

Baw Baw 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.



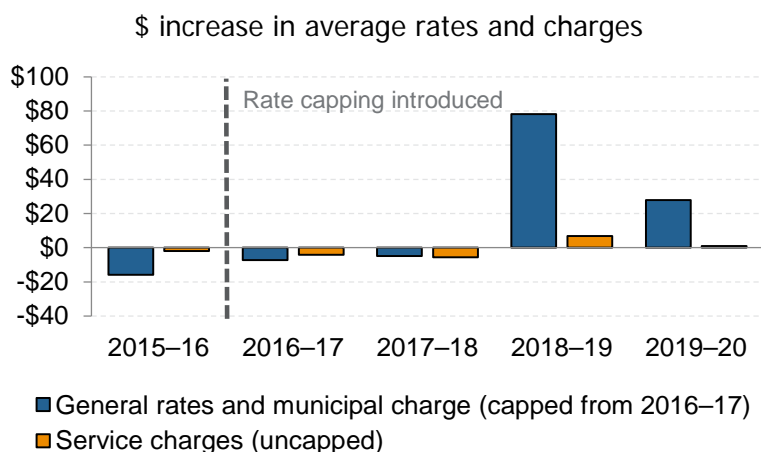
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Key facts

Population (June 2019):	53,396
Size (km ²):	4,028
Length of local roads (km):	2,024
Population per km of roads:	26
Council employees (FTE, 2019–20):	292
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	\$2,120	n/a
2016–17	\$2,108	2.50%
2017–18	\$2,098	2.00%
2018–19	\$2,183	2.25%
2019–20	\$2,211	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

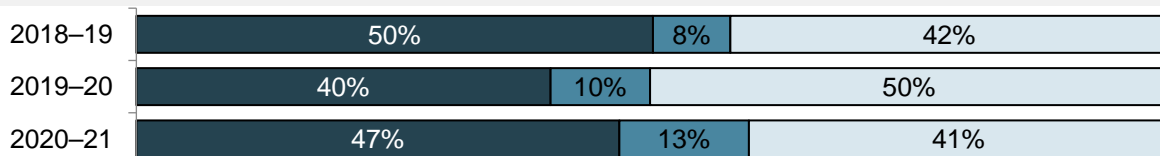
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 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
	85% of ratepayers	3% of ratepayers	3% of ratepayers	9% of ratepayers
	\$44.5m (74%) of rates and charges revenue in 2019–20	\$3.2m (5%) of rates and charges revenue in 2019–20	\$2.2m (4%) of rates and charges revenue in 2019–20	\$10.1m (17%) of rates and charges revenue in 2019–20
	0.7% average annual increase between 2015–16 and 2019–20	-2.4% average annual increase between 2015–16 and 2019–20	7.6% average annual increase between 2015–16 and 2019–20	5.3% 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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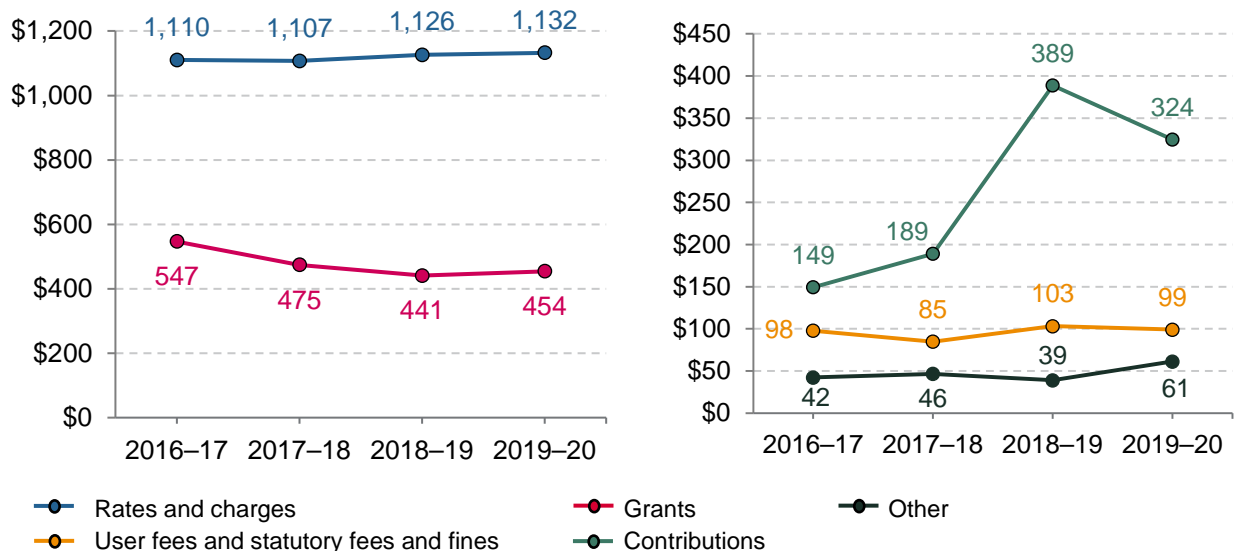
Where is council's money coming from?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	54.7	(57%)	56.1	(58%)	58.6	(54%)	60.5	(55%)
User fees and statutory fees and fines	4.8	(5%)	4.3	(4%)	5.4	(5%)	5.3	(5%)
Grants	27.0	(28%)	24.1	(25%)	22.9	(21%)	24.3	(22%)
Contributions	7.4	(8%)	9.6	(10%)	20.2	(19%)	17.3	(16%)
Other	2.1	(2%)	2.4	(2%)	2.0	(2%)	3.3	(3%)
Total	96.0		96.4		109.1		110.6	

In real terms, Baw Baw Shire Council's total revenue increased between 2016–17 and 2019–20, largely reflecting increases in revenue from rates and charges, and contributions, and an increase in 'other' revenue in 2019–20 (from the reimbursement of natural disaster expenses). Rates and charges was the largest source of council's revenue, accounting for 56 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 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.
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How much money is council spending?

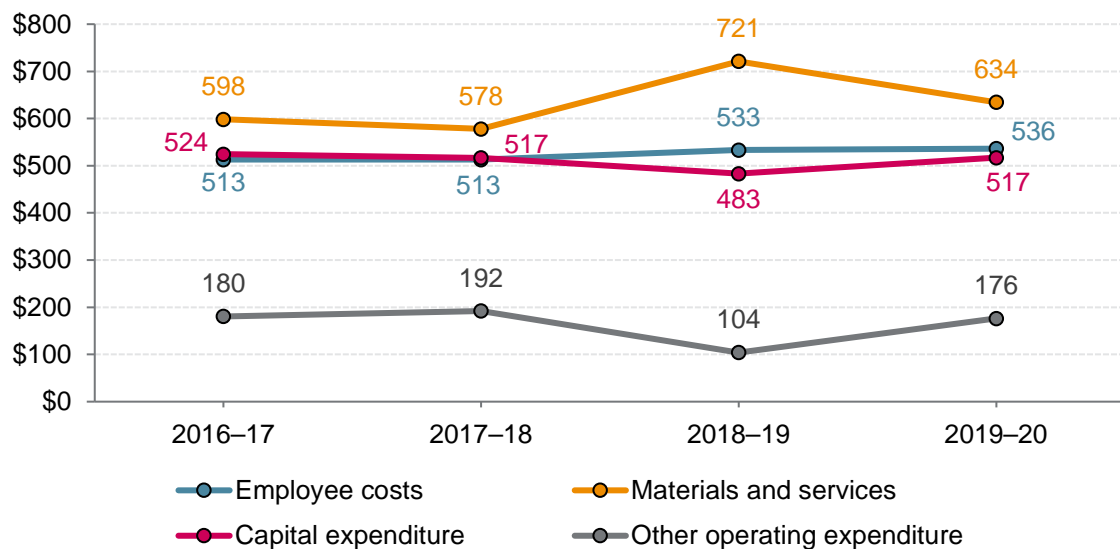
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	63.7 (71%)	65.0 (71%)	70.7 (74%)	71.9 (72%)
Employee costs	25.3 (28%)	26.0 (28%)	27.7 (29%)	28.6 (29%)
Materials and services	29.5 (33%)	29.3 (32%)	37.5 (39%)	33.9 (34%)
Other operating expenditure	8.9 (10%)	9.7 (11%)	5.4 (6%)	9.4 (9%)
Capital expenditure	25.9 (29%)	26.2 (29%)	25.1 (26%)	27.6 (28%)
Total	89.5	91.2	95.8	99.5

In real terms, Baw Baw Shire Council's total expenditure increased between 2016–17 and 2019–20. Employee costs increased in real terms between 2016–17 and 2019–20, while capital expenditure and expenditure on materials and services fluctuated.

Materials and services was council's largest area of expenditure, accounting for 35 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 in real terms between 2016–17 and 2019–20. In real terms, capital expenditure per person dipped in 2018–19.



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Has council's capital expenditure pattern changed?

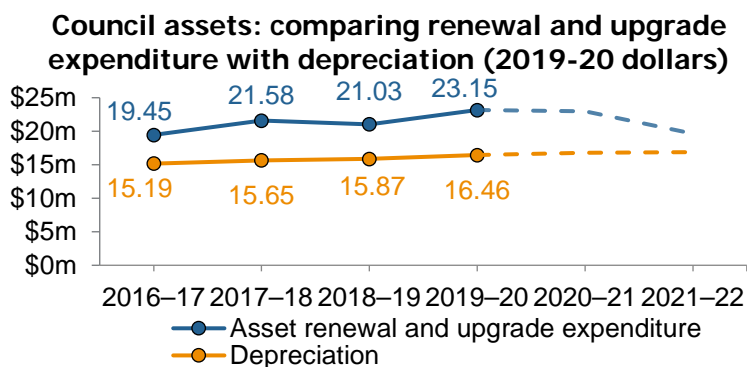
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	13.6	(52%)	12.6	(48%)	12.3	(49%)	16.7	(61%)
Upgrade	5.9	(23%)	9.0	(34%)	8.7	(35%)	6.4	(23%)
Expansion	6.4	(25%)	4.6	(18%)	4.1	(16%)	4.5	(16%)
New	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	25.9		26.2		25.1		27.6	

In real terms, Baw Baw Shire Council's spending on asset renewal and expansion trended downwards between 2016–17 and 2018–19, before increasing in 2019–20. Spending on asset upgrades trended downwards in real terms between 2017–18 and 2019–20, following an increase in 2017–18.

Asset renewal remained the highest share of council's capital expenditure between 2016–17 and 2019–20 (accounting for 48 to 61 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	128%
2017–18	138%
2018–19	132%
2019–20	141%
2020–21	137% (forecast data)
2021–22	116% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, despite some fluctuation year on year. This spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22 (despite a forecast fall in renewal and upgrade expenditure in real terms for those years).

Services



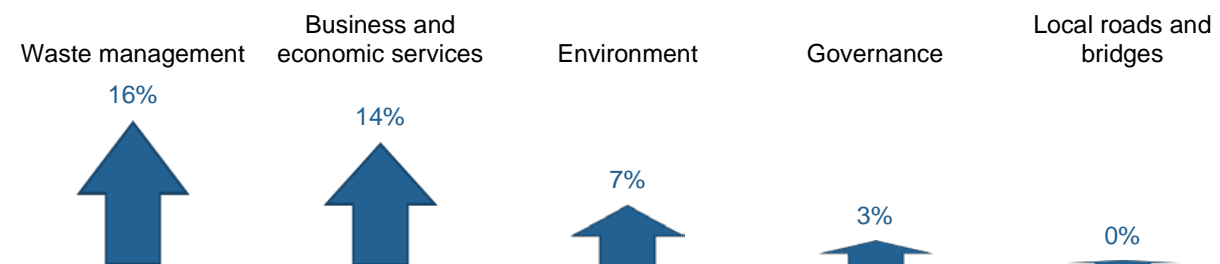
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Which service areas is council spending its money in?

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

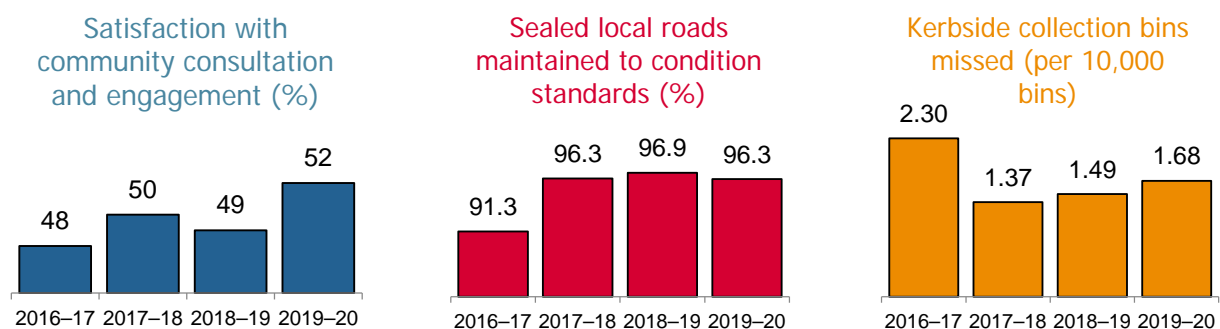
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	6.4 (9%)	6.4 (9%)	6.3 (7%)	6.3 (8%)
Business and economic services	4.9 (7%)	5.4 (7%)	6.1 (7%)	7.1 (9%)
Environment	4.6 (6%)	5.2 (7%)	5.3 (6%)	5.6 (7%)
Family and community services	3.1 (4%)	3.3 (4%)	3.5 (4%)	3.8 (5%)
Governance	9.7 (13%)	9.9 (13%)	10.7 (13%)	10.5 (13%)
Local roads and bridges	22.6 (30%)	20.4 (27%)	24.1 (29%)	22.9 (27%)
Recreation and culture	13.6 (18%)	13.2 (18%)	13.7 (16%)	13.6 (16%)
Traffic and street management	3.1 (4%)	3.3 (4%)	3.5 (4%)	3.5 (4%)
Waste management	6.6 (9%)	8.4 (11%)	10.4 (12%)	10.3 (12%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	74.6	75.6	83.6	83.7

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?



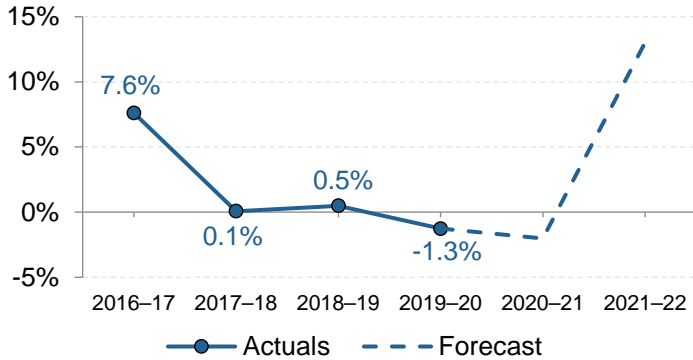
Financial position



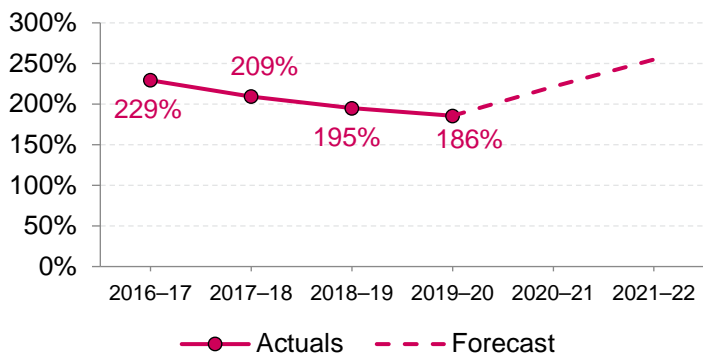
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Is council operating sustainably?

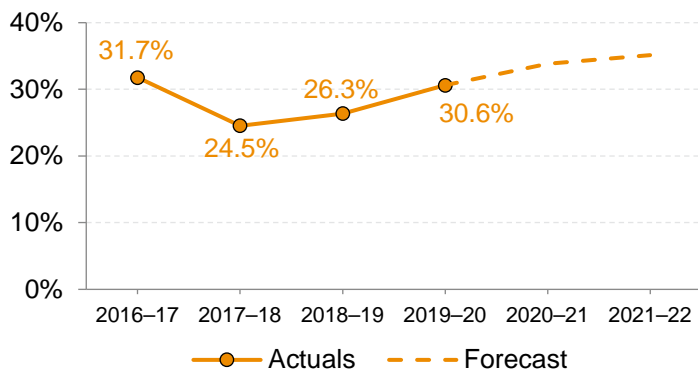
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Baw Baw Shire Council reported an average **adjusted underlying result** of 1.7 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The higher result in 2016–17 reflects the early receipt of grant revenue for 2017–18.

Council could meet its current financial obligations with a reported average **working capital ratio** of 205 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 28.3 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.