

Ballarat City Council

Group: Regional City

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 regional cities. View the reader's guide, all available fact sheets and information for the sector as a whole at <http://www.esc.vic.gov.au/outcomes-reports>.



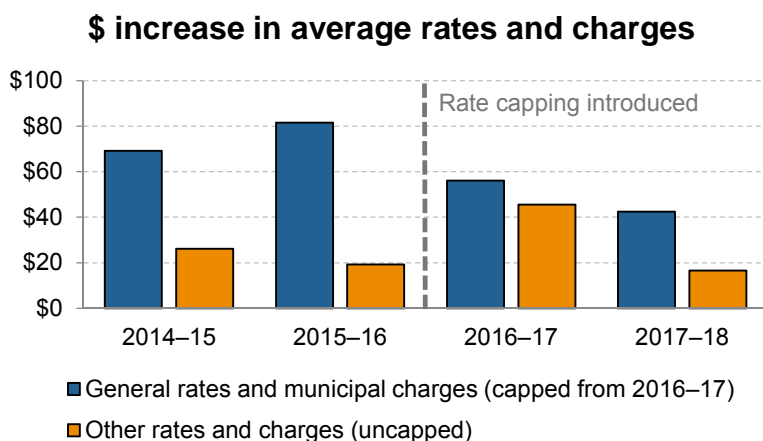
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Key facts

Population:	105,438
Size (km ²):	739
Length of local roads (km):	1,417
Population per km of roads:	74.4
Council employees (FTE, 2017–18):	685
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,847	n/a
2015–16	\$1,948	n/a
2016–17	\$2,050	2.50% ^a
2017–18	\$2,109	2.00%

^a Council applied for a higher cap of 3.7% but was unsuccessful.

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.

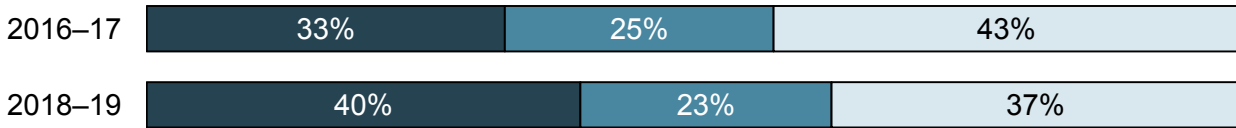
Have council's average rates complied with the applicable rate caps?

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).

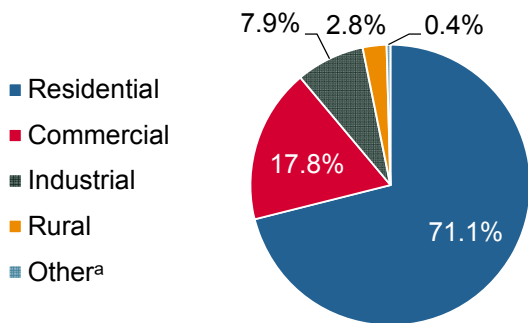


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

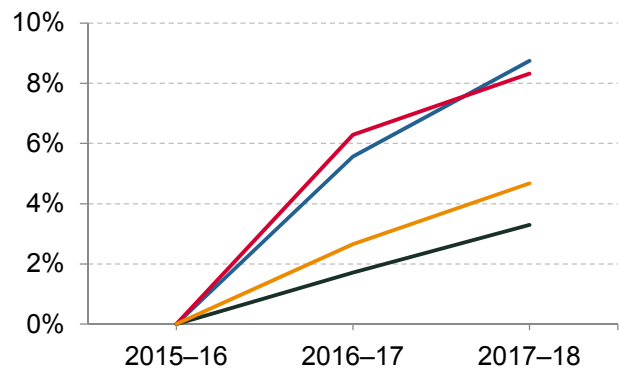
Ratepayers by property class

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 Ballarat City Council's rates and charges. This group of ratepayers, on average, experienced an 8.7 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 \$1,948 to \$2,109 (8.2 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
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Where is council's money coming from?

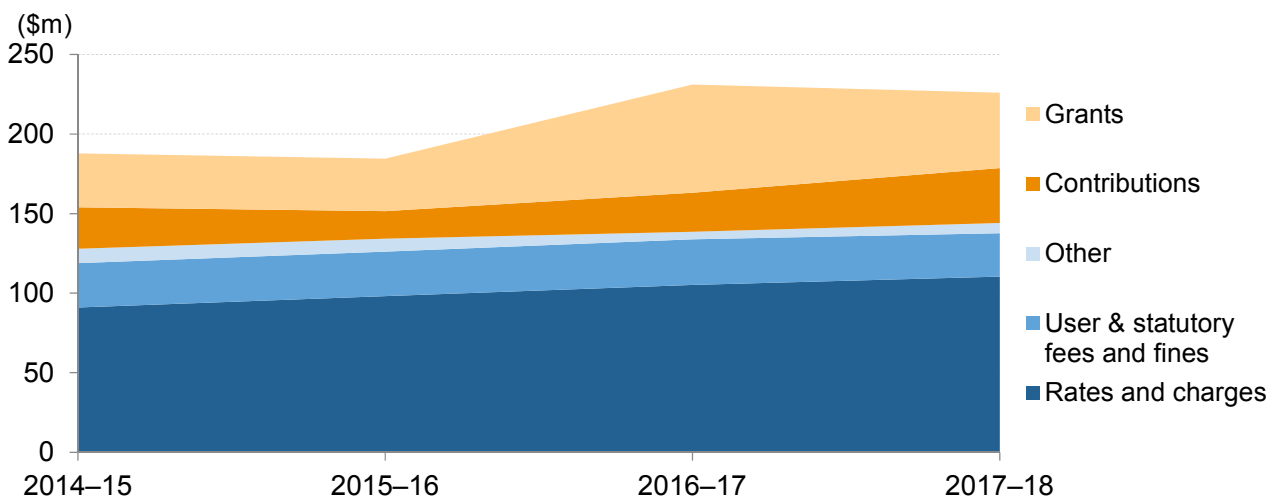
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	94.6	51	107.8	47
Grants	33.4	18	57.7	25
User fees and statutory fees and fines	27.9	15	28.0	12
Contributions	21.6	12	29.5	13
Other	8.6	5	5.6	2
Total	186.2	100	228.5	100

Ballarat 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 changes in the composition of council's revenue were decreases in the proportions of revenue from rates and charges, user fees and statutory fees and fines and 'other' sources and the increases in the proportions of revenue received from grants and contributions 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.
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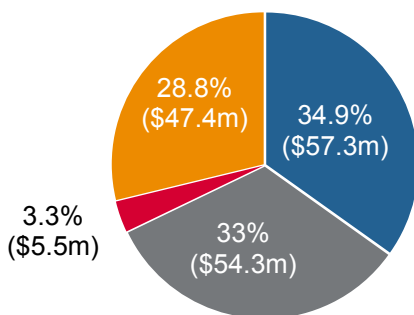
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$113.1m	\$46.7m	\$1,132	\$468
2015–16	\$121.1m	\$48m	\$1,193	\$473
2016–17	\$148.1m	\$70m	\$1,431	\$676
2017–18	\$128m	\$64.4m	\$1,214	\$611

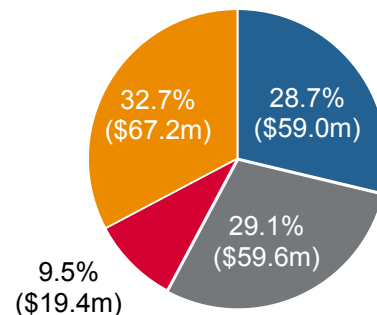
Ballarat City Council's operating expenses have been trending upward over time, with a spike in 2016–17 reflecting an adjustment relating to asset values. Capital expenses have also trended upward over time, relating to increased spending on new assets in the two years after rate capping was introduced.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

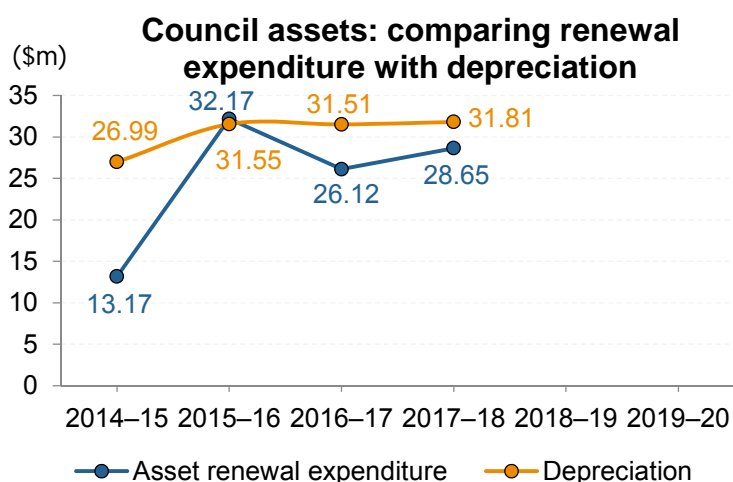


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Ballarat City Council's expenditure, reflecting proportionally higher increases in the average capital and 'other' expenditure in the two years after rate capping was introduced. Employee costs and spending on materials and services 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	49
2015-16	102
2016-17	83
2017-18	90
2018-19	N/A ^a
2019-20	N/A ^a

^a We do not have data on council's forecast renewal expenditure and depreciation for 2018-19 and 2019-20.

Ballarat City Council's spending on the renewal of its assets has trended upward in recent years, narrowing the gap between expenditure and the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure was above 100 per cent of depreciation in 2015-16.

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 decreased as a proportion of total spending despite increasing in terms of average dollars spent in the two years after rate capping was introduced. This was caused by higher average spending on new assets.
	\$m	% of total	\$m	% of total	
Renewal	22.7	48	27.4	41	
New	14.4	30	36.5	54	
Upgrade	9.6	20	2.2	3	
Expansion	0.7	2	1.0	2	
Total	47.4	100	67.2	100	

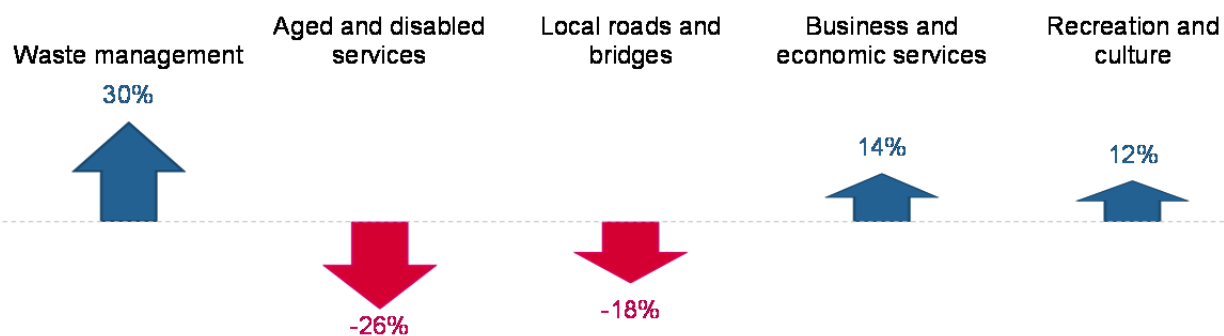
Services

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

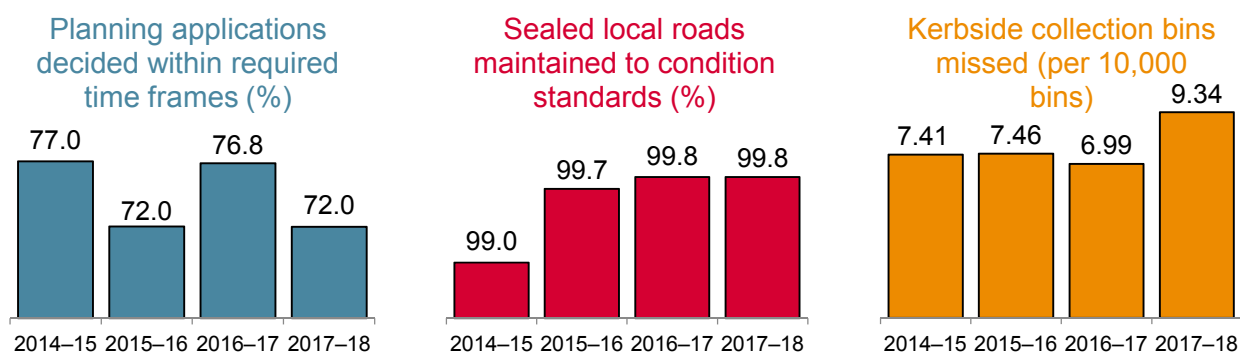
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	405	28.3	430	28.7
Recreation and culture	265	18.4	297	19.9
Business and economic services	165	11.5	189	12.6
Local roads and bridges	227	15.8	186	12.4
Waste management	108	7.6	141	9.4
Family and community services	121	8.4	118	7.9
Traffic and street management	54	3.7	68	4.6
Aged and disabled services	84	5.9	62	4.2
Environment	5	0.3	5	0.3
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)

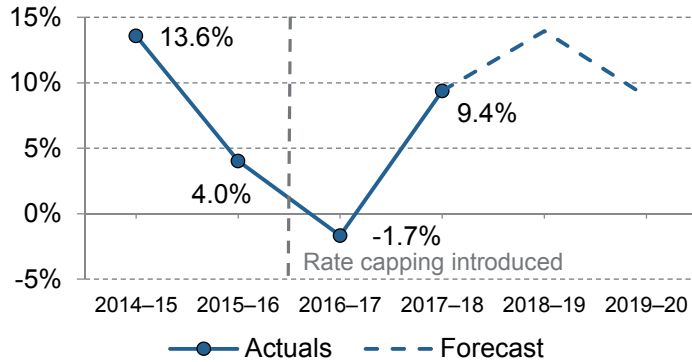


Financial position

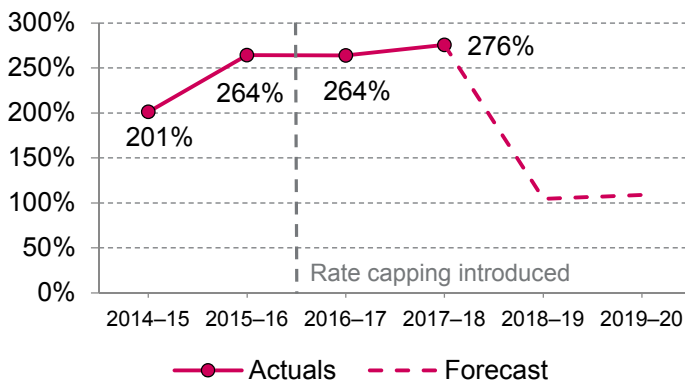
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Is council operating sustainably?

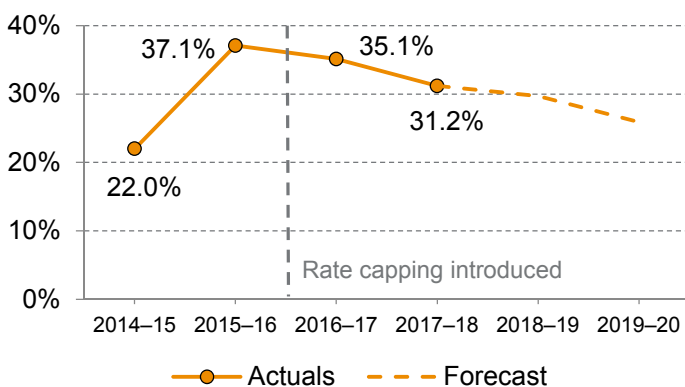
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



Working capital (current assets as a percentage of current liabilities)



Indebtedness (non-current liabilities as a percentage of own-source revenue)



Between 2014–15 and 2017–18, Ballarat City Council reported an average **adjusted underlying result** of 6 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

A revaluation of assets contributed to the negative result in 2016-17.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 251 per cent between 2014–15 and 2017–18.

In 2015–16, council borrowed money to fund capital works, increasing its **indebtedness ratio**. The ratio fell in the following years, reflecting an increase in revenue and the repayment of some borrowings.

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.