

Boroondara City Council

Group: metropolitan

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 metropolitan 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.

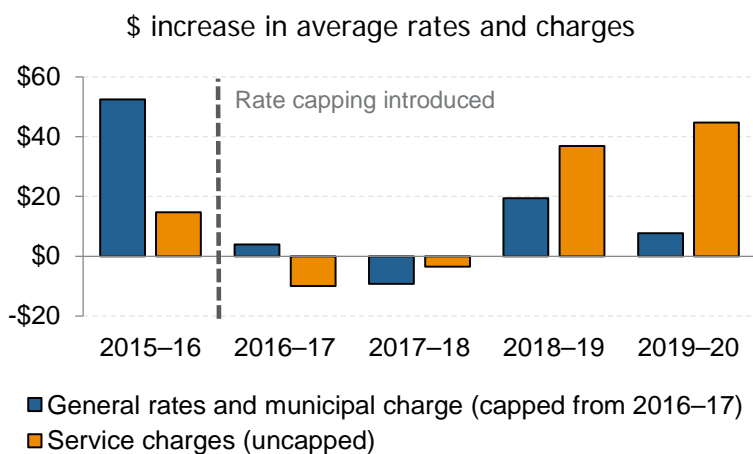


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Key facts	
Population (June 2019):	183,199
Size (km ²):	60
Length of local roads (km):	567
Population per km of roads:	323
Council employees (FTE, 2019–20):	914
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,279	n/a
2016–17	\$2,273	2.50%
2017–18	\$2,260	2.00%
2018–19	\$2,316	2.25%
2019–20	\$2,369	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

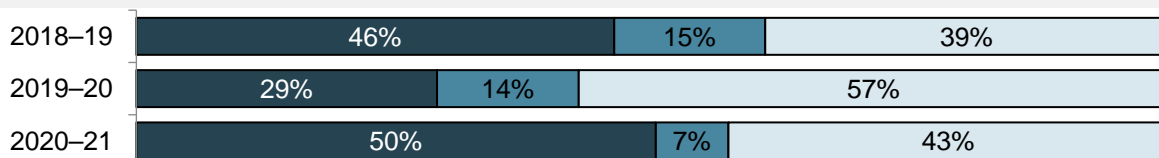
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all 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 & Industrial ratepayers	Rural ratepayers
	93% of ratepayers	7% of ratepayers	0% of ratepayers
	\$173.8m (92%) of rates and charges revenue in 2019–20	\$15.2m (8%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20
	0.5% average annual increase between 2015–16 and 2019–20	5.6% average annual increase between 2015–16 and 2019–20	0.0% 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?

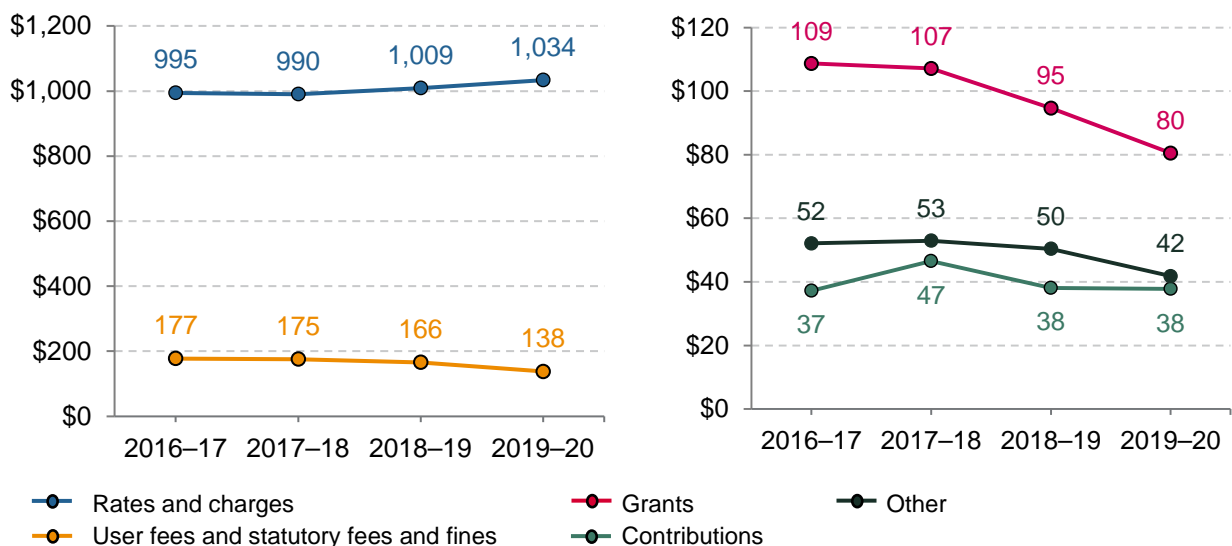
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	176.3	(73%)	177.9	(72%)	183.0	(74%)	189.4	(78%)
User fees and statutory fees and fines	31.4	(13%)	31.5	(13%)	30.1	(12%)	25.2	(10%)
Grants	19.3	(8%)	19.2	(8%)	17.2	(7%)	14.7	(6%)
Contributions	6.6	(3%)	8.4	(3%)	6.9	(3%)	6.9	(3%)
Other	9.2	(4%)	9.5	(4%)	9.1	(4%)	7.7	(3%)
Total	242.9		246.6		246.3		244.0	

In real terms, Boroondara City Council's total revenue increased between 2016–17 and 2019–20, reflecting an increase in revenue from rates and charges. In 2019–20, revenue from user fees and statutory fees and fines decreased in real terms, reflecting the closure of leisure facilities, and the waiver of some fees and fines, during the coronavirus pandemic.

Rates and charges was the largest source of council's revenue, accounting for between 72 and 78 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 user fees and statutory fees and fines, and grants trended downwards in real terms between 2016–17 and 2019–20, while revenue from rates and charges trended upwards.

Expenditure



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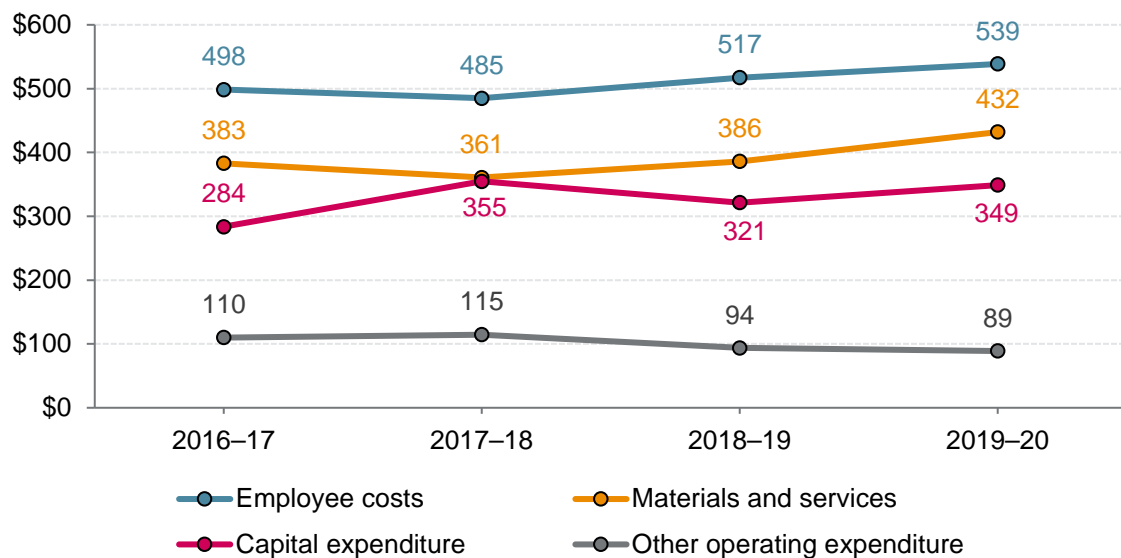
How much money is council spending?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	175.7	(78%)	172.5	(73%)	180.8	(76%)	194.1	(75%)
Employee costs	88.4	(39%)	87.1	(37%)	93.8	(39%)	98.7	(38%)
Materials and services	67.9	(30%)	64.8	(27%)	70.0	(29%)	79.1	(31%)
Other operating expenditure	19.5	(9%)	20.6	(9%)	17.0	(7%)	16.3	(6%)
Capital expenditure	50.3	(22%)	63.7	(27%)	58.3	(24%)	63.9	(25%)
Total	226.0		236.2		239.1		258.1	

In real terms, Boroondara City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in employee costs and expenditure on materials and services. Capital expenditure increased between 2016–17 and 2019–20, despite fluctuating year on year. Employee costs was council's largest area of expenditure, accounting for 38 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), expenditure on materials and services and employee costs trended upwards between 2016–17 and 2019–20. Capital expenditure per person fluctuated in real terms over this same period.



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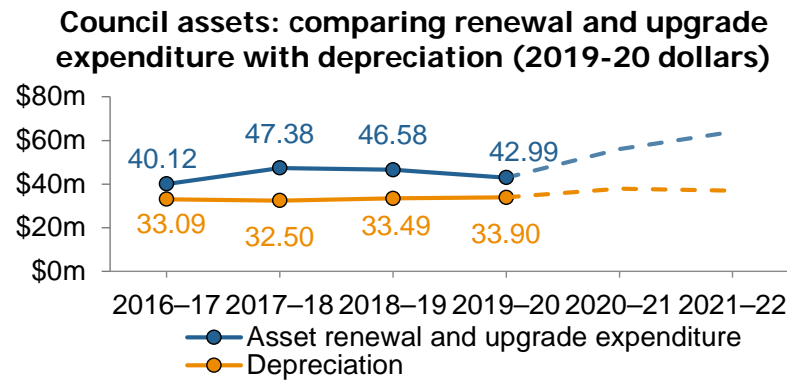
Has council's capital expenditure pattern changed?

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

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Renewal	38.9 (77%)	44.7 (70%)	44.7 (77%)	35.6 (56%)
Upgrade	1.2 (2%)	2.6 (4%)	1.9 (3%)	7.4 (12%)
Expansion	0.9 (2%)	1.6 (3%)	0.5 (1%)	6.1 (9%)
New	9.3 (18%)	14.7 (23%)	11.2 (19%)	14.9 (23%)
Total	50.3	63.7	58.3	63.9

Boroondara City Council's capital expenditure fluctuated in real terms between 2016–17 and 2019–20, however it remained focussed on asset renewal (which accounted for over 70 per cent of capital expenditure between 2016–17 and 2018–19, dropping to 56 per cent in 2019–20). In real terms, there was a jump in council's spending on new assets in 2017–18, while spending on asset upgrades and expansion increased in 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	121%
2017–18	146%
2018–19	139%
2019–20	127%
2020–21	148% (forecast data)
2021–22	173% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms between 2017–18 and 2019–20, following a peak in 2017–18. Renewal and upgrade expenditure remained above the amount of depreciation (the decline in value of council's assets caused by age and use) and was forecast to increase further above 100 per cent of depreciation in 2020–21 and 2021–22.

Services



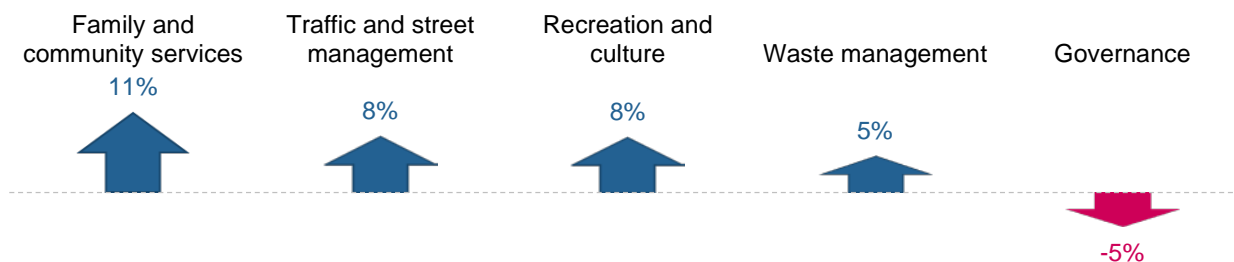
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Which service areas is council spending its money in?

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

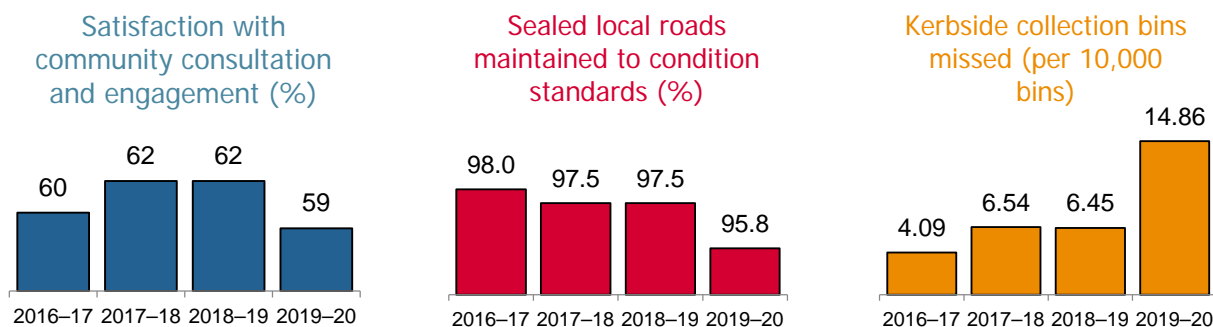
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	10.3	(5%)	8.8	(4%)	12.2	(6%)	11.7	(5%)
Business and economic services	13.8	(7%)	13.9	(7%)	15.4	(7%)	15.6	(7%)
Environment	7.8	(4%)	8.4	(4%)	9.4	(4%)	10.1	(4%)
Family and community services	12.4	(6%)	11.9	(6%)	17.7	(8%)	17.0	(7%)
Governance	67.1	(33%)	62.4	(31%)	47.1	(22%)	58.1	(25%)
Local roads and bridges	6.8	(3%)	6.8	(3%)	7.1	(3%)	7.1	(3%)
Recreation and culture	42.7	(21%)	42.9	(21%)	52.4	(24%)	53.5	(23%)
Traffic and street management	23.4	(11%)	26.1	(13%)	29.2	(14%)	29.3	(13%)
Waste management	20.6	(10%)	18.5	(9%)	21.4	(10%)	23.9	(10%)
Other	0.0	(0%)	0.0	(0%)	3.0	(1%)	5.4	(2%)
Total	204.9		199.6		215.1		231.7	

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?

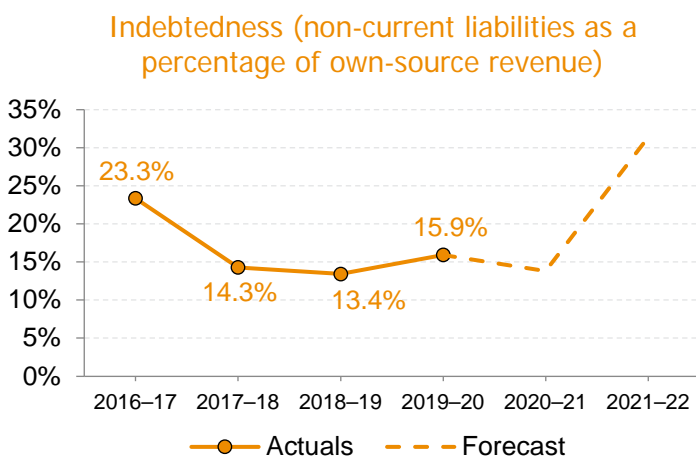
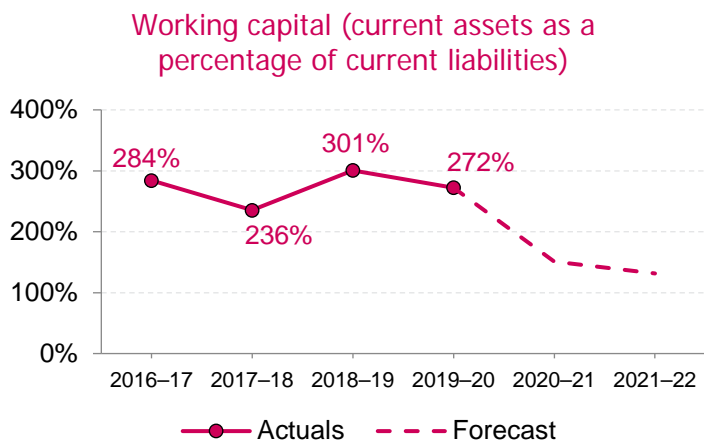
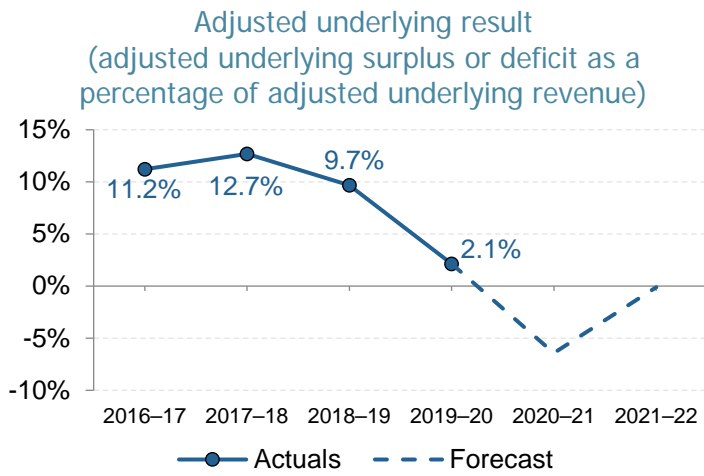


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Boroondara City Council reported an average **adjusted underlying result** of 8.9 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decreases in 2018–19 and 2019–20 reflect an increase in operating expenses, and the impacts of coronavirus.

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 16.7 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.