

Nillumbik Shire Council

Group: interface

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 interface 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.



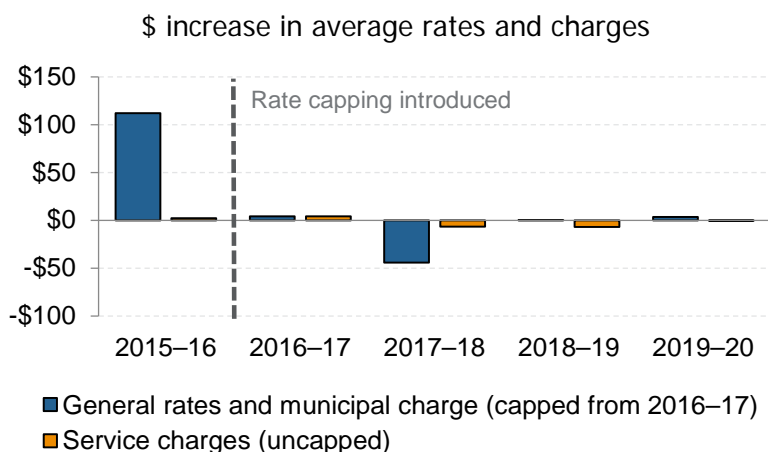
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Key facts

Population (June 2019):	65,094
Size (km ²):	432
Length of local roads (km):	774
Population per km of roads:	84
Council employees (FTE, 2019–20):	325
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	\$2,801	n/a
2016–17	\$2,810	2.50%
2017–18	\$2,759	2.00%
2018–19	\$2,752	2.25%
2019–20	\$2,756	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

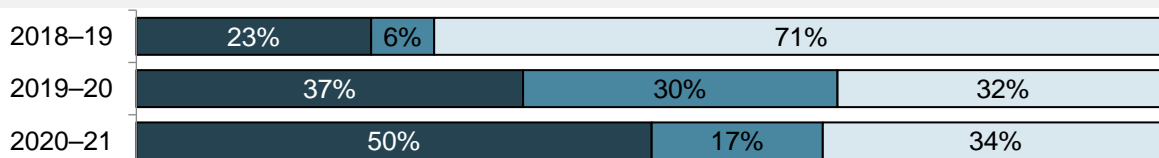
How have rates changed for different ratepayers?

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
	95% of ratepayers	3% of ratepayers	2% of ratepayers	1% of ratepayers
	\$62.6m (95%) of rates and charges revenue in 2019–20	\$1.9m (3%) of rates and charges revenue in 2019–20	\$1.1m (2%) of rates and charges revenue in 2019–20	\$0.6m (1%) of rates and charges revenue in 2019–20
	-0.1% average annual increase between 2015–16 and 2019–20	-2.2% average annual increase between 2015–16 and 2019–20	-2% average annual increase between 2015–16 and 2019–20	4.9% 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?

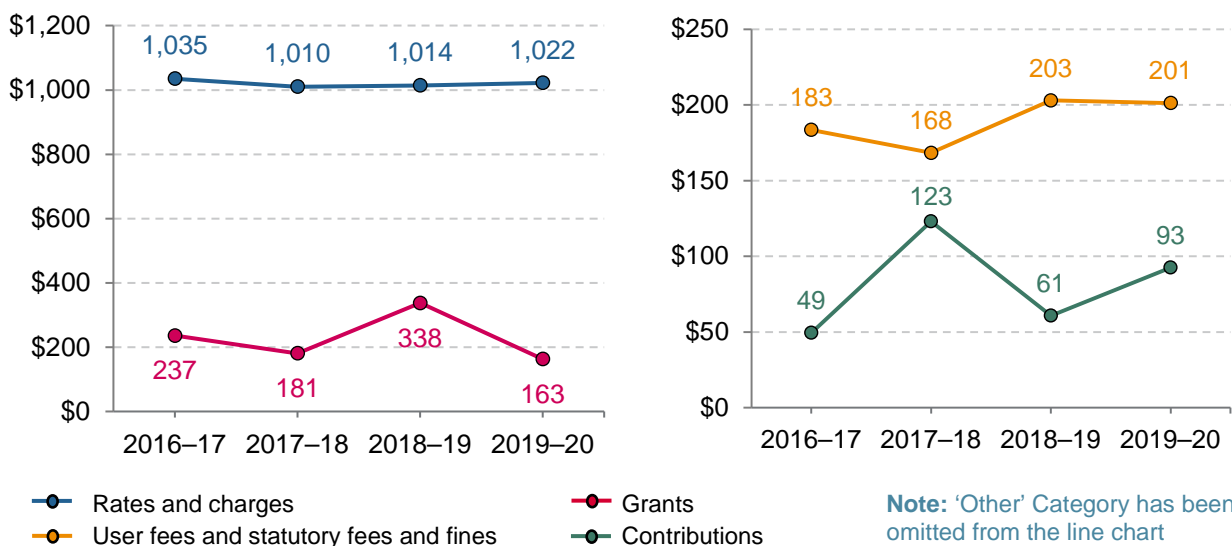
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	66.4	(67%)	65.3	(65%)	65.9	(63%)	66.5	(68%)
User fees and statutory fees and fines	11.8	(12%)	10.9	(11%)	13.2	(13%)	13.1	(13%)
Grants	15.2	(15%)	11.7	(12%)	21.9	(21%)	10.6	(11%)
Contributions	3.2	(3%)	8.0	(8%)	3.9	(4%)	6.0	(6%)
Other	2.5	(3%)	4.4	(4%)	-0.9	(-1%)	1.8	(2%)
Total	99.1		100.2		104.0		98.1	

In real terms, Nillumbik Shire Council's total revenue increased between 2016–17 and 2018–19, reflecting an increase in revenue from contributions in 2017–18, and a higher level of one-off capital grants in 2018–19. In 2019–20, total revenue decreased, reflecting a decrease in revenue from grants (due to accounting adjustments).

Rates and charges was the largest source of council's revenue, accounting for 66 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 grants and contributions fluctuated in real terms between 2016–17 and 2019–20.

Revenue per person from user fees and statutory fees and fines decreased in real terms in 2017–18, before stabilising in 2018–19 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?

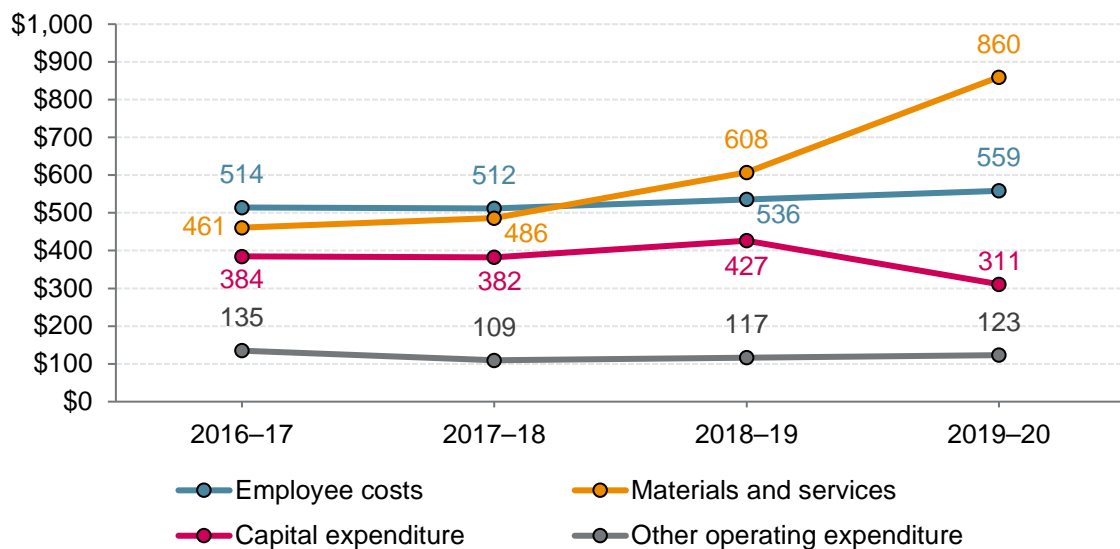
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	71.2	(74%)	71.6	(74%)	81.8	(75%)	100.4	(83%)
Employee costs	33.0	(34%)	33.1	(34%)	34.8	(32%)	36.4	(30%)
Materials and services	29.6	(31%)	31.4	(33%)	39.5	(36%)	56.0	(46%)
Other operating expenditure	8.7	(9%)	7.1	(7%)	7.6	(7%)	8.0	(7%)
Capital expenditure	24.7	(26%)	24.7	(26%)	27.7	(25%)	20.2	(17%)
Total	95.9		96.3		109.5		120.6	

In real terms, Nillumbik Shire Council's total expenditure increased between 2016–17 and 2019–20, largely reflecting increases in expenditure on materials and services, particularly increases in 2018–19 and 2019–20 relating to non-recurrent expenditure. In real terms, employee costs trended upwards between 2016–17 and 2019–20, while capital expenditure fluctuated.

In 2016–17 and 2017–18, employee costs was council's largest area of expenditure. However, increases in expenditure on materials and services in 2018–19 and 2019–20 caused this to become council's largest area of expenditure in these years.

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 upwards in real terms between 2016–17 and 2019–20. Capital expenditure per person decreased in real terms in 2019–20.



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Has council's capital expenditure pattern changed?

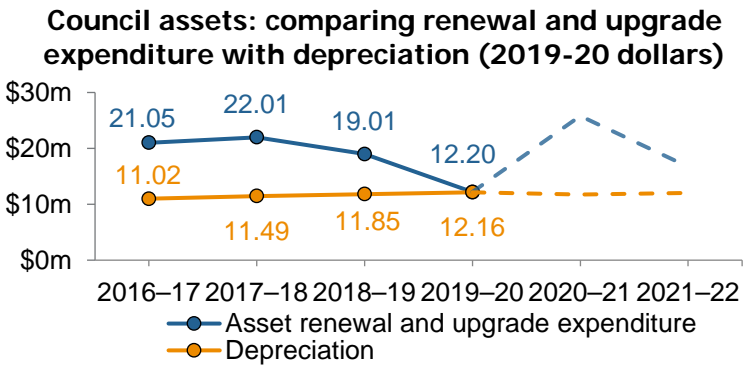
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	7.8	(31%)	5.5	(22%)	4.4	(16%)	4.8	(24%)
Upgrade	13.3	(54%)	16.5	(67%)	14.6	(53%)	7.4	(37%)
Expansion	1.9	(8%)	2.1	(8%)	2.6	(9%)	0.7	(3%)
New	1.8	(7%)	0.6	(3%)	6.1	(22%)	7.4	(36%)
Total	24.7		24.7		27.7		20.2	

Between 2016–17 and 2019–20, asset upgrades was the focus of Nillumbik Shire Council's capital expenditure, accounting for the highest share of capital expenditure each year (although council spent a similar amount on new assets in 2019–20).

In real terms, council's spending on new assets trended upwards (despite a dip in 2017–18), while spending on asset renewal trended downwards before an increase in 2019–20.

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



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	191%
2017–18	191%
2018–19	161%
2019–20	100%
2020–21	220% (forecast data)
2021–22	139% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms from a peak in 2017–18. Renewal and upgrade expenditure decreased to be level with the amount of depreciation (the decline in value of council's assets caused by age and use) in 2019–20.

However, renewal and upgrade expenditure was forecast to increase above 100 per cent of depreciation in 2020–21 and 2021–22.



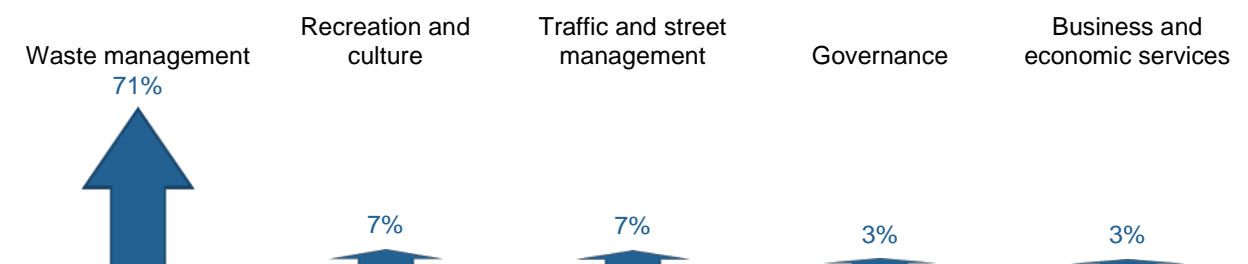
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Which service areas is council spending its money in?

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

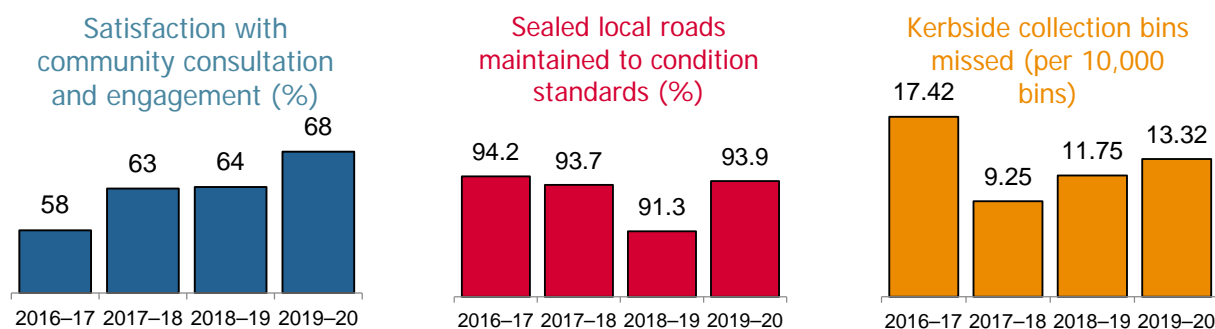
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	2.3	(3%)	2.1	(3%)	2.5	(3%)	2.5	(2%)
Business and economic services	5.7	(7%)	6.5	(8%)	7.1	(8%)	6.3	(6%)
Environment	11.2	(14%)	11.5	(14%)	12.0	(13%)	11.7	(10%)
Family and community services	6.2	(8%)	6.1	(7%)	6.0	(6%)	6.7	(6%)
Governance	17.1	(21%)	16.8	(20%)	18.1	(19%)	19.0	(17%)
Local roads and bridges	7.9	(10%)	7.1	(9%)	7.6	(8%)	8.5	(8%)
Recreation and culture	21.1	(26%)	21.7	(26%)	25.2	(27%)	26.2	(23%)
Traffic and street management	4.4	(5%)	5.7	(7%)	5.6	(6%)	5.4	(5%)
Waste management	5.3	(7%)	5.6	(7%)	9.5	(10%)	26.8	(24%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	81.3		83.1		93.6		113.0	

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?



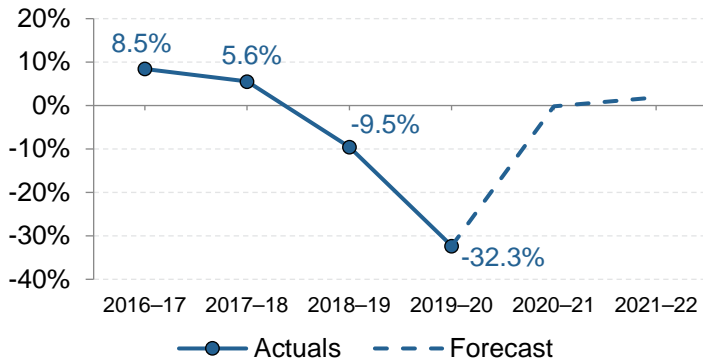
Financial position



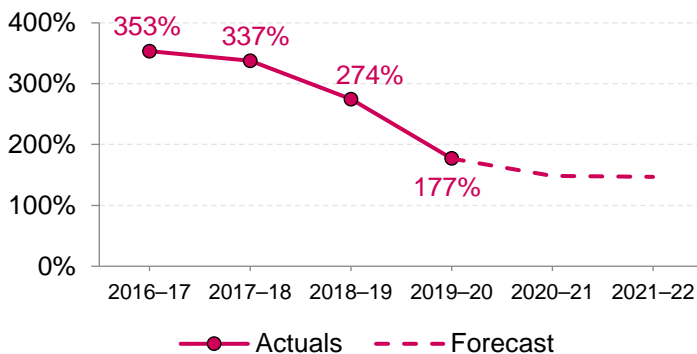
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Is council operating sustainably?

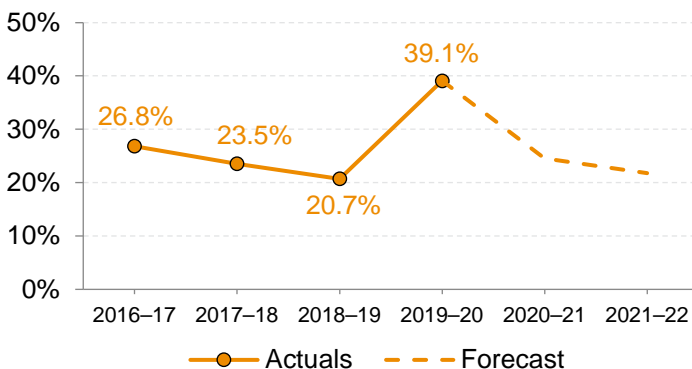
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Nillumbik Shire Council reported an average **adjusted underlying result** of –7.0 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 result in 2019–20 reflects both changed accounting standards (related to the recognition of grant revenue) and increased expenditure related to provisions for employee entitlements and landfill rehabilitation.

Council could meet its current financial obligations with a reported average **working capital ratio** of 286 per cent between 2016–17 and 2019–20. The fall in 2019–20 reflects an increase in current liabilities (due to a change in accounting standards relating to recognition of leases and grants).

The reported average **indebtedness ratio** of 27.5 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 increase in 2019–20 reflects an increase in non-current liabilities (relating to the change in accounting standards).

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.