

# Nillumbik Shire 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>.



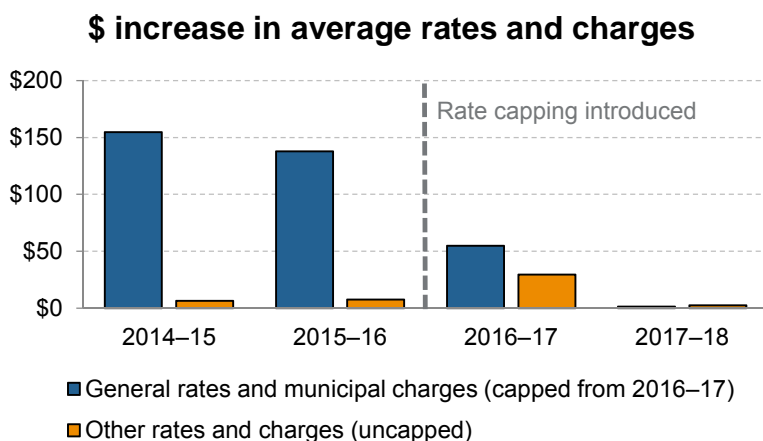
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### Key facts

Population:	64,626
Size (km <sup>2</sup> ):	432
Length of local roads (km):	774
Population per km of roads:	83.5
Council employees (FTE, 2017–18):	311
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	\$2,467	n/a
2015–16	\$2,612	n/a
2016–17	\$2,696	2.50%
2017–18	\$2,700	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).

2016–17

Council did not provide data

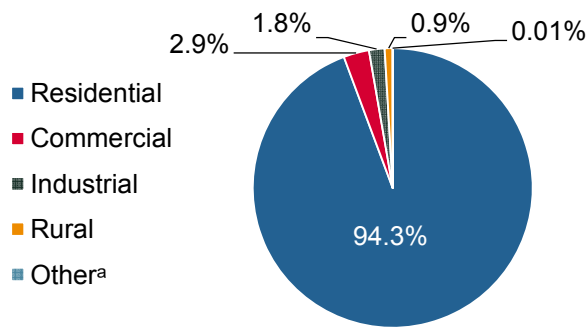
2018–19

- % 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.

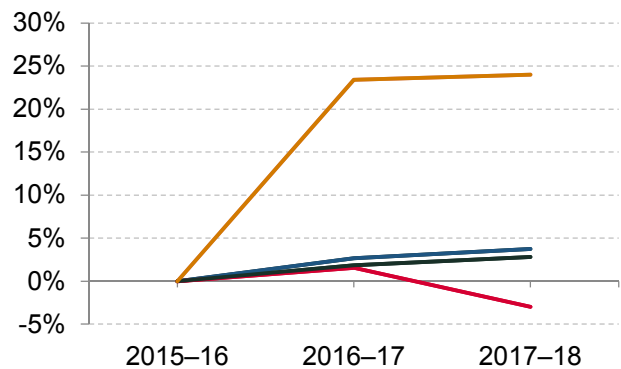
## Ratepayers by property class

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



<sup>a</sup> 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 Nillumbik Shire Council's rates and charges. This group of ratepayers, on average, experienced a 3.7 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 \$2,612 to \$2,700 (3.4 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?

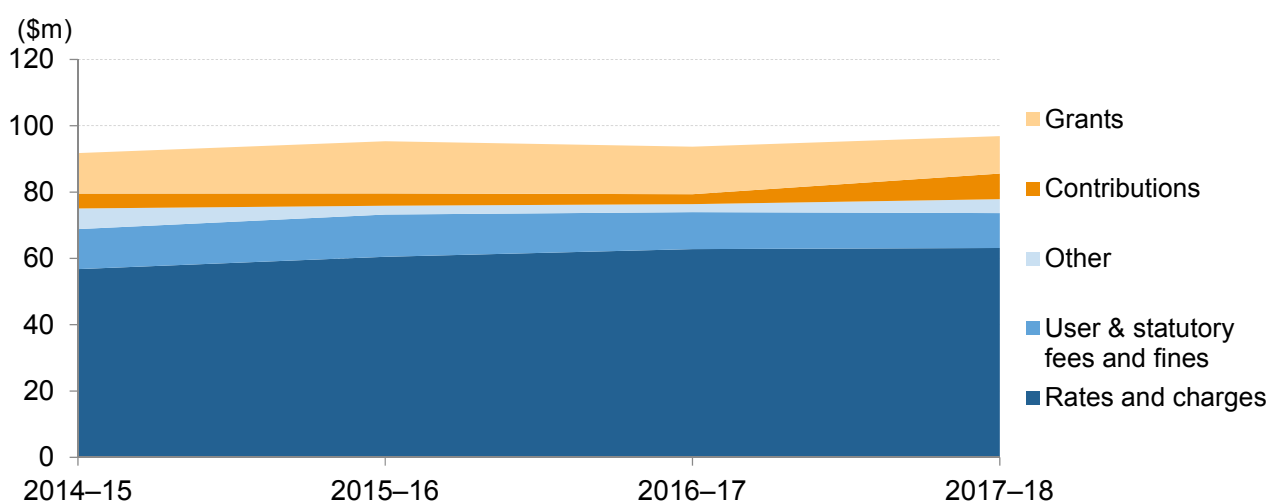
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	58.6	63	63.0	66
Grants	13.9	15	12.8	13
User fees and statutory fees and fines	12.4	13	10.8	11
Contributions	4.1	4	5.3	6
Other	4.5	5	3.3	3
<b>Total</b>	<b>93.5</b>	<b>100</b>	<b>95.3</b>	<b>100</b>

Nillumbik Shire Council's average revenue from grants, user fees and statutory fees and fines and 'other' sources decreased in the two years following the introduction of rate capping compared to the two years before rate capping.

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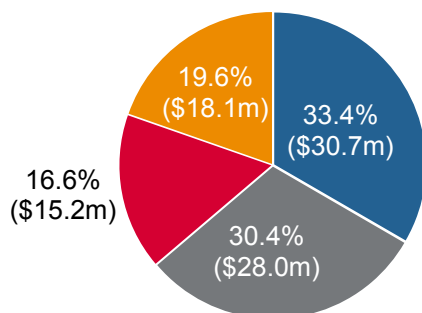
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$67m	\$16.3m	\$1,057	\$257
2015–16	\$80.8m	\$19.8m	\$1,268	\$312
2016–17	\$67.4m	\$23.3m	\$1,050	\$363
2017–18	\$69.2m	\$23.9m	\$1,071	\$370

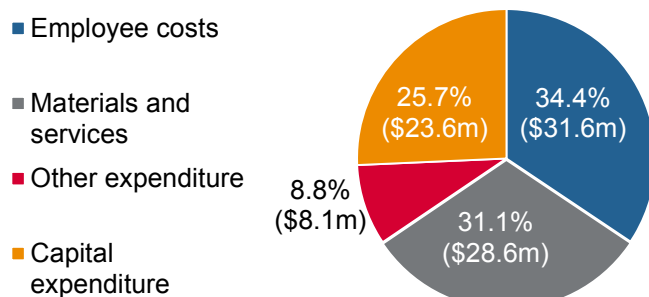
Nillumbik Shire Council's operating expenses have been trending upward over time, with a spike in 2015–16 caused by an adjustment relating to asset values. Capital expenditure has also trended upward over the same period, reflecting spending on asset upgrades in the two years after rate capping was introduced.

## How is council spending its money?

**Average expenditure by category in the 2 years before rate capping**

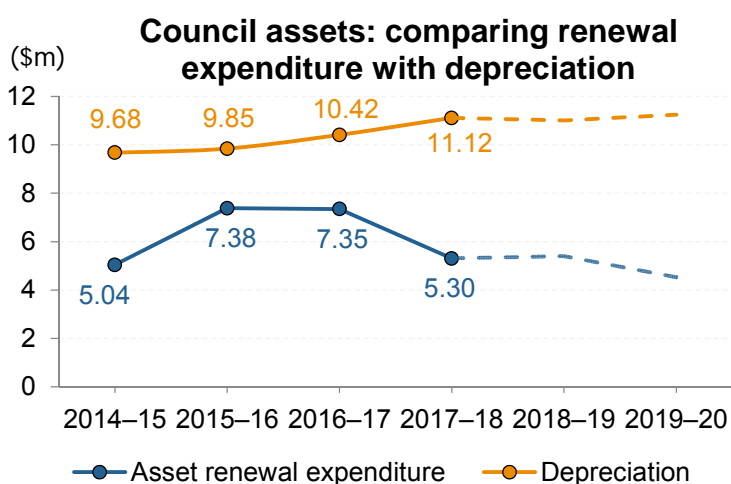


**Average expenditure by category in the 2 years after rate capping**



There was a change in the composition of Nillumbik Shire Council's expenditure, reflecting a decrease in average 'other' expenditure (which returned to typical levels following the adjustment relating to asset values in 2015–16), and an increase in average capital expenditure in the two years after rate capping was introduced. Average employee costs and spending on materials and services also increased over the same period.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	52
2015-16	75
2016-17	71
2017-18	48
2018-19	49 (forecast data)
2019-20	40 (forecast data)

Nillumbik Shire Council's spending on the renewal of its assets has fluctuated in recent years, but remains less than the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain at a similar level in 2018-19, and decrease in 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					Council's average spending on asset renewal in the two years after rate capping was introduced remained at a similar level (despite year on year fluctuations). Average spending on upgrades increased, while spending on expansion decreased after a spike in 2015-16.
	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		
	\$m	% of total	\$m	% of total	
Renewal	6.2	34	6.3	27	
New	1.3	7	1.1	5	
Upgrade	5.5	30	14.3	60	
Expansion	5.0	28	1.9	8	
<b>Total</b>	<b>18.1</b>	<b>100</b>	<b>23.6</b>	<b>100</b>	

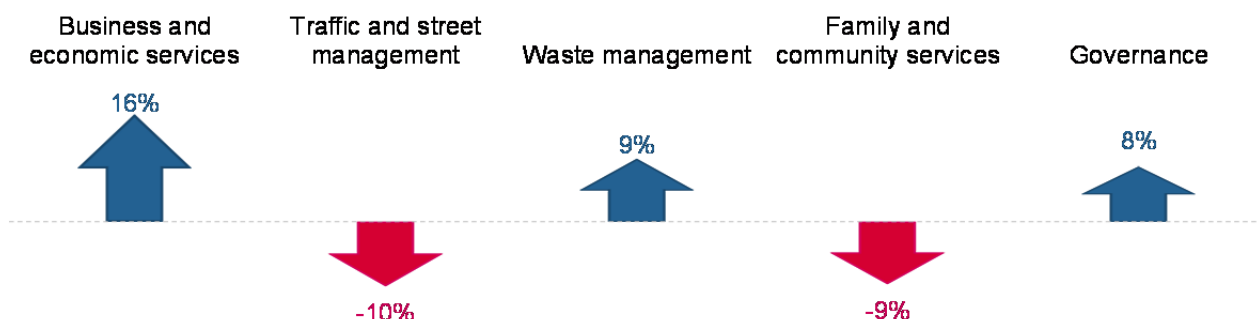
# Services

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

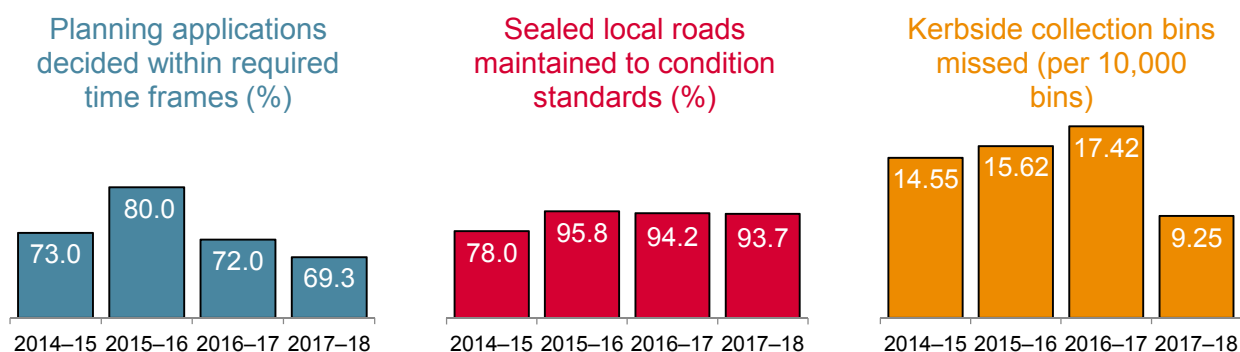
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Recreation and culture	323	26.7	318	26.0
Governance	232	19.2	251	20.6
Environment	173	14.3	168	13.8
Local roads and bridges	107	8.8	112	9.1
Family and community services	101	8.3	91	7.5
Business and economic services	78	6.5	91	7.4
Waste management	74	6.2	81	6.7
Traffic and street management	83	6.9	75	6.1
Aged and disabled services	38	3.1	33	2.7
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.

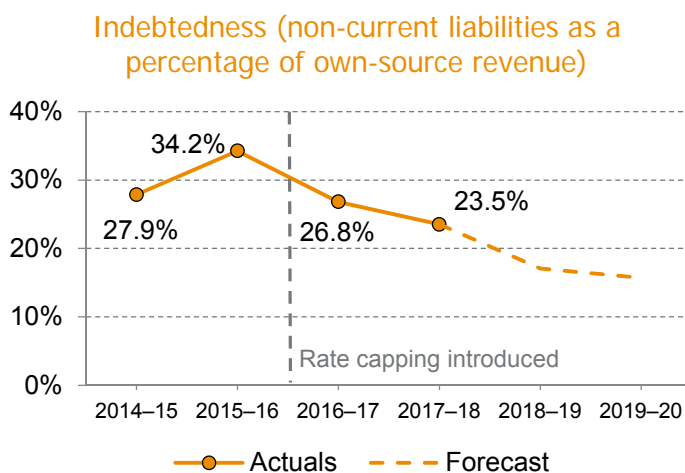
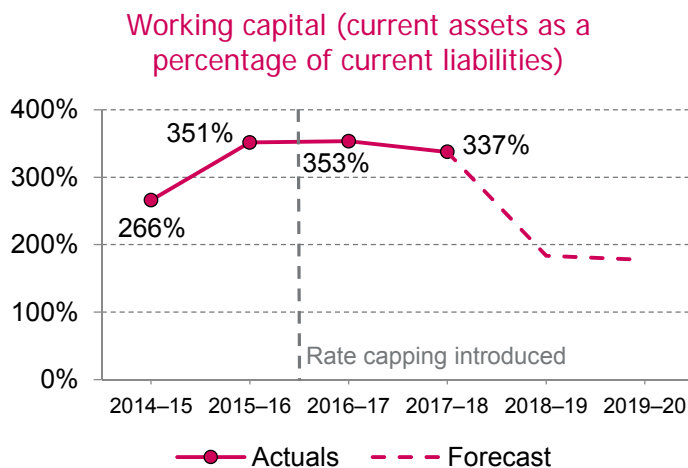
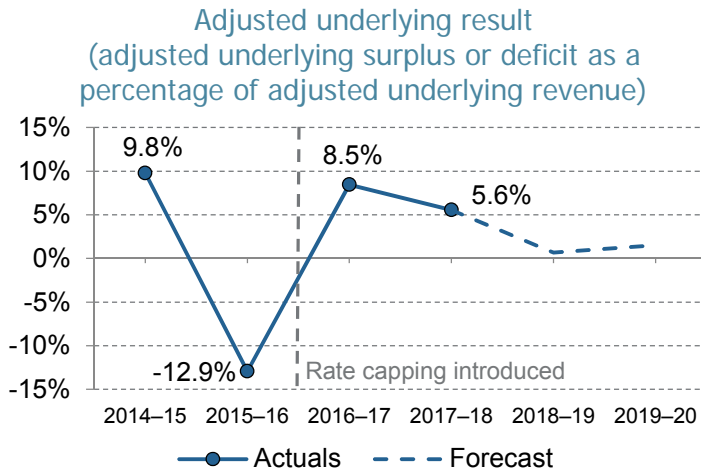
## Has there been a change in service quality? (selected services only)



# Financial position

See the reader's guide for data sources and useful information.  
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## Is council operating sustainably?



Between 2014–15 and 2017–18, Nillumbik Shire Council reported an average **adjusted underlying result** of 2.7 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 327 per cent between 2014–15 and 2017–18.

The falling **indebtedness ratio** reflects increased revenue and the repayment of some 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.