

Hume City Council

Group: Interface

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 interface councils. 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>.



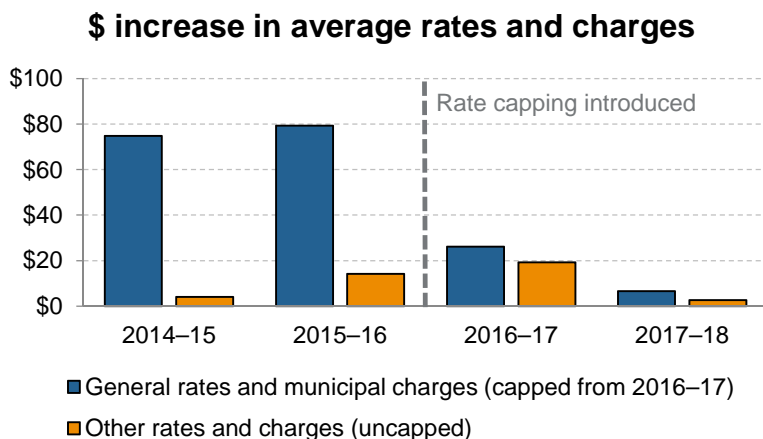
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Key facts

Population:	215,260
Size (km ²):	503
Length of local roads (km):	1,312
Population per km of roads:	164
Council employees (FTE, 2017–18):	1,075
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	\$1,888	n/a
2015–16	\$1,982	n/a
2016–17	\$2,027	2.50%
2017–18	\$2,036	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.

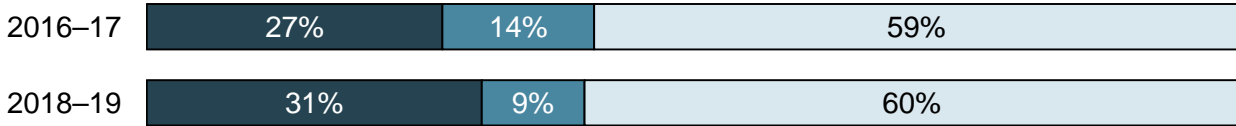
Have council's average rates complied with the applicable rate caps?

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).

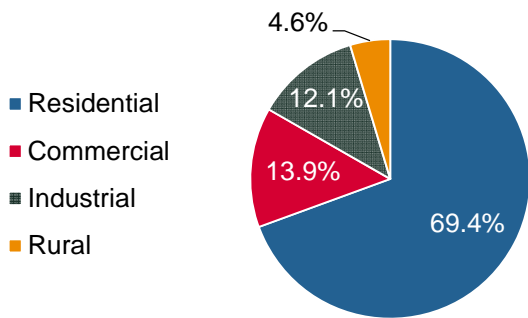


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

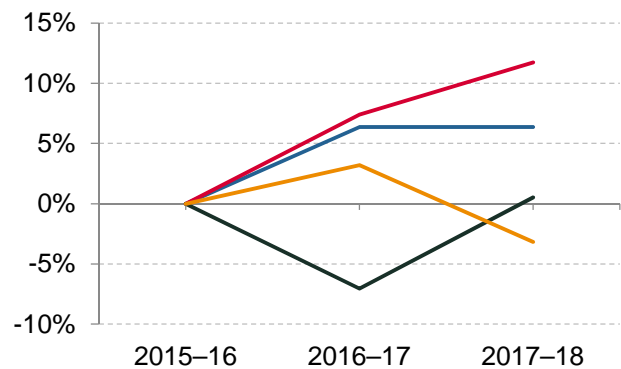
Note: In 2017–18, properties were not revalued so most rates notices would have increased by a similar percentage.

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 Hume City Council's rates and charges. This group of ratepayers, on average, experienced a 6.4 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 \$1,982 to \$2,036 (2.8 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?

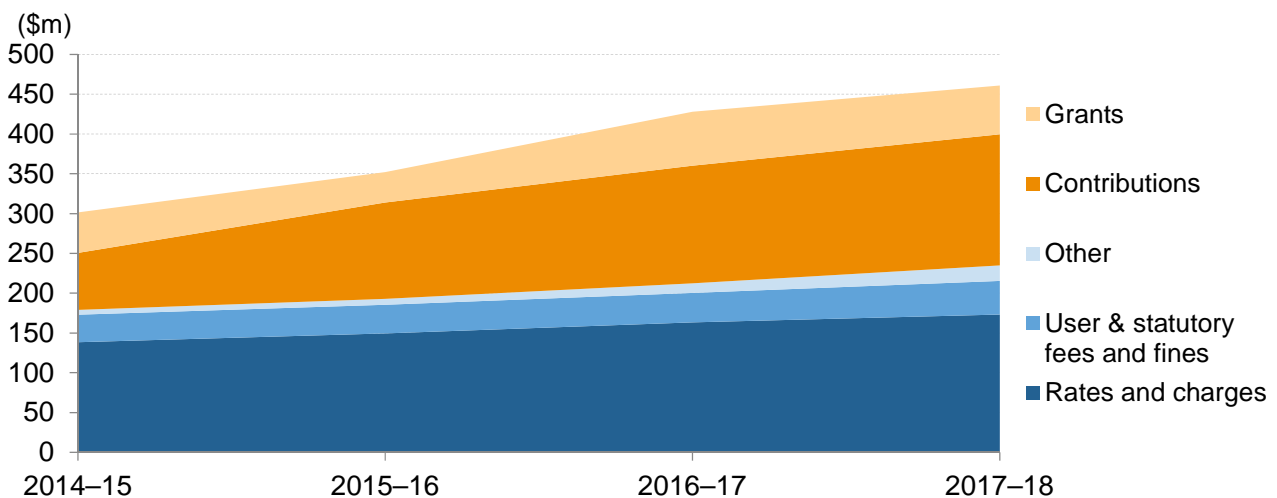
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	143.9	44	168.2	38
Grants	44.6	14	64.6	15
User fees and statutory fees and fines	35.3	11	39.7	9
Contributions	96.4	29	156.3	35
Other	6.7	2	15.7	4
Total	326.9	100	444.5	100

Hume City Council's average revenue from all sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

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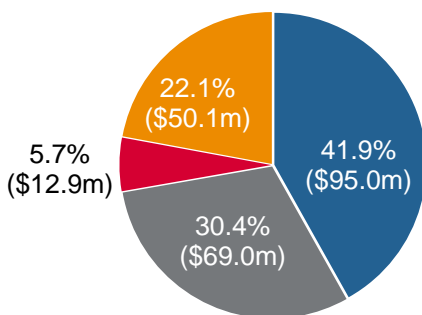
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$171.7m	\$47.5m	\$898	\$248
2015–16	\$182m	\$52.8m	\$918	\$266
2016–17	\$178.7m	\$66.3m	\$863	\$320
2017–18	\$199m	\$64.5m	\$924	\$300

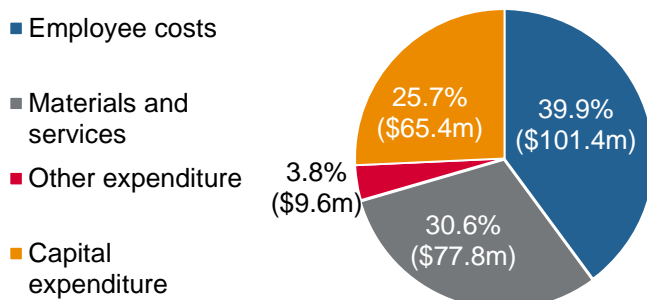
Hume City Council's operating expenses have been trending upward over time, driven by increased employee costs and spending on materials and services. Capital expenditure has also trended upward in recent years, reflecting spending on new assets, as well as asset renewal and upgrade projects.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

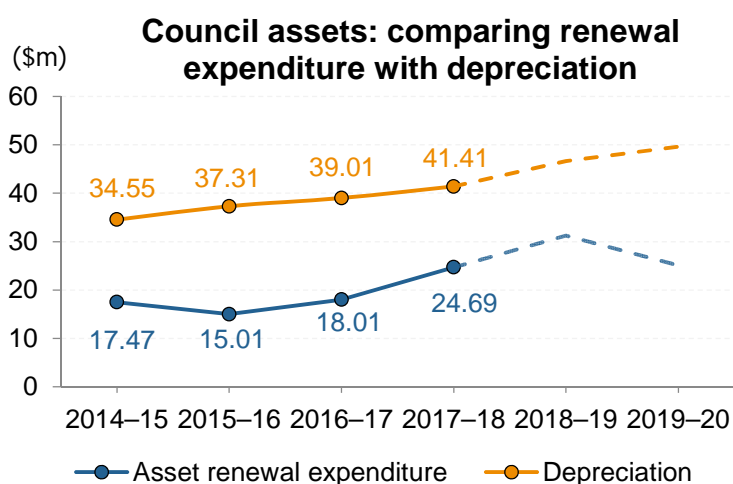


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Hume City Council's expenditure, reflecting an increase in average capital expenditure and a decrease in average 'other' expenditure in the two years after rate capping was introduced. Average spending on materials and services also increased over the same period, while employee costs decreased as a proportion of total expenditure 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	51
2015-16	40
2016-17	46
2017-18	60
2018-19	67 (forecast data)
2019-20	51 (forecast data)

Hume City Council's spending on the renewal of its assets has trended upward in recent years, while remaining less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain below 100 per cent of depreciation in 2018-19 and 2019-20. A sustained gap between expenditure and depreciation can lead to a backlog of renewal expenditure required and increase a council's costs in the long term. However, councils with a growing population (typically interface councils) tend to have lower levels of asset renewal as a percentage of depreciation. Their capital works are generally focused on new asset, upgrade and expansion projects to service their growing communities, and because of this they tend to have a higher proportion of newer assets with less need for renewal in the short term.

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 has increased in recent years. Spending on new and upgrade projects shows peaks and troughs over time, while spending on expansion projects has increased.
	\$m	% of total	\$m	% of total	
Renewal	15.4	31	21.3	33	
New	15.2	30	29.4	45	
Upgrade	19.3	38	7.0	11	
Expansion	0.2	0	7.6	12	
Total	50.1	100	65.4	100	

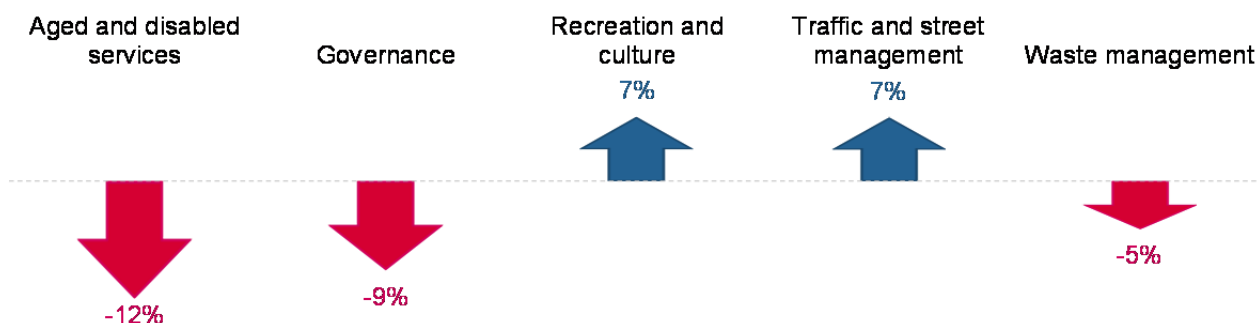
Services

See the reader's guide for data sources and useful information.
Note: The numbers in this fact sheet have not been adjusted for inflation.

Which service areas is council spending its money in?

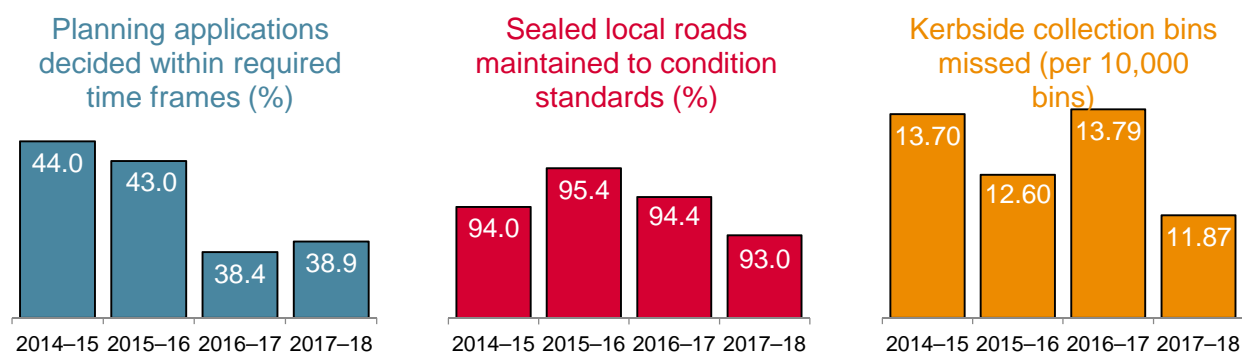
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	223	20.5	238	22.0
Governance	231	21.3	209	19.4
Family and community services	136	12.5	138	12.8
Traffic and street management	125	11.5	133	12.3
Waste management	103	9.5	98	9.1
Local roads and bridges	89	8.2	91	8.5
Business and economic services	70	6.4	72	6.6
Aged and disabled services	62	5.7	55	5.1
Environment	47	4.3	46	4.2
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)

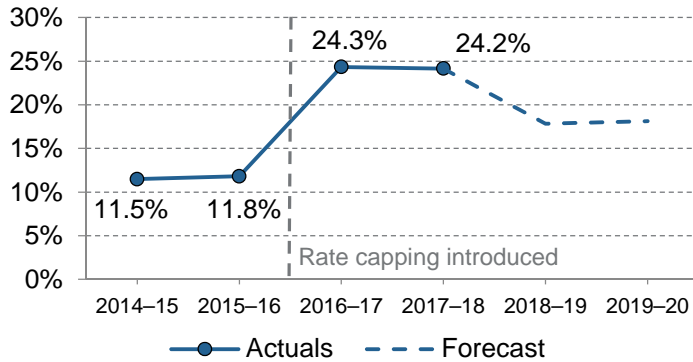


Financial position

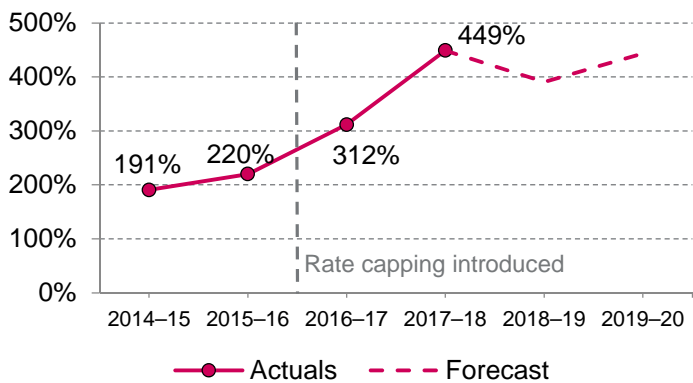
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Is council operating sustainably?

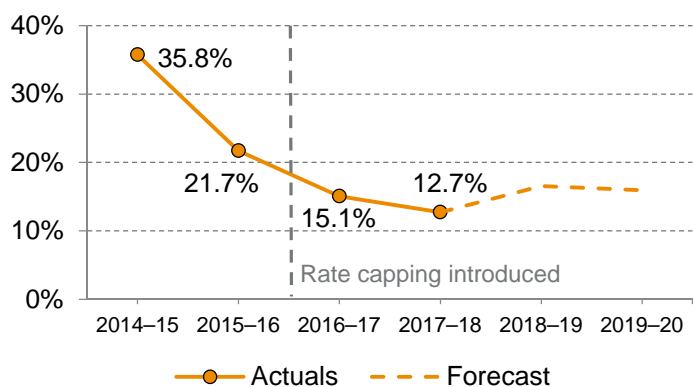
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Hume City Council reported an average **adjusted underlying result** of 18 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 293 per cent between 2014–15 and 2017–18.

The falling **indebtedness ratio** reflects council repaying some of its 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.