

Baw Baw Shire Council

Group: Large 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 large 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>.



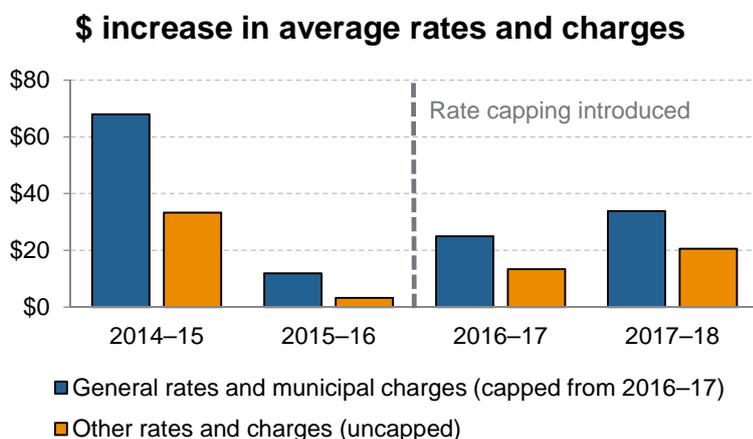
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Key facts

Population:	50,687
Size (km ²):	4,027
Length of local roads (km):	2,004
Population per km of roads:	25.3
Council employees (FTE, 2017–18):	280
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	\$1,980	n/a
2015–16	\$1,996	n/a
2016–17	\$2,034	2.50%
2017–18	\$2,088	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.

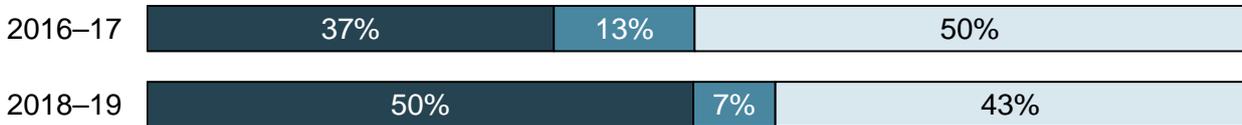
Have council's average rates complied with the applicable rate caps?

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).

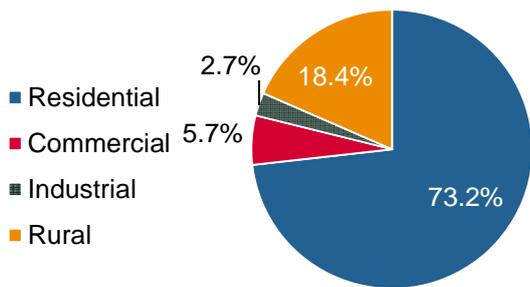


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

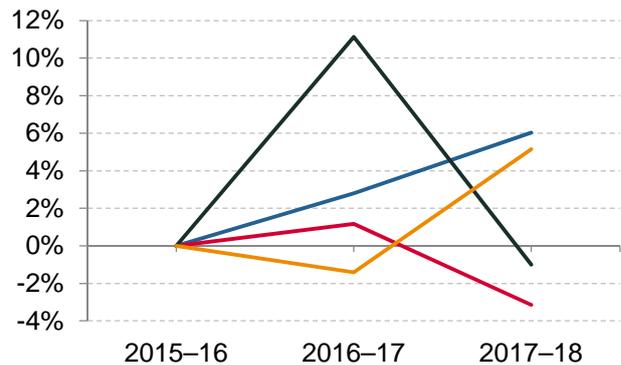
Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

Ratepayers by property class

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



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 Baw Baw Shire Council's rates and charges. This group of ratepayers, on average, experienced a 6 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 \$1,996 to \$2,088 (4.6 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?

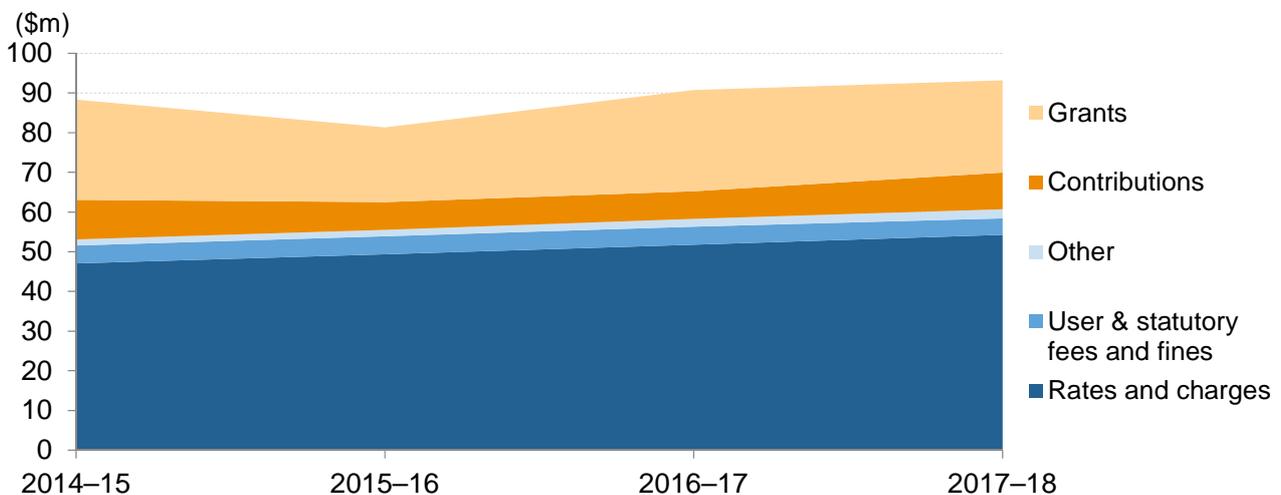
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	48.2	57	53.0	58
Grants	22.1	26	24.4	27
User fees and statutory fees and fines	4.5	5	4.4	5
Contributions	8.5	10	8.1	9
Other	1.6	2	2.1	2
Total	84.8	100	92.0	100

Baw Baw Shire Council's average revenue from rates and charges, grants and 'other' sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The proportions of council's revenue from each source remained relatively stable after the introduction of rate capping.

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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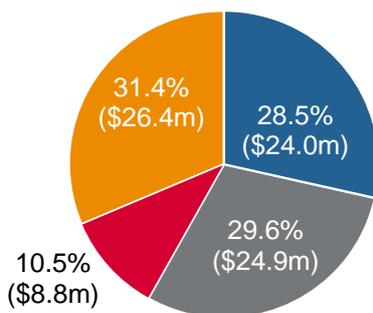
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$56.4m	\$23.2m	\$1,209	\$496
2015–16	\$58.9m	\$29.6m	\$1,231	\$619
2016–17	\$60.2m	\$24.4m	\$1,221	\$496
2017–18	\$62.9m	\$25.3m	\$1,240	\$500

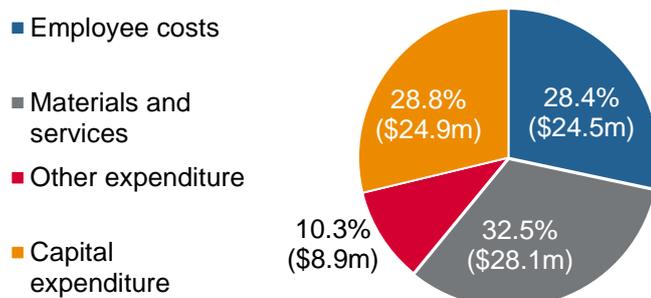
Baw Baw Shire Council's operating expenses have been trending upward over time, driven mostly by increased spending on materials and services in the two years after rate capping was introduced. Capital expenditure has also been trending upward, with a spike in 2015–16 caused by an increase in spending on asset renewal, upgrade and expansion projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

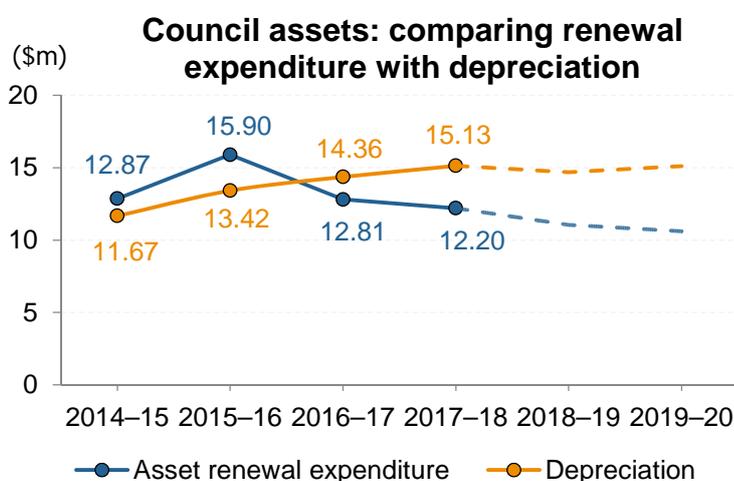


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Baw Baw Shire Council's expenditure, reflecting both a reduction in average capital expenditure and an increase in average spending on materials and services in the two years after rate capping was introduced.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	110
2015-16	119
2016-17	89
2017-18	81
2018-19	75 (forecast data)
2019-20	70 (forecast data)

Baw Baw Shire Council's spending on the renewal of its assets has been trending downward in recent years. Its asset renewal expenditure had been above the amount of depreciation (the decline in value of its assets caused by age and use) for several years, but dropped below depreciation in the two years following the introduction of rate capping. Renewal expenditure is planned to continue this downward trend in 2018-19 and 2019-20.

Has council's capital expenditure pattern changed?

Capital expenditure					Council's spending on asset renewal has remained relatively stable over time (aside from a spike in 2015-16). Spending on new, upgrade and expansion projects shows peaks and troughs, which is typical of large shires.
	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		
	\$m	% of total	\$m	% of total	
Renewal	14.4	55	12.5	50	
New	2.1	8	0.0	0	
Upgrade	7.3	27	7.1	29	
Expansion	2.6	10	5.3	21	
Total	26.4	100	24.9	100	

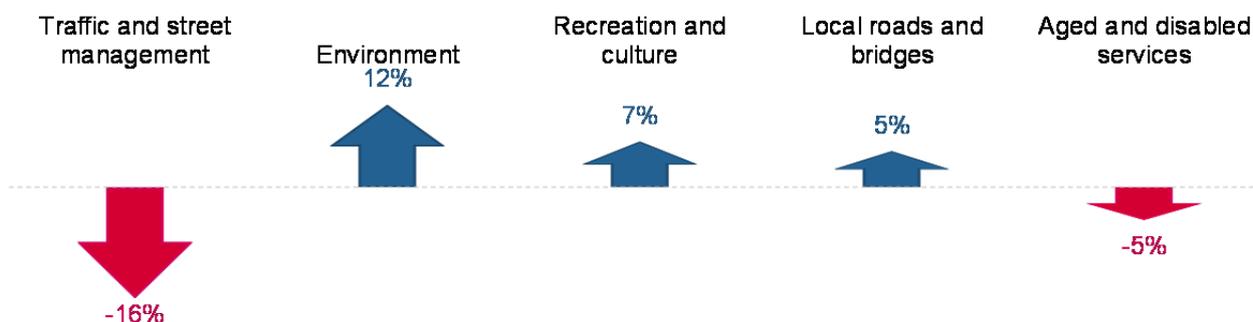
Services

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

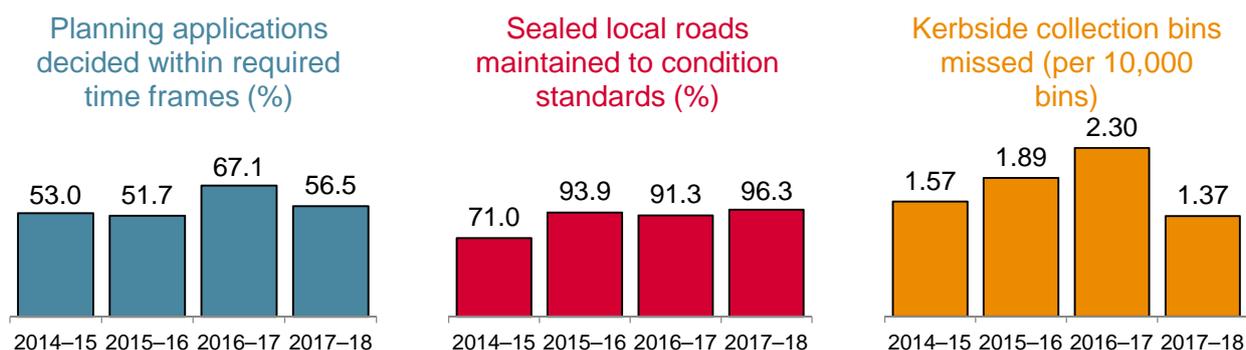
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	390	27.9	411	28.6
Recreation and culture	240	17.2	256	17.9
Governance	181	13.0	188	13.1
Waste management	147	10.5	144	10.0
Aged and disabled services	129	9.2	123	8.6
Business and economic services	97	6.9	98	6.8
Environment	83	6.0	94	6.5
Traffic and street management	74	5.3	62	4.3
Family and community services	55	4.0	61	4.3
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.

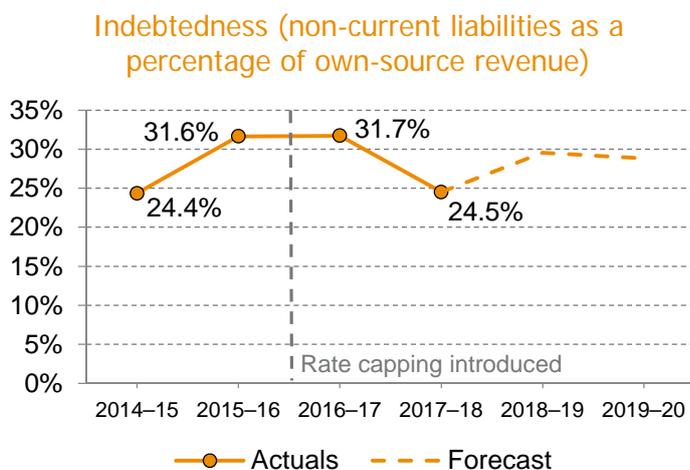
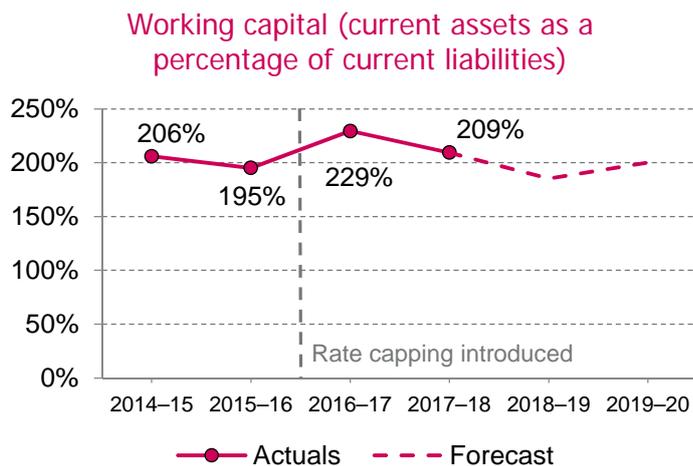
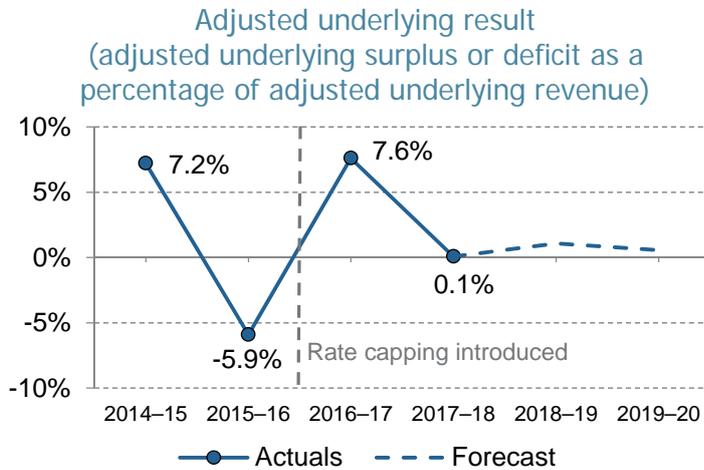
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
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Is council operating sustainably?



Between 2014–15 and 2017–18, Baw Baw Shire Council reported an average **adjusted underlying result** of 2 per cent. A positive result suggests that there is enough ongoing revenue to continue to fund the current level of service provision.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 210 per cent between 2014–15 and 2017–18.

The changes in the **indebtedness ratio** reflect changes in council's long-term liabilities.

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.