

Ballarat City Council

Group: regional city

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 regional city councils. 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.



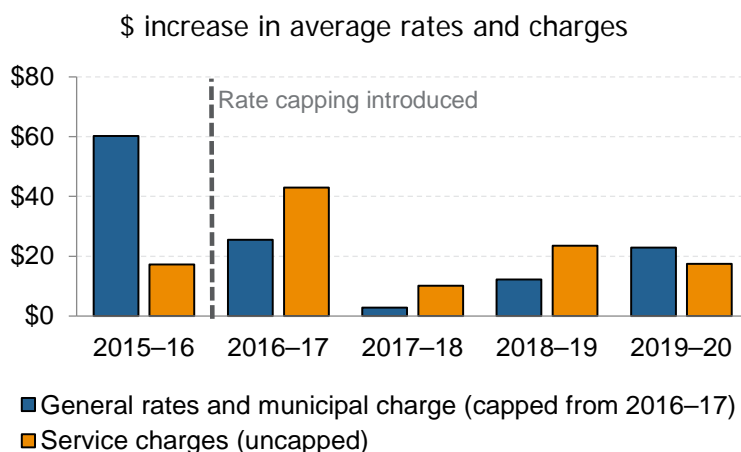
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Key facts

Population (June 2019):	109,505
Size (km ²):	739
Length of local roads (km):	1,462
Population per km of roads:	75
Council employees (FTE, 2019–20):	708
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	Yes (see table below)

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,087	n/a
2016–17	\$2,155	2.50% ^a
2017–18	\$2,168	2.00%
2018–19	\$2,204	2.25%
2019–20	\$2,245	2.50%

^a Council applied for a higher cap of 3.70% but was unsuccessful.

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

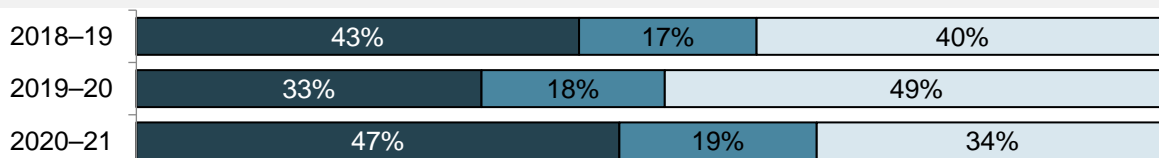
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 7 differential rates (for different types of property) 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
	90% of ratepayers	4% of ratepayers	3% of ratepayers	3% of ratepayers
	\$88.1m (72%) of rates and charges revenue in 2019–20	\$22m (18%) of rates and charges revenue in 2019–20	\$9.4m (8%) of rates and charges revenue in 2019–20	\$3.2m (3%) of rates and charges revenue in 2019–20
	2% average annual increase between 2015–16 and 2019–20	2.2% average annual increase between 2015–16 and 2019–20	-0.6% average annual increase between 2015–16 and 2019–20	0.4% 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?

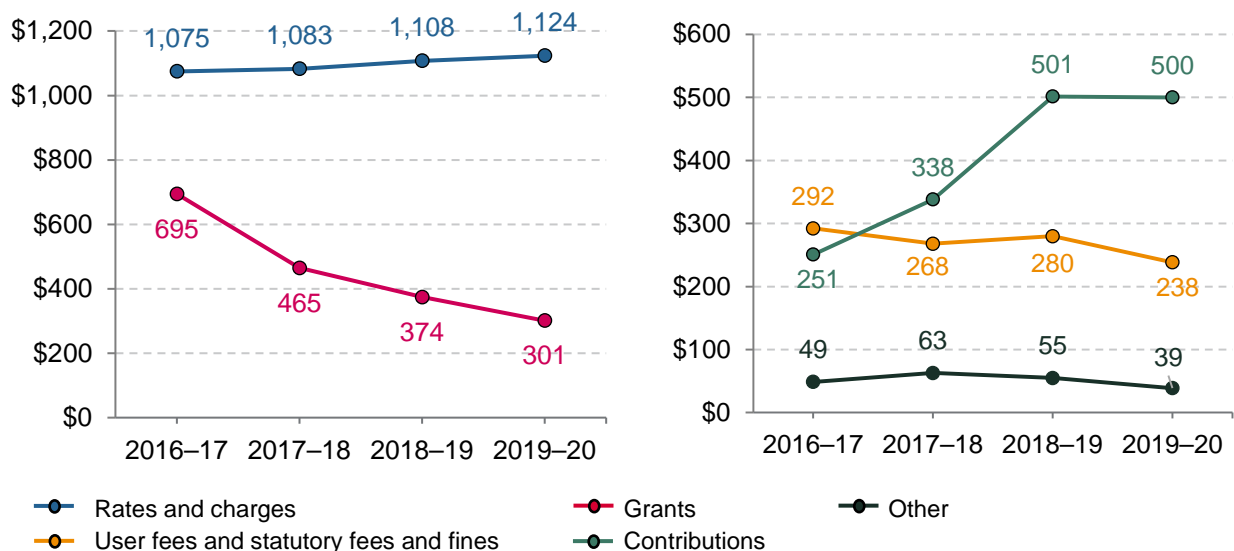
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	111.3	(46%)	114.2	(49%)	118.9	(48%)	123.0	(51%)
User fees and statutory fees and fines	30.2	(12%)	28.2	(12%)	30.0	(12%)	26.1	(11%)
Grants	71.9	(29%)	49.0	(21%)	40.2	(16%)	33.0	(14%)
Contributions	26.0	(11%)	35.6	(15%)	53.8	(22%)	54.7	(23%)
Other	5.0	(2%)	6.6	(3%)	5.9	(2%)	4.3	(2%)
Total	244.4		233.7		248.8		241.1	

In real terms, Ballarat City Council's total revenue fluctuated between 2016–17 and 2019–20, due to higher revenue from both grants in 2016–17 and contributions in 2018–19 and 2019–20 related to the completion of capital works.

Rates and charges was the largest source of council's revenue, accounting for between 46 and 51 per cent of total revenue between 2016–17 and 2019–20. With revenue from contributions increasing in real terms in 2018–19 and 2019–20, this source of revenue overtook grants as the second largest source of council's revenue in these years.

Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from grants decreased in real terms between 2016–17 and 2019–20. This compares with an upward trend in revenue per person from contributions.

Expenditure



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

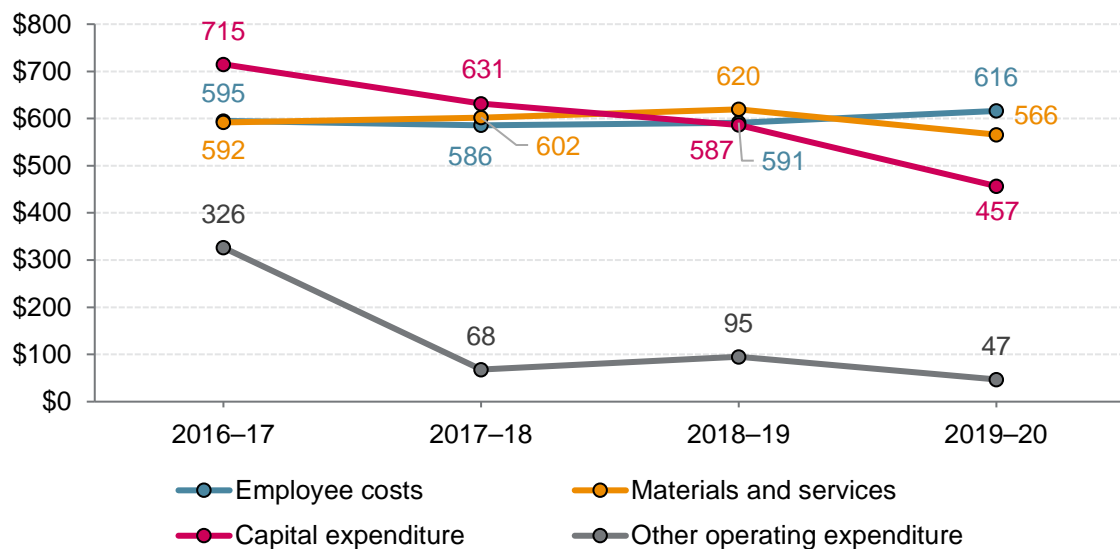
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	156.6	(68%)	132.4	(67%)	140.1	(69%)	134.6	(73%)
Employee costs	61.6	(27%)	61.8	(31%)	63.4	(31%)	67.5	(37%)
Materials and services	61.3	(27%)	63.5	(32%)	66.5	(33%)	62.0	(34%)
Other operating expenditure	33.8	(15%)	7.1	(4%)	10.2	(5%)	5.1	(3%)
Capital expenditure	74.0	(32%)	66.6	(33%)	63.0	(31%)	50.0	(27%)
Total	230.6		198.9		203.1		184.6	

In real terms, Ballarat City Council's total expenditure decreased between 2016–17 and 2019–20, reflecting an initial spike in other operating expenditure in 2016–17 (due to asset write-down) and decreases in capital expenditure. Employee costs increased in real terms between 2016–17 and 2019–20, while expenditure on materials and services remained relatively stable.

In 2016–17 and 2017–18, capital expenditure was council's largest area of expenditure. However, in 2018–19 and 2019–20, council's expenditure on materials and services, and employee costs was higher than its capital expenditure.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), 'other operating expenditure' spiked in 2016–17. Capital expenditure per person trended downwards in real terms between 2016–17 and 2019–20 while employee costs per person trended upwards.



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Has council's capital expenditure pattern changed?

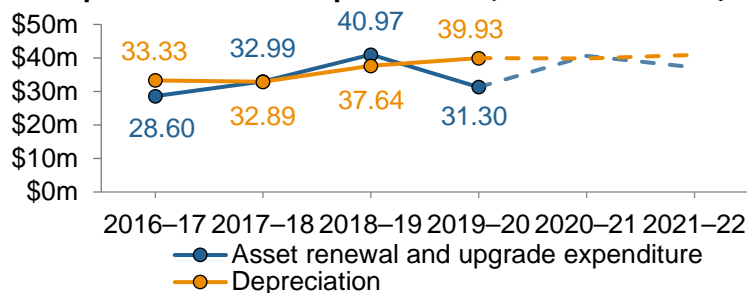
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	27.6	(37%)	29.6	(45%)	33.0	(52%)	26.3	(53%)
Upgrade	1.0	(1%)	3.4	(5%)	8.0	(13%)	5.0	(10%)
Expansion	1.2	(2%)	1.2	(2%)	0.3	(1%)	0.0	(0%)
New	44.2	(60%)	32.4	(49%)	21.7	(34%)	18.7	(37%)
Total	74.0		66.6		63.0		50.0	

Ballarat City Council's spending on new assets trended downwards in real terms between 2016–17 and 2019–20. Spending on new assets was the highest share of total expenditure in 2016–17 and 2017–18 (accounting for 60 per cent of capital expenditure in 2016–17). However, in 2018–19 and 2019–20, spending on asset renewal became the highest share of total expenditure (accounting for over 50 per cent of capital expenditure in these years).

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	86%
2017–18	100%
2018–19	109%
2019–20	78%
2020–21	102% (forecast data)
2021–22	91% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, prior to a decrease in 2019–20. This spending increased to a level at or above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2017–18 and 2018–19, before falling below 100 per cent of depreciation in 2019–20.

Renewal and upgrade expenditure was forecast to increase back above 100 per cent of depreciation in 2020–21, before falling below in 2021–22.

Services



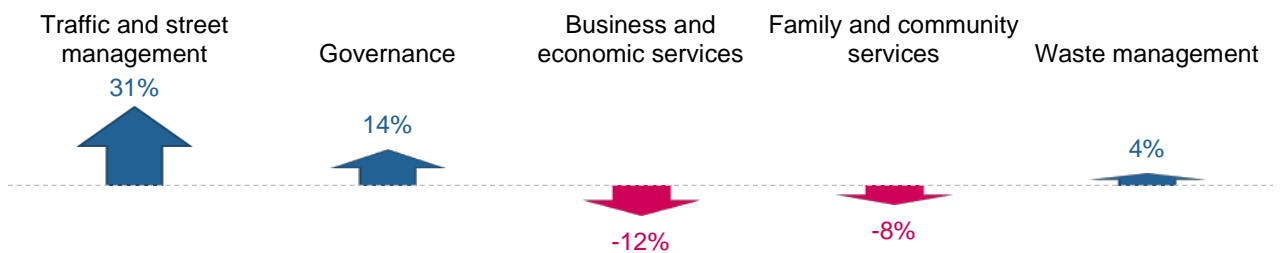
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Which service areas is council spending its money in?

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

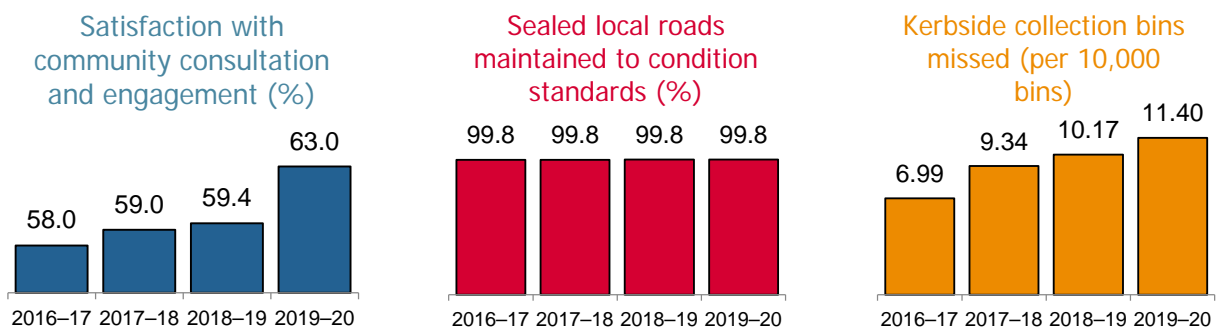
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	7.0 (4%)	6.6 (4%)	6.0 (3%)	5.7 (3%)
Business and economic services	21.9 (14%)	19.5 (12%)	22.3 (13%)	15.0 (8%)
Environment	0.5 (0%)	0.6 (0%)	8.9 (5%)	1.1 (1%)
Family and community services	13.2 (8%)	12.5 (8%)	11.8 (7%)	10.4 (6%)
Governance	31.8 (20%)	61.8 (37%)	32.0 (18%)	47.4 (27%)
Local roads and bridges	29.4 (18%)	11.4 (7%)	39.0 (22%)	29.8 (17%)
Recreation and culture	34.5 (21%)	30.4 (18%)	29.4 (17%)	32.3 (18%)
Traffic and street management	7.2 (4%)	7.7 (5%)	9.1 (5%)	16.3 (9%)
Waste management	16.1 (10%)	14.7 (9%)	19.4 (11%)	18.3 (10%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	161.6	165.3	177.8	176.3

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?

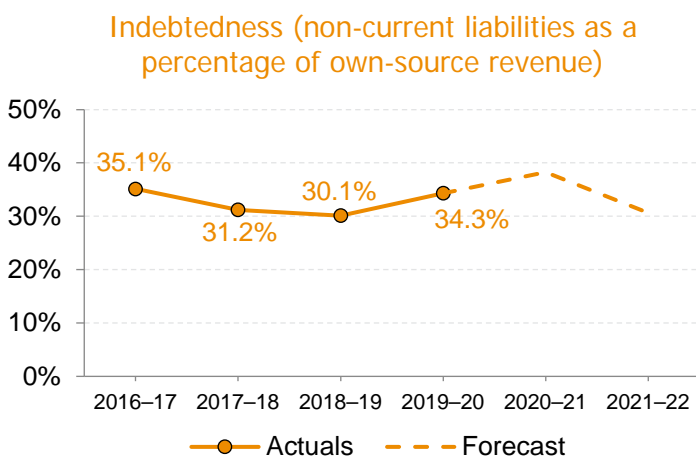
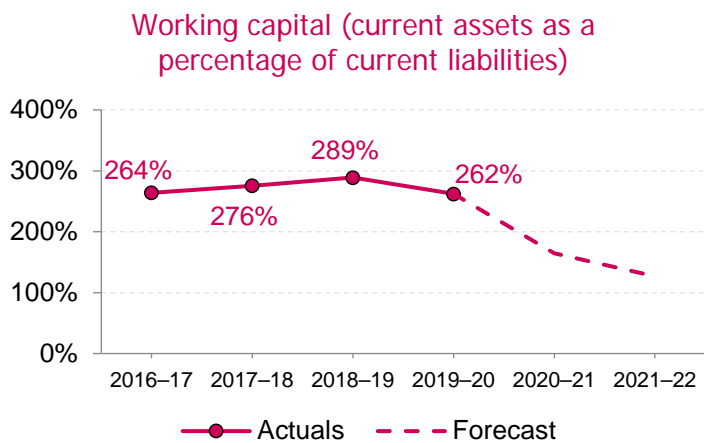
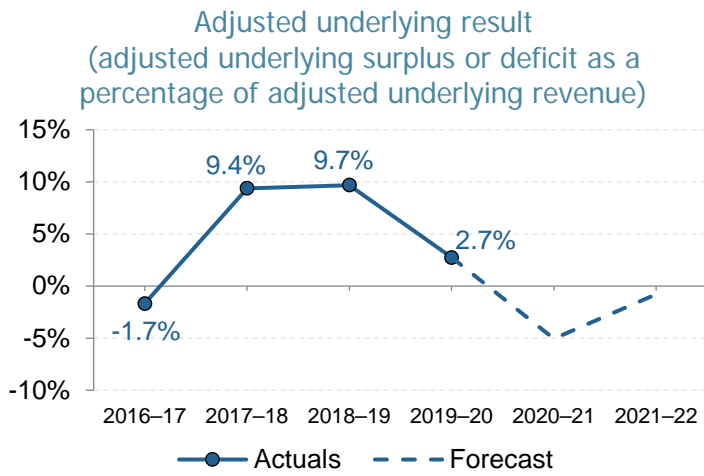


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Ballarat City Council reported an average **adjusted underlying result** of 5.0 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The lower result in 2016–17 reflects a high level of capital grants and non-monetary contributions received in that year (which are excluded from the calculation of the adjusted underlying result). The decrease in 2019–20 reflects the impacts of coronavirus (both lower revenue and increased costs).

Council could meet its current financial obligations with a reported average **working capital ratio** of 273 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 32.7 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.

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.