1,651	\$664
2016–17	\$20.9m	\$7.4m	\$1,783	\$627
2017–18	\$22.4m	\$12.7m	\$1,908	\$1,079

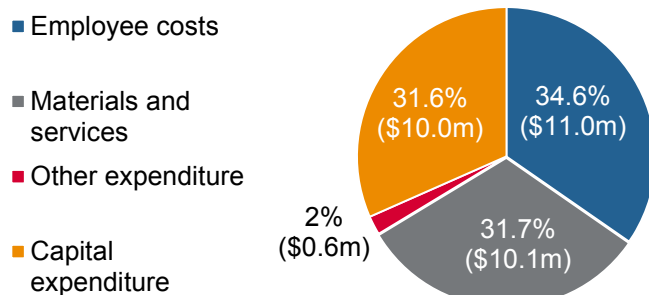
Ararat Rural City Council's operating expenses have been trending upwards over time, driven by increased spending on materials and services (including flood recovery works of \$1.3 million in 2016–17) in the two years following the introduction of rate capping. Capital expenditure has fluctuated in recent years, with a jump in 2017–18 reflecting spending on new assets and asset upgrade projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

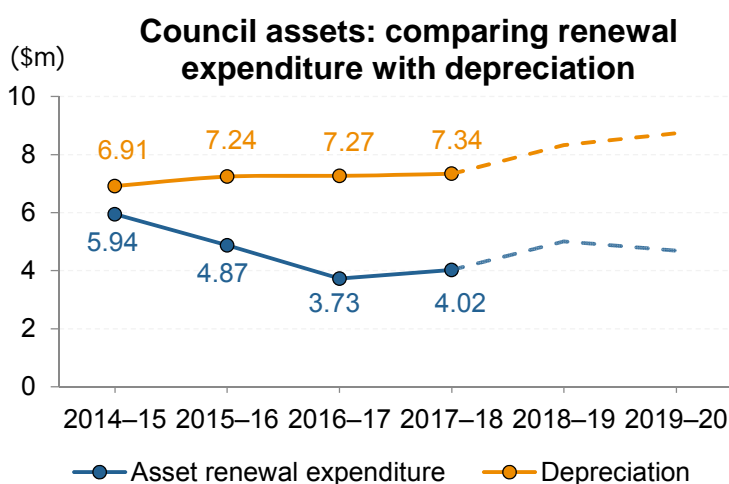


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Ararat Rural City Council's expenditure, reflecting proportionally higher increases in average spending on materials and services (partly due to flood recovery works) and 'other' expenditure in the two years after rate capping was introduced. Employee costs and capital expenditure decreased as a proportion of total expenditure over the same period, despite increasing in terms of average dollars spent.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	86
2015-16	67
2016-17	51
2017-18	55
2018-19	60 (forecast data)
2019-20	54 (forecast data)

Ararat Rural City Council's spending on the renewal of its assets declined between 2014-15 and 2016-17, widening the gap between expenditure and the amount of depreciation (the decline in value of its assets caused by age and use). However, council's renewal expenditure increased in 2017-18, and is planned to be higher in 2018-19 and 2019-20. A sustained gap between expenditure and depreciation can lead to a backlog of renewal expenditure required and increase a council's costs in the long term.

Has council's capital expenditure pattern changed?

Capital expenditure	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		Council's spending on asset renewal, new and upgrade projects shows peaks and troughs. Asset renewal has decreased from a peak in 2014-15 and there was a spike in spending on new assets and asset upgrades in 2017-18.
	\$m	% of total	\$m	% of total	
Renewal	5.4	60	3.9	39	
New	2.5	27	2.9	29	
Upgrade	1.1	13	3.3	33	
Expansion	0.0	0	0.0	0	
Total	9.0	100	10.0	100	

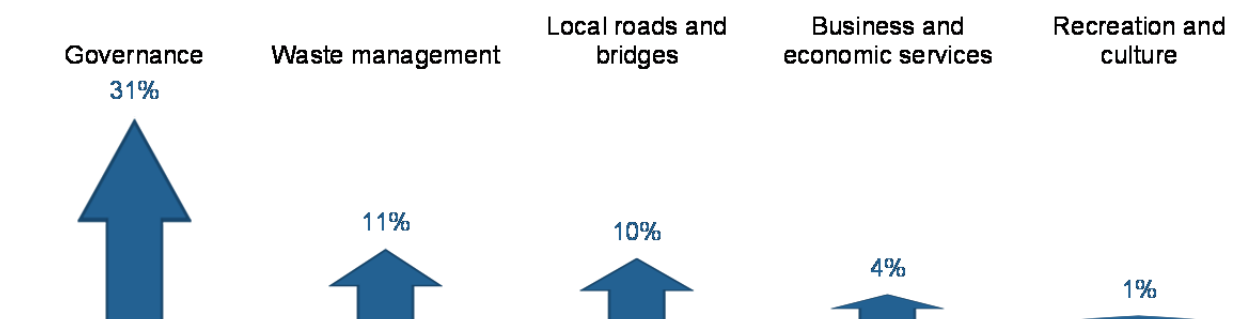
Services

See the reader's guide for data sources and useful information.
Note: The numbers in this fact sheet have not been adjusted for inflation.

Which service areas is council spending its money in?

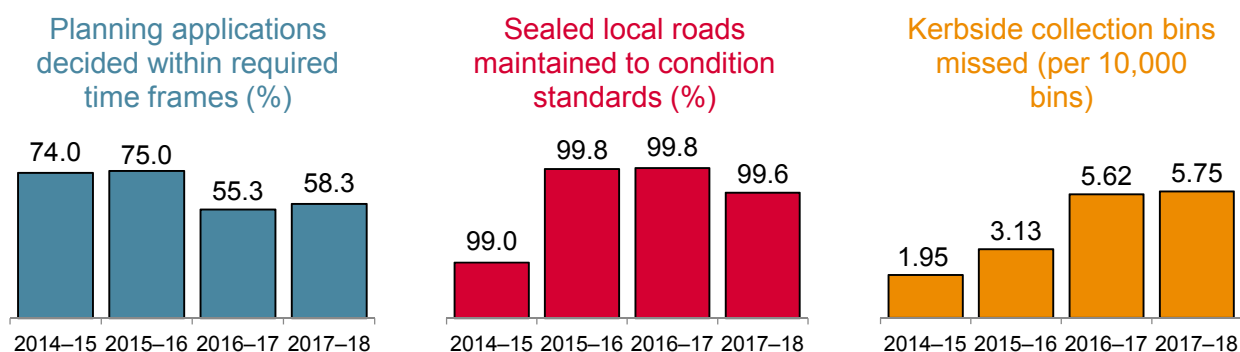
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	804	35.6	882	36.1
Recreation and culture	482	21.3	487	19.9
Governance	301	13.3	393	16.1
Business and economic services	202	9.0	211	8.6
Waste management	165	7.3	183	7.5
Aged and disabled services	96	4.3	102	4.2
Traffic and street management	101	4.5	94	3.9
Family and community services	44	2.0	48	2.0
Environment	62	2.7	43	1.7
Other	0	0.0	0	0.0

Which service areas have experienced the biggest changes in spending?



Source: Victoria Grants Commission (unaudited). Council Annual Reports may provide further explanation of these expenditure changes.

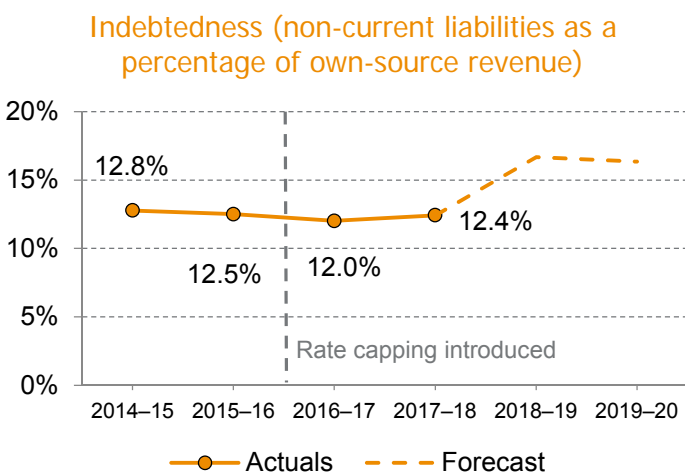
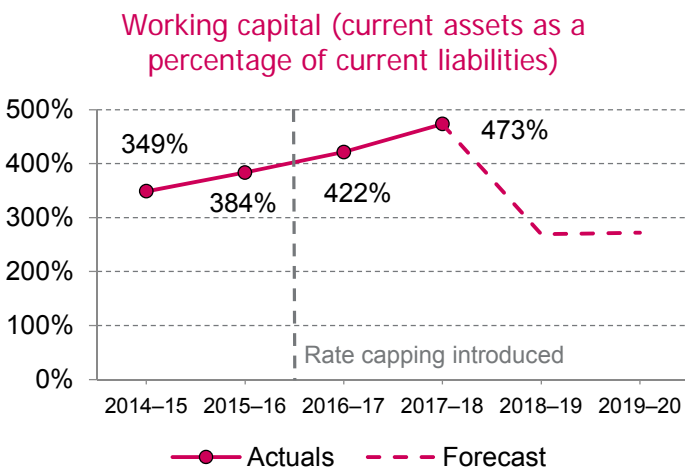
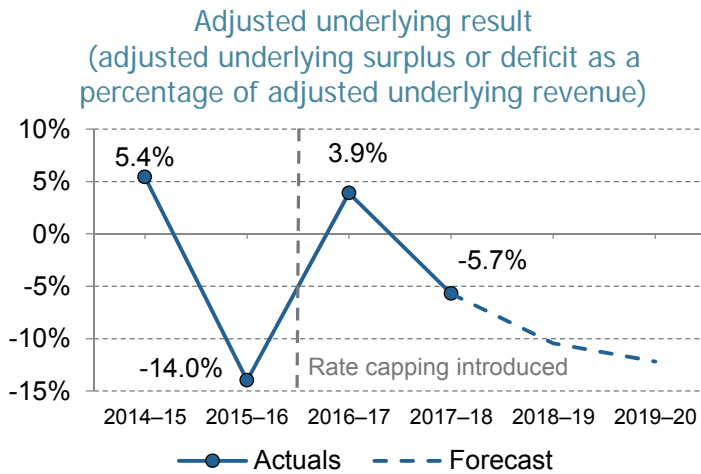
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Is council operating sustainably?



Between 2014–15 and 2017–18, Ararat Rural City Council reported an average **adjusted underlying result** of -2.6 per cent. An ongoing negative result suggests that without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to continue to fund the range and level of services it has been providing.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 407 per cent between 2014–15 and 2017–18. The increase in working capital reflects council building cash reserves to fund future capital works.

Council is able to meet its long-term financial obligations with a **low indebtedness ratio**.

Note: Some of the year on year change in the adjusted underlying result and the working capital ratio may be due to the timing of Commonwealth grant payments.