

# Brimbank 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.



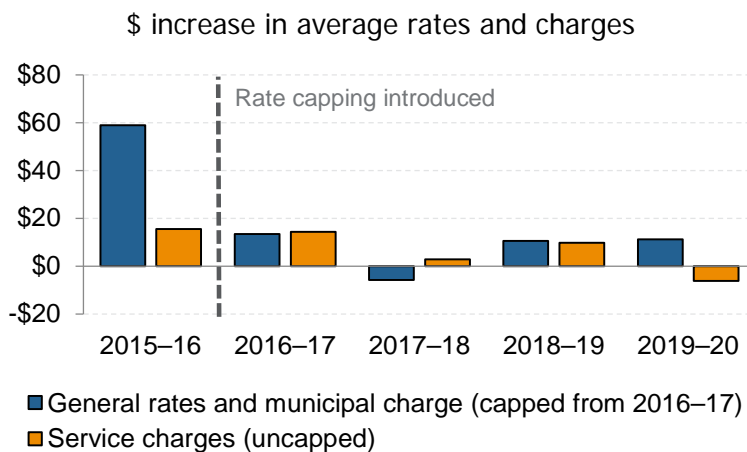
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## Key facts

Population (June 2019):	209,523
Size (km <sup>2</sup> ):	123
Length of local roads (km):	894
Population per km of roads:	234
Council employees (FTE, 2019–20):	838
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	\$1,968	n/a
2016–17	\$1,996	2.50%
2017–18	\$1,993	2.00%
2018–19	\$2,013	2.25%
2019–20	\$2,018	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

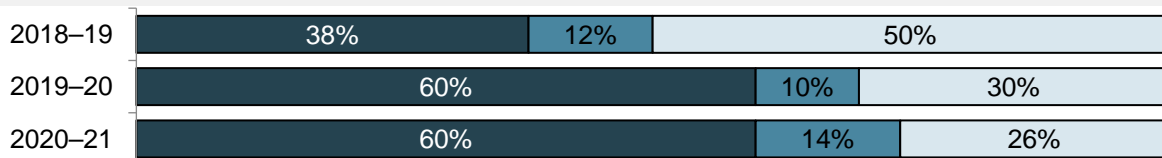
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 7 differential rates (for different types of property), a municipal charge 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
	<b>90%</b> of ratepayers	<b>8%</b> of ratepayers	<b>&lt;1%</b> of ratepayers
	<b>\$113.9m</b> (74%) of rates and charges revenue in 2019–20	<b>\$39m</b> (25%) of rates and charges revenue in 2019–20	<b>\$0.1m</b> (<1%) of rates and charges revenue in 2019–20
	<b>-0.5%</b> average annual increase between 2015–16 and 2019–20	<b>2.7%</b> average annual increase between 2015–16 and 2019–20	<b>-4.8%</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.  
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## Where is council's money coming from?

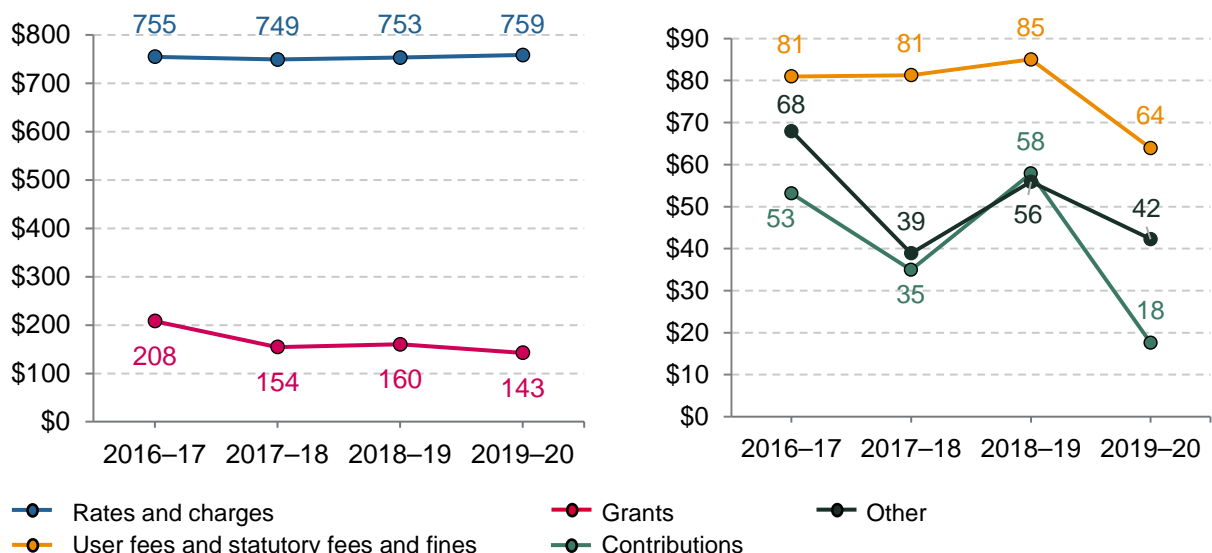
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	154.2	(65%)	155.1	(71%)	157.3	(68%)	158.9	(74%)
User fees and statutory fees and fines	16.5	(7%)	16.8	(8%)	17.8	(8%)	13.4	(6%)
Grants	42.5	(18%)	32.0	(15%)	33.4	(14%)	29.9	(14%)
Contributions	10.8	(5%)	7.2	(3%)	12.1	(5%)	3.7	(2%)
Other	13.9	(6%)	8.1	(4%)	11.7	(5%)	8.9	(4%)
<b>Total</b>	<b>237.9</b>		<b>219.2</b>		<b>232.2</b>		<b>214.7</b>	

In real terms, Brimbank City Council's total revenue fluctuated between 2016–17 and 2019–20, reflecting changes in revenue from grants and contributions (due to fluctuations in the level of development activity), and an increase in 'other' revenue from the sale of some assets in 2016–17 and 2018–19. In 2019–20, revenue from user fees and statutory fees and fines decreased, 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 65 and 74 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 rates and charges was relatively stable in real terms between 2016–17 and 2019–20, while revenue from user fees and statutory fees and fines was stable until a decrease in 2019–20. Revenue per person from contributions and 'other' sources fluctuated in real terms between 2016–17 and 2019–20.

# Expenditure



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

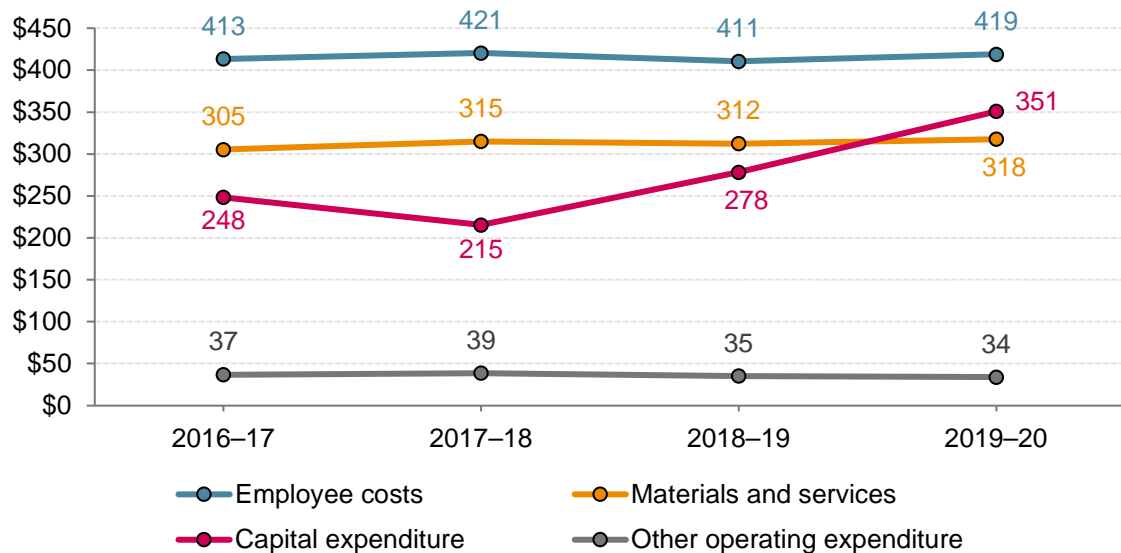
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Operating expenditure	154.2	(75%)	160.3	(78%)	158.3	(73%)	161.4	(69%)
Employee costs	84.4	(41%)	87.0	(42%)	85.7	(40%)	87.8	(37%)
Materials and services	62.3	(30%)	65.2	(32%)	65.2	(30%)	66.6	(28%)
Other operating expenditure	7.5	(4%)	8.0	(4%)	7.4	(3%)	7.1	(3%)
Capital expenditure	50.7	(25%)	44.6	(22%)	58.1	(27%)	73.5	(31%)
<b>Total</b>	<b>204.9</b>		<b>204.9</b>		<b>216.4</b>		<b>235.0</b>	

In real terms, Brimbank City Council's total expenditure remained at the same level in 2016–17 and 2017–18 before increasing in 2018–19 and 2019–20 due mainly to increases in capital expenditure. Employee costs and expenditure on materials and services increased in real terms between 2016–17 and 2019–20.

Employee costs was council's largest area of expenditure, accounting for 40 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), capital expenditure trended upwards in real terms in 2018–19 and 2019–20 following a dip in 2017–18. Expenditure per person on materials and services trended upwards in real terms between 2016–17 and 2019–20, while employee costs per person fluctuated.



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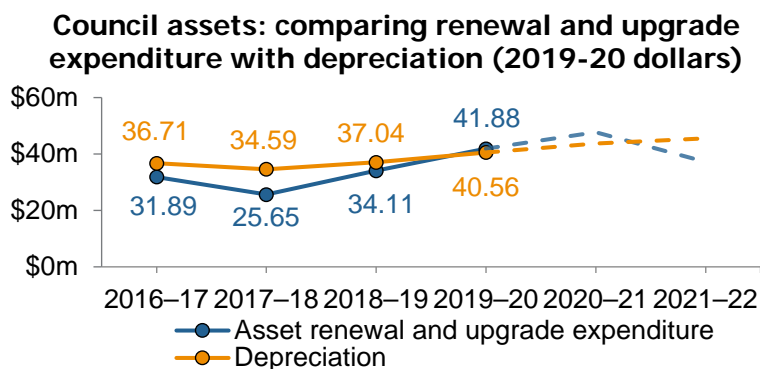
## Has council's capital expenditure pattern changed?

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

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	23.0	(45%)	22.2	(50%)	24.6	(42%)	29.4	(40%)
Upgrade	8.9	(18%)	3.4	(8%)	9.5	(16%)	12.4	(17%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	18.8	(37%)	18.9	(42%)	24.0	(41%)	31.6	(43%)
<b>Total</b>	<b>50.7</b>		<b>44.6</b>		<b>58.1</b>		<b>73.5</b>	

Brimbank City Council's capital expenditure trended upwards in real terms between 2017–18 and 2019–20, following a decrease in 2017–18. However, the composition of council's capital expenditure was relatively consistent, with a focus on asset renewal (which accounted for 40 to 50 per cent of capital expenditure in each of these years) and new assets (which accounted for 37 to 43 per cent of capital expenditure).

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



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

2016–17	87%
2017–18	74%
2018–19	92%
2019–20	103%
2020–21	109% (forecast data)
2021–22	82% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2017–18 and 2019–20 following a decrease in 2017–18.

Renewal and upgrade expenditure increased above the amount of depreciation (the decline in value of council's assets caused by age and use) in 2019–20. This spending was forecast to increase further in 2020–21, before falling below 100 per cent of depreciation in 2021–22.

# Services



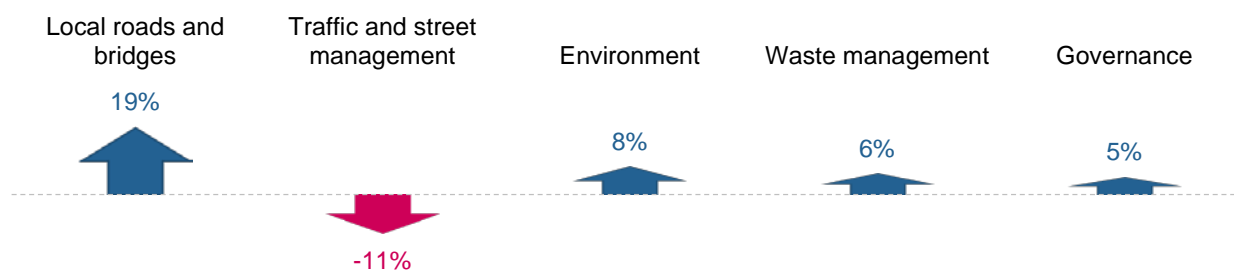
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Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

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

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

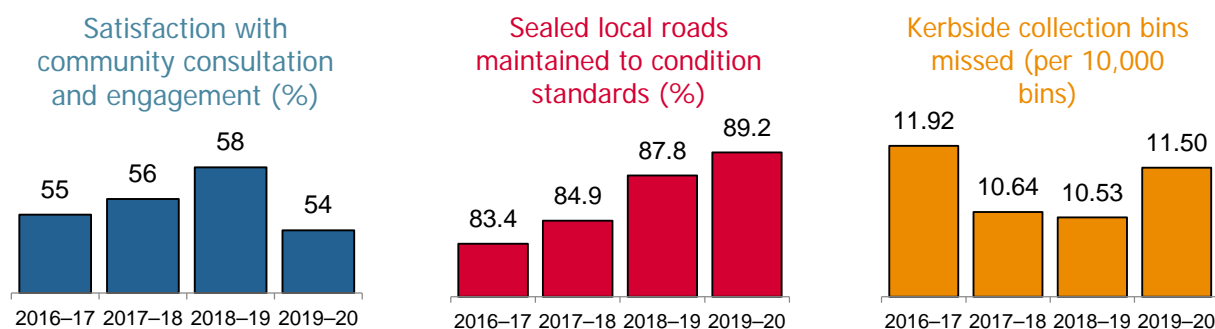
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	11.5	(6%)	11.2	(6%)	11.6	(6%)	10.5	(5%)
Business and economic services	10.1	(5%)	11.6	(6%)	10.5	(5%)	11.3	(6%)
Environment	10.0	(5%)	9.6	(5%)	10.3	(5%)	12.5	(6%)
Family and community services	12.8	(7%)	13.4	(7%)	12.9	(7%)	12.2	(6%)
Governance	44.9	(24%)	49.4	(25%)	50.2	(26%)	51.8	(25%)
Local roads and bridges	16.1	(8%)	17.4	(9%)	18.8	(10%)	26.9	(13%)
Recreation and culture	41.8	(22%)	41.7	(21%)	38.1	(20%)	40.9	(20%)
Traffic and street management	21.6	(11%)	22.6	(11%)	20.6	(11%)	15.3	(8%)
Waste management	14.0	(7%)	13.7	(7%)	15.4	(8%)	16.6	(8%)
Other	8.0	(4%)	7.5	(4%)	7.0	(4%)	5.5	(3%)
<b>Total</b>	<b>190.9</b>		<b>198.1</b>		<b>195.3</b>		<b>203.4</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?



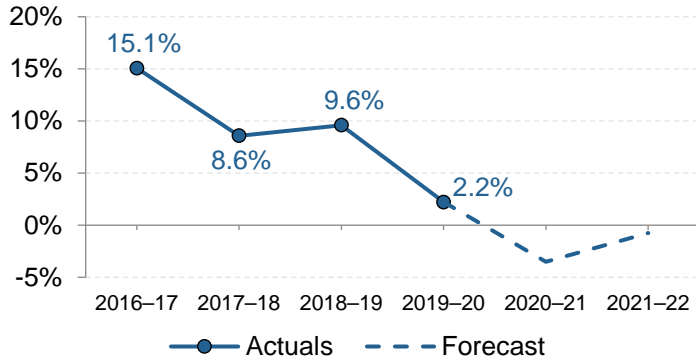
# Financial position



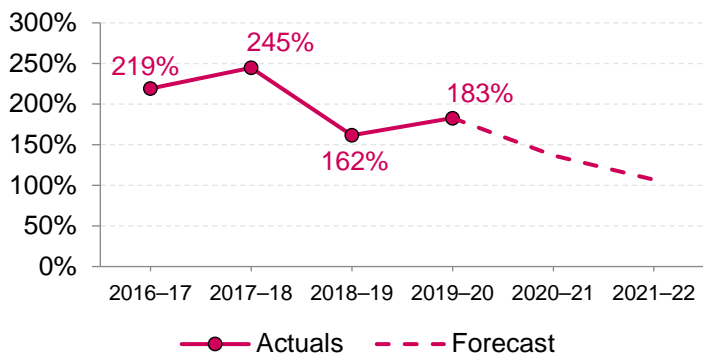
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## Is council operating sustainably?

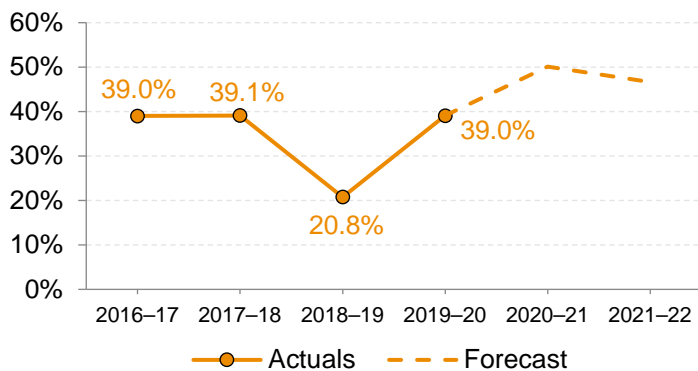
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Brimbank 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 decrease in 2019–20 reflects lower revenue due to coronavirus.

Council could meet its current financial obligations with a reported average **working capital ratio** of 202 per cent between 2016–17 and 2019–20. The decrease in 2018–19 and increase in 2019–20 reflects the repayment and subsequent refinancing of a long-term loan that became due in 2019–20.

The reported average **indebtedness ratio** of 34.5 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. The decrease in 2018–19 and increase in 2019–20, reflects the repayment and subsequent refinancing of a long-term loan.

**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.