

Hobsons Bay City Council

Group: Metropolitan

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 metropolitan councils. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



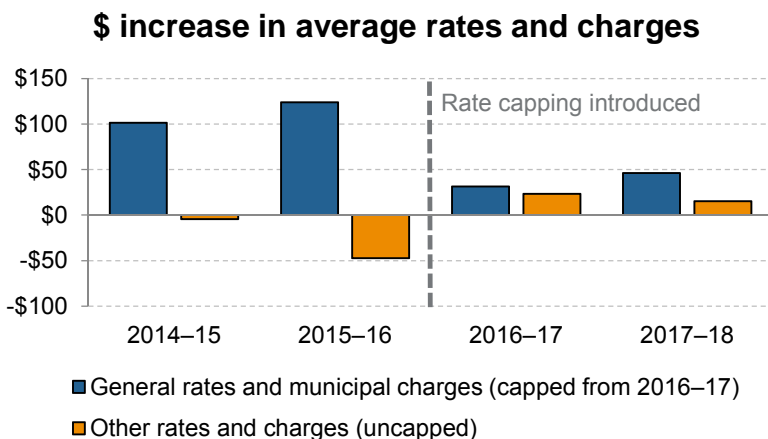
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Key facts

Population:	95,078
Size (km ²):	64.2
Length of local roads (km):	425
Population per km of roads:	223
Council employees (FTE, 2017–18):	546
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	\$2,277	n/a
2015–16	\$2,353	n/a
2016–17	\$2,408	2.50%
2017–18	\$2,470	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.

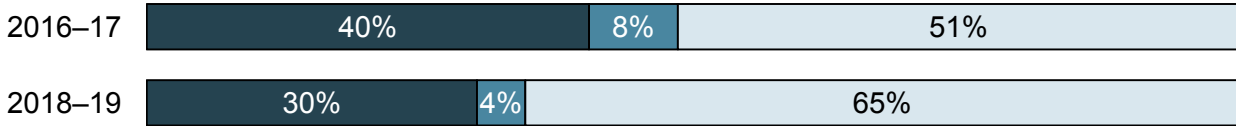
Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (2.00%)	2018–19 (2.25%)
Yes	Yes	Immaterially non-compliant (0.03 above the cap)

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).

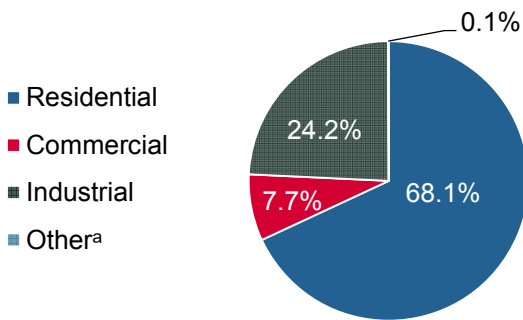


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

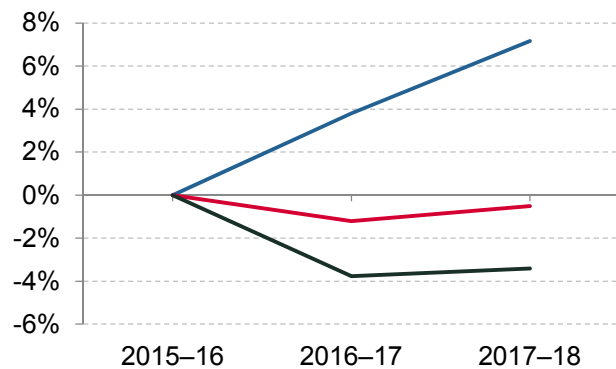
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^a Category has been omitted from the line chart

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 Hobsons Bay City Council's rates and charges. This group of ratepayers, on average, experienced a 7.2 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 \$2,353 to \$2,470 (5 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?

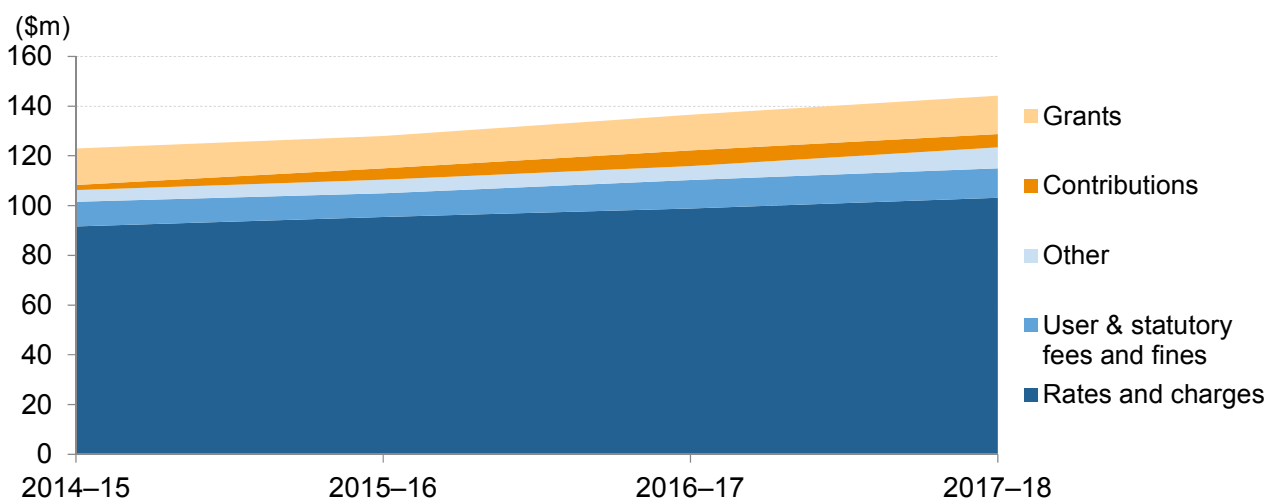
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	93.5	75	101.0	72
Grants	13.8	11	14.9	11
User fees and statutory fees and fines	9.7	8	11.6	8
Contributions	3.3	3	5.8	4
Other	5.1	4	7.0	5
Total	125.5	100	140.4	100

Hobsons Bay 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 change in the composition of council's revenue was the decrease in the proportion of revenue from rates and charges 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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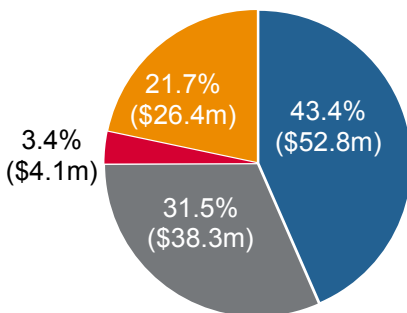
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$93.2m	\$23.3m	\$1,031	\$257
2015–16	\$97.2m	\$29.5m	\$1,060	\$321
2016–17	\$93.6m	\$29.6m	\$1,002	\$316
2017–18	\$99m	\$29.4m	\$1,041	\$309

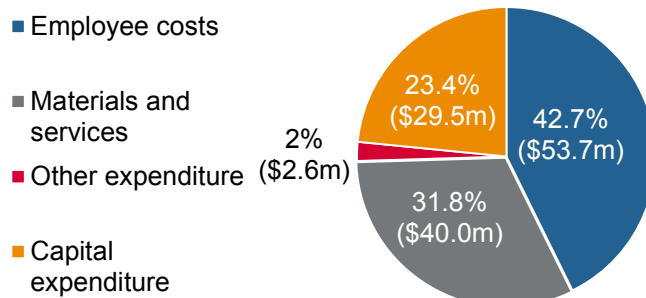
Hobsons Bay City Council's operating expenses have been trending upward over time, driven largely by increasing employee costs, and higher spending on materials and services in 2017–18 (particularly in relation to building and general maintenance). Capital expenditure has been stable in recent years.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

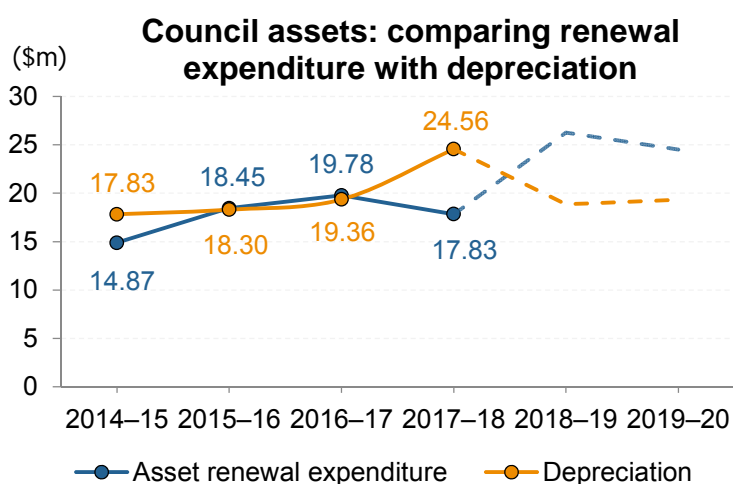


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Hobsons Bay City Council's expenditure, reflecting both a reduction in average 'other' expenditure and an increase in average capital expenditure in the two years after rate capping was introduced. Average spending on materials and services 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	83
2015-16	101
2016-17	102
2017-18	73
2018-19	139 (forecast data)
2019-20	127 (forecast data)

Hobsons Bay City Council's spending on the renewal of its assets has been relatively stable in recent years, increasing above the amount of depreciation (the decline in value of its assets caused by age and use) in 2015-16 and 2016-17. Renewal expenditure is planned to increase to above 100 per cent of depreciation in 2018-19 and 2019-20.

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 average spending on asset renewal, new assets and upgrade projects in the two years after rate capping was introduced has increased. Each category's share of total capital expenditure remained almost identical.
	\$m	% of total	\$m	% of total	
Renewal	16.7	63	18.8	64	
New	5.9	22	6.3	22	
Upgrade	3.8	15	4.3	15	
Expansion	0.0	0	0.0	0	
Total	26.4	100	29.5	100	

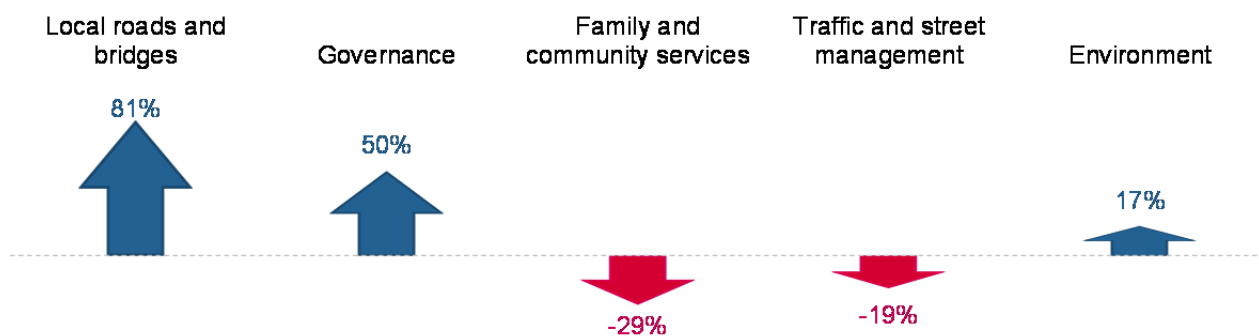
Services

See the reader's guide for data sources and useful information.
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Which service areas is council spending its money in?

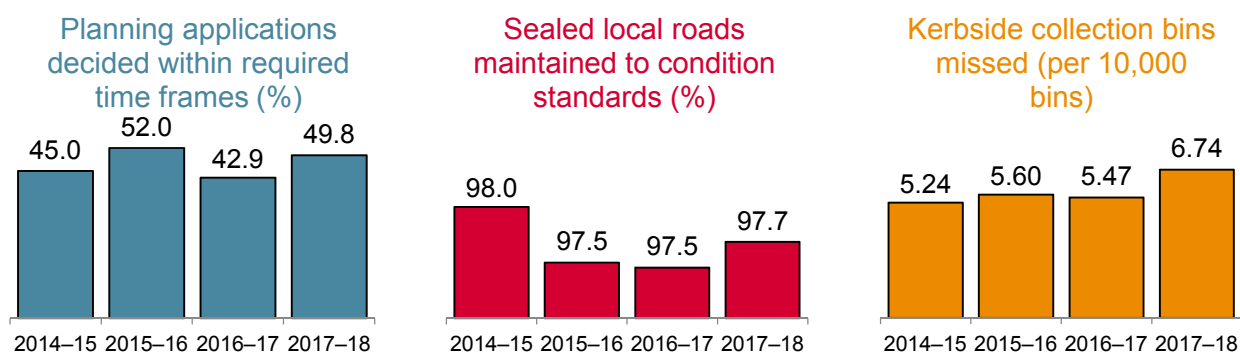
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	252	20.6	290	23.1
Traffic and street management	197	16.1	159	12.7
Governance	88	7.2	132	10.5
Local roads and bridges	72	5.9	131	10.4
Family and community services	177	14.5	125	10.0
Business and economic services	112	9.2	119	9.5
Aged and disabled services	129	10.6	115	9.2
Waste management	89	7.3	79	6.3
Environment	65	5.4	77	6.1
Other	42	3.4	26	2.0

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)

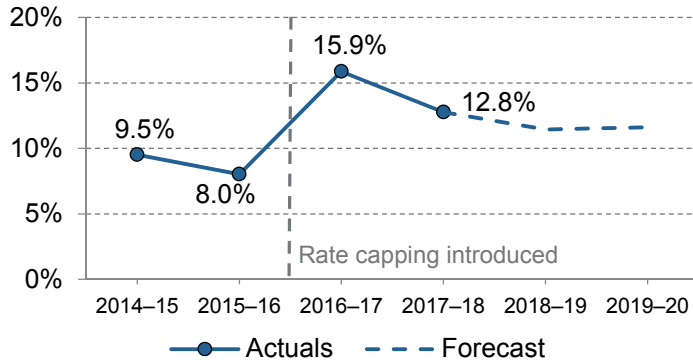


Financial position

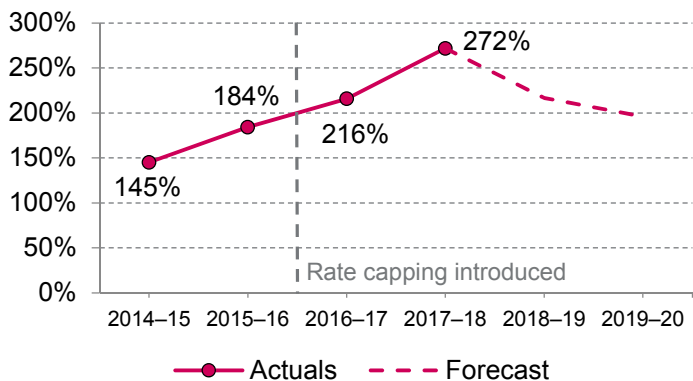
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Is council operating sustainably?

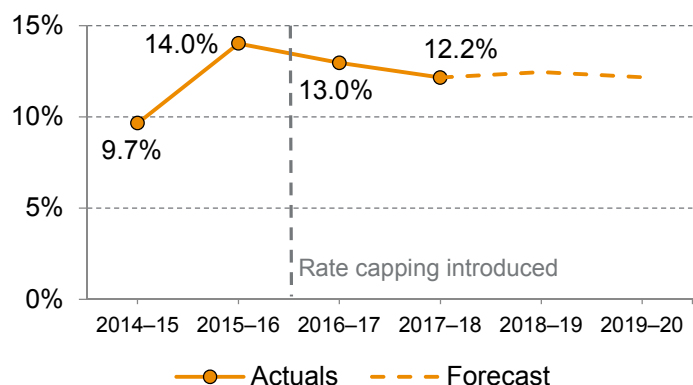
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Hobsons Bay City Council reported an average **adjusted underlying result** of 11.6 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 204 per cent between 2014–15 and 2017–18. The increase in working capital relates to council building cash reserves to fund future capital works.

Council is able to meet its long-term financial obligations with a low **indebtedness ratio**. The ratio increased in 2015–16 because council converted some of its short-term debt to long-term debt.

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.