

# Bass Coast Shire Council

Group: large shire

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 large shires. 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.

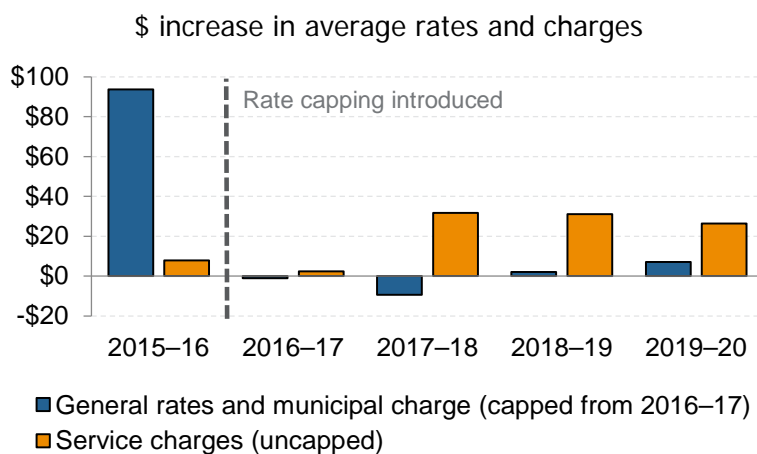


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Key facts	
Population (June 2019):	36,320
Size (km <sup>2</sup> ):	866
Length of local roads (km):	961
Population per km of roads:	38
Council employees (FTE, 2019–20):	287
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

## Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,800	n/a
2016–17	\$1,802	2.50%
2017–18	\$1,824	2.00%
2018–19	\$1,857	2.25%
2019–20	\$1,891	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 4 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).

Council did not provide data

### Ratepayers by property class (2019–20 dollars)

	Residential ratepayers	Commercial ratepayers	Industrial ratepayers	Rural ratepayers
	<b>93%</b> of ratepayers	<b>3%</b> of ratepayers	<b>1%</b> of ratepayers	<b>3%</b> of ratepayers
	<b>\$53.6m</b> (87%) of rates and charges revenue in 2019–20	<b>\$2.8m</b> (5%) of rates and charges revenue in 2019–20	<b>\$0.6m</b> (1%) of rates and charges revenue in 2019–20	<b>\$4.7m</b> (8%) of rates and charges revenue in 2019–20
	<b>-0.4%</b> average annual increase between 2015–16 and 2019–20	<b>11.1%</b> average annual increase between 2015–16 and 2019–20	<b>-2.6%</b> average annual increase between 2015–16 and 2019–20	<b>31.6%</b> 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.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Where is council's money coming from?

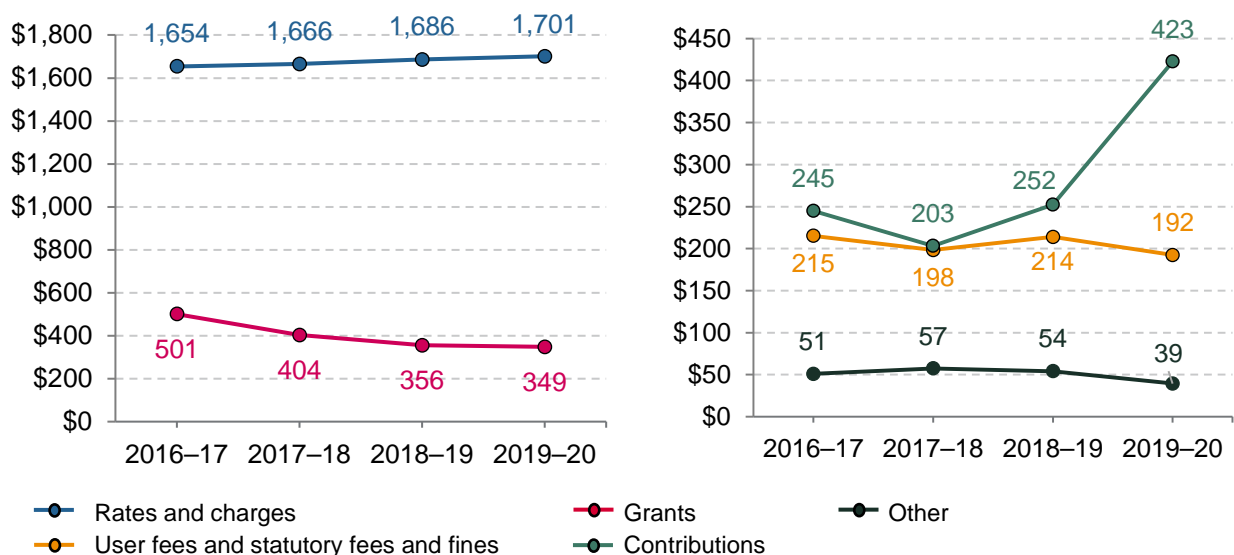
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	55.3	(62%)	57.3	(66%)	59.6	(66%)	61.8	(63%)
User fees and statutory fees and fines	7.2	(8%)	6.8	(8%)	7.6	(8%)	7.0	(7%)
Grants	16.8	(19%)	13.9	(16%)	12.6	(14%)	12.7	(13%)
Contributions	8.2	(9%)	7.0	(8%)	8.9	(10%)	15.4	(16%)
Other	1.7	(2%)	2.0	(2%)	1.9	(2%)	1.4	(1%)
<b>Total</b>	<b>89.2</b>		<b>86.9</b>		<b>90.5</b>		<b>98.2</b>	

In real terms, Bass Coast Shire Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions (following the completion of several development activities in 2019–20).

Rates and charges was the largest source of council's revenue, accounting for 64 per cent of total revenue between 2016–17 and 2019–20. With revenue from grants decreasing in real terms between 2016–17 and 2019–20, the proportion of revenue council received through contributions increased.

## Revenue per person (2019–20 dollars)



In terms of revenue per person (which adjusts for population growth), council's revenue from rates and charges, and contributions trended upwards in real terms between 2016–17 and 2019–20. This compares with a downward trend in revenue per person from grants.

# Expenditure



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.

## How much money is council spending?

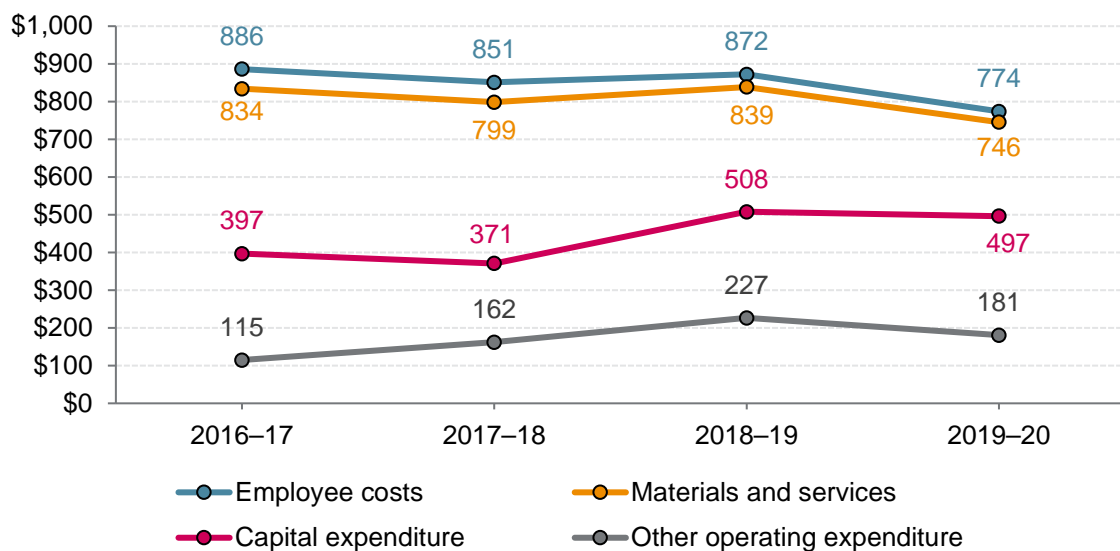
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	61.4 (82%)	62.3 (83%)	68.5 (79%)	61.8 (77%)
Employee costs	29.7 (40%)	29.3 (39%)	30.8 (36%)	28.1 (35%)
Materials and services	27.9 (37%)	27.5 (37%)	29.6 (34%)	27.1 (34%)
Other operating expenditure	3.8 (5%)	5.6 (7%)	8.0 (9%)	6.6 (8%)
Capital expenditure	13.3 (18%)	12.8 (17%)	17.9 (21%)	18.0 (23%)
<b>Total</b>	<b>74.7</b>	<b>75.1</b>	<b>86.4</b>	<b>79.8</b>

In real terms, Bass Coast Shire Council's total expenditure increased between 2016–17 and 2019–20, largely due to increases in capital expenditure and 'other operating expenditure'. Employee costs and expenditure on materials and services trended downwards in real terms between 2016–17 and 2019–20 (despite increasing in 2018–19).

Employee costs was council's largest areas of expenditure, accounting for 37 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), employee costs and expenditure on materials and services trended downwards in real terms between 2016–17 and 2019–20. Capital expenditure per person trended upwards in real terms between 2016–17 and 2019–20, despite fluctuating year on year.



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## Has council's capital expenditure pattern changed?

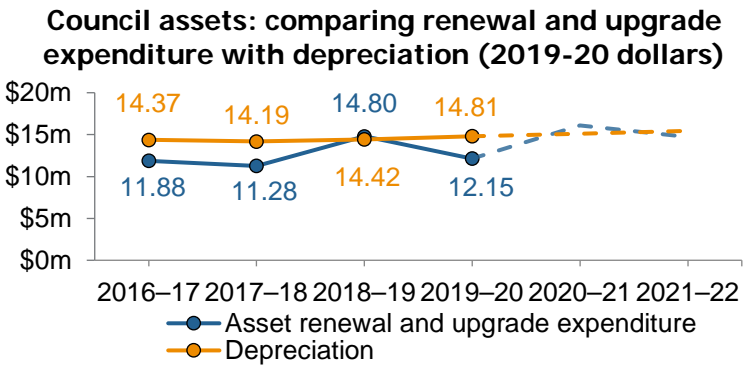
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	8.1	(61%)	6.6	(52%)	12.5	(69%)	9.7	(54%)
Upgrade	3.8	(28%)	4.7	(37%)	2.3	(13%)	2.4	(13%)
Expansion	0.3	(2%)	0.1	(0%)	2.1	(12%)	1.7	(9%)
New	1.1	(8%)	1.4	(11%)	1.1	(6%)	4.2	(23%)
<b>Total</b>	<b>13.3</b>		<b>12.8</b>		<b>17.9</b>		<b>18.0</b>	

In real terms, there was a jump in Bass Coast Shire Council's spending on asset renewal and expansion and a drop in spending on asset upgrades in 2018–19. There was a jump in council's spending on new assets in 2019–20.

Asset renewal remained the highest share of total expenditure between 2016–17 and 2019–20 (accounting for 52 to 69 per cent of total capital expenditure).

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



**Renewal & upgrade expenditure as a percentage of depreciation**

2016–17	83%
2017–18	80%
2018–19	103%
2019–20	82%
2020–21	106% (forecast data)
2021–22	95% (forecast data)

Council's spending on the renewal and upgrade of its assets fluctuated year on year in real terms between 2016–17 and 2019–20, with a spike in 2018–19. This spending remained below the amount of depreciation (the decline in value of council's assets caused by age and use), except in 2018–19 when it increased above 100 per cent of depreciation.

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



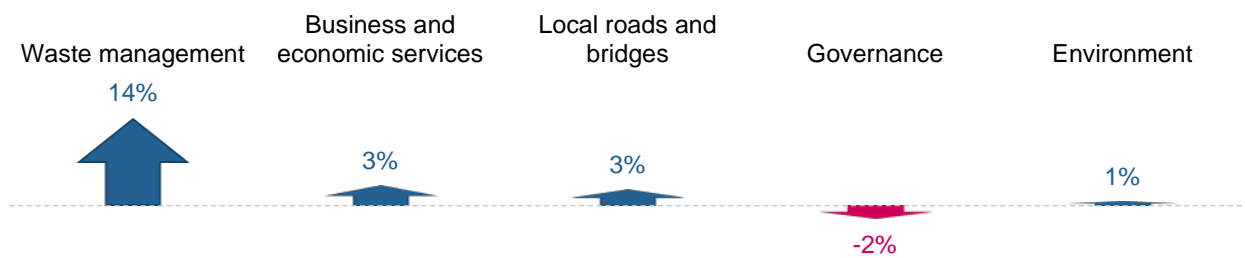
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## Which service areas is council spending its money in?

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

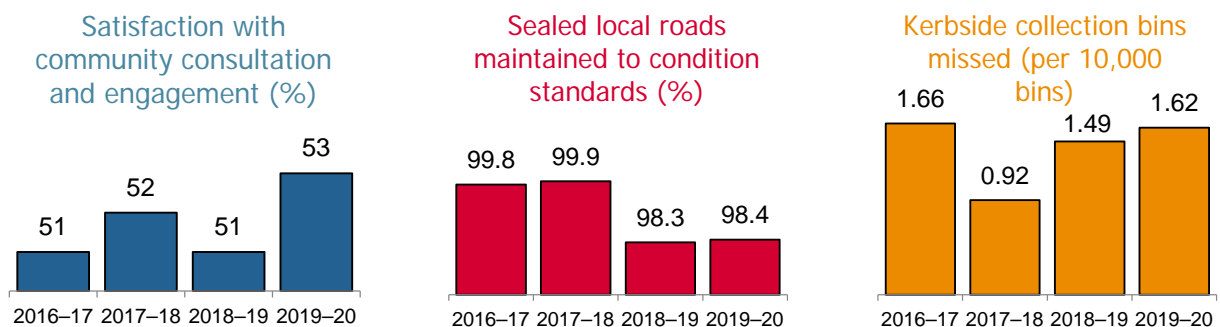
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	3.9	(5%)	3.5	(5%)	5.4	(6%)	2.2	(3%)
Business and economic services	7.5	(10%)	7.0	(9%)	7.8	(9%)	8.3	(11%)
Environment	5.3	(7%)	5.0	(7%)	4.9	(6%)	5.4	(7%)
Family and community services	2.8	(4%)	3.2	(4%)	2.0	(2%)	1.9	(3%)
Governance	18.4	(25%)	17.5	(23%)	16.4	(19%)	17.3	(23%)
Local roads and bridges	13.7	(18%)	14.2	(19%)	15.9	(18%)	14.8	(19%)
Recreation and culture	11.9	(16%)	10.0	(13%)	12.5	(14%)	11.7	(15%)
Traffic and street management	2.5	(3%)	2.8	(4%)	3.4	(4%)	2.7	(4%)
Waste management	7.7	(10%)	11.8	(16%)	17.8	(20%)	11.5	(15%)
Other	0.9	(1%)	0.4	(1%)	1.3	(2%)	0.5	(1%)
<b>Total</b>	<b>74.6</b>		<b>75.6</b>		<b>87.5</b>		<b>76.3</b>	

## 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?



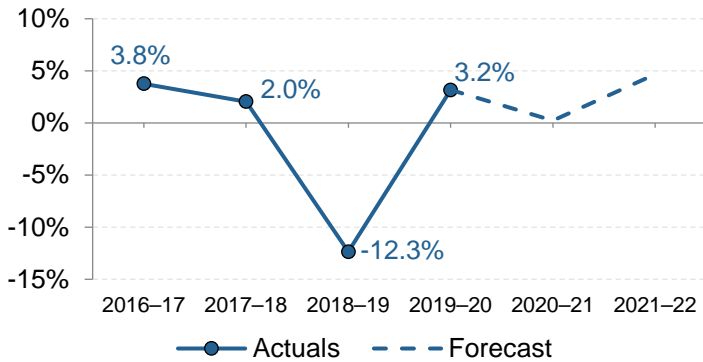
# Financial position



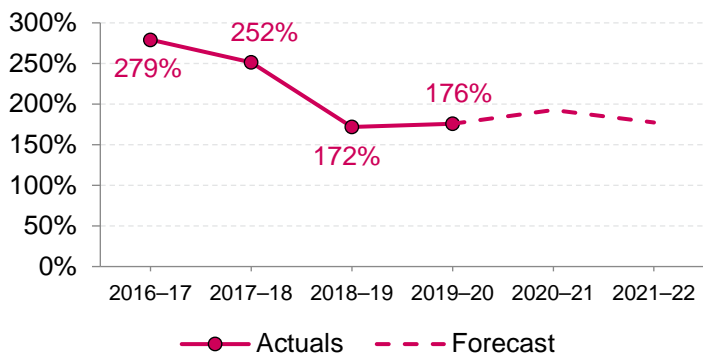
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## Is council operating sustainably?

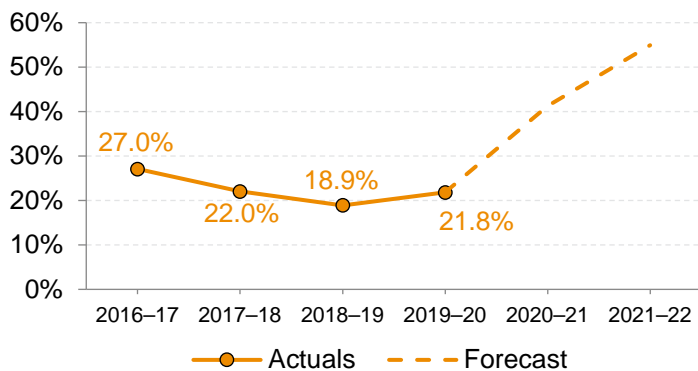
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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



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



Between 2016–17 and 2019–20, Bass Coast Shire Council reported an average **adjusted underlying result** of -0.8 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The deficit in 2018–19 reflects amortisation expense related to landfill, a contribution to costs of sport facilities, and the recognition of future staff redundancy payments.

Council could meet its current financial obligations with a reported average **working capital ratio** of 220 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 22.4 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.