

# Hume City 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.



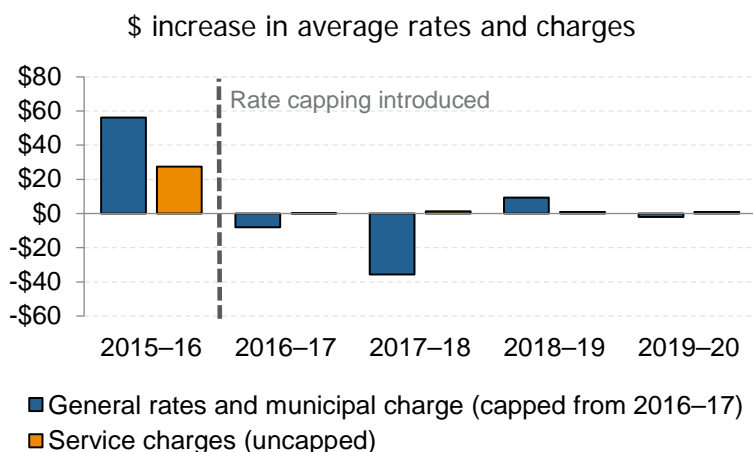
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### Key facts

Population (June 2019):	233,471
Size (km <sup>2</sup> ):	504
Length of local roads (km):	1,398
Population per km of roads:	167
Council employees (FTE, 2019–20):	1,104
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	\$1,947	n/a
2016–17	\$1,939	2.50%
2017–18	\$1,905	2.00%
2018–19	\$1,915	2.25%
2019–20	\$1,914	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

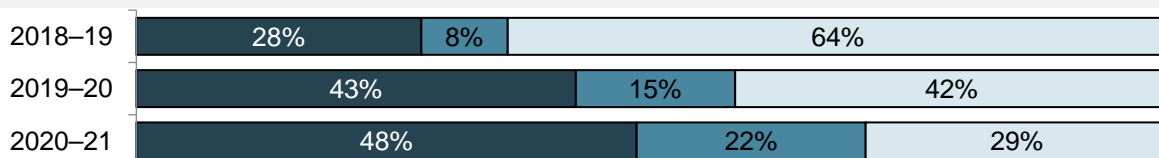
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all types of property). 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
	<b>90%</b> of ratepayers	<b>3%</b> of ratepayers	<b>6%</b> of ratepayers	<b>2%</b> of ratepayers
	<b>\$137.1m</b> (71%) of rates and charges revenue in 2019–20	<b>\$25.5m</b> (13%) of rates and charges revenue in 2019–20	<b>\$22.2m</b> (11%) of rates and charges revenue in 2019–20	<b>\$8.7m</b> (4%) of rates and charges revenue in 2019–20
	<b>0.9%</b> average annual increase between 2015–16 and 2019–20	<b>2.6%</b> average annual increase between 2015–16 and 2019–20	<b>-1%</b> average annual increase between 2015–16 and 2019–20	<b>0.1%</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.  
 Note: The numbers in this fact sheet have been adjusted for inflation and are expressed in 2019–20 dollars.

## Where is council's money coming from?

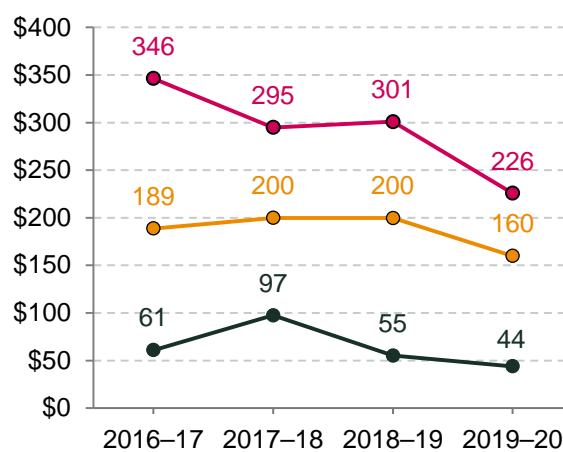
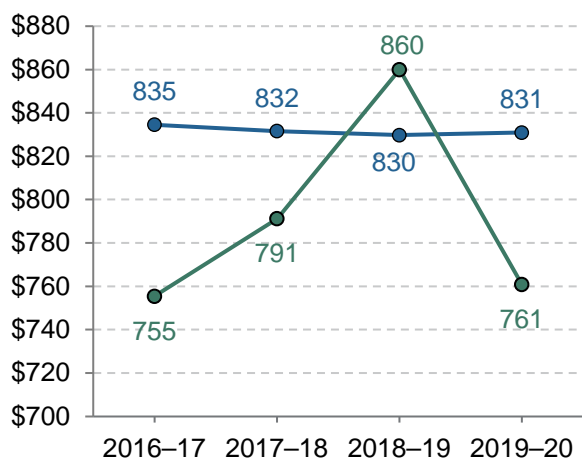
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	172.8	(38%)	179.0	(38%)	186.2	(37%)	194.0	(41%)
User fees and statutory fees and fines	39.1	(9%)	43.0	(9%)	44.8	(9%)	37.3	(8%)
Grants	71.7	(16%)	63.5	(13%)	67.5	(13%)	52.7	(11%)
Contributions	156.4	(35%)	170.3	(36%)	193.0	(38%)	177.6	(38%)
Other	12.6	(3%)	21.0	(4%)	12.4	(2%)	10.3	(2%)
<b>Total</b>	<b>452.6</b>		<b>476.8</b>		<b>503.9</b>		<b>471.9</b>	

In real terms, Hume City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions (due to higher levels of development activity). However, revenue from grants decreased in real terms due to a higher level of capital grants in 2016–17 and payment of some 2019–20 capital works grants occurring either in advance or being deferred.

Rates and charges, and contributions were the largest sources of council's revenue, and together these sources accounted for between 73 and 79 per cent of total revenue between 2016–17 and 2019–20.

## Revenue per person (2019–20 dollars)



- Rates and charges
- User fees and statutory fees and fines
- Grants
- Contributions
- Other

In terms of revenue per person (which adjusts for population growth), council's revenue from grants trended downwards in real terms between 2016–17 and 2019–20, while revenue from contributions peaked in 2018–19.

# Expenditure



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

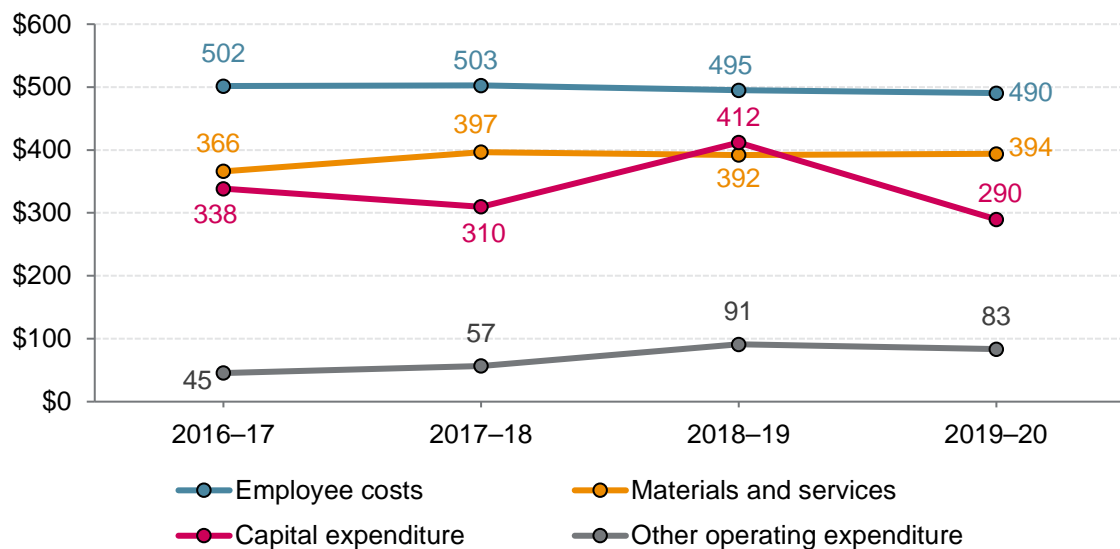
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Operating expenditure	189.0	(73%)	205.7	(76%)	219.5	(70%)	225.9	(77%)
Employee costs	103.8	(40%)	108.2	(40%)	111.1	(36%)	114.5	(39%)
Materials and services	75.8	(29%)	85.4	(31%)	88.0	(28%)	92.0	(31%)
Other operating expenditure	9.4	(4%)	12.2	(4%)	20.4	(7%)	19.4	(7%)
Capital expenditure	70.1	(27%)	66.7	(24%)	92.5	(30%)	67.6	(23%)
<b>Total</b>	<b>259.1</b>		<b>272.4</b>		<b>312.0</b>		<b>293.5</b>	

In real terms, Hume City Council's total expenditure increased between 2016–17 and 2019–20. While capital expenditure fluctuated in real terms over this period, employee costs and expenditure on materials and services increased each year.

Employee costs was council's largest area of expenditure, accounting for 38 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), employee costs trended downwards in real terms between 2016–17 and 2019–20, while capital expenditure and expenditure on materials and services fluctuated.



See the reader's guide for data sources and useful information.  
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## Has council's capital expenditure pattern changed?

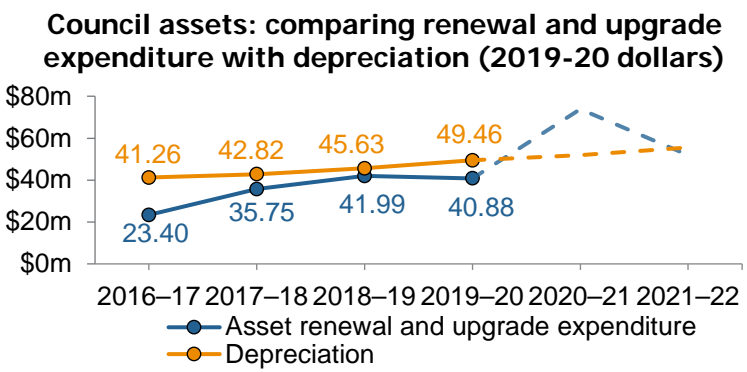
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	19.0	(27%)	25.5	(38%)	28.9	(31%)	29.5	(44%)
Upgrade	4.4	(6%)	10.2	(15%)	13.1	(14%)	11.4	(17%)
Expansion	3.7	(5%)	12.0	(18%)	17.5	(19%)	6.0	(9%)
New	42.9	(61%)	18.9	(28%)	33.0	(36%)	20.7	(31%)
<b>Total</b>	<b>70.1</b>		<b>66.7</b>		<b>92.5</b>		<b>67.6</b>	

Hume City Council's capital expenditure varied between 2016–17 and 2019–20, with spending on new assets falling in real terms from a peak in 2016–17 (where it represented 61 per cent of capital expenditure).

In real terms, spending on asset renewal trended upwards between 2016–17 and 2019–20, while spending on asset upgrades and asset expansion also trended upwards before a decrease in 2019–20.

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



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

2016–17	57%
2017–18	83%
2018–19	92%
2019–20	83%
2020–21	142% (forecast data)
2021–22	94% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms, prior to a decrease in 2019–20, remaining below the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade spending was forecast to increase above 100 per cent of depreciation in 2020–21, before falling below in 2021–22.

# Services



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.

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

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

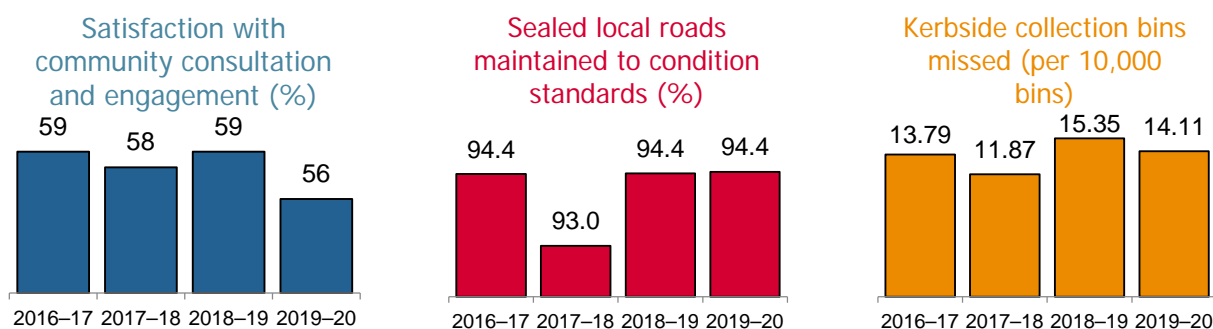
	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Aged and disabled services	12.2	(5%)	11.9	(5%)	11.7	(5%)	10.7	(4%)
Business and economic services	15.6	(7%)	16.1	(7%)	17.6	(7%)	23.1	(9%)
Environment	9.7	(4%)	10.6	(4%)	11.0	(4%)	12.2	(5%)
Family and community services	29.7	(13%)	31.2	(13%)	33.7	(13%)	34.1	(13%)
Governance	43.4	(19%)	49.0	(20%)	48.9	(19%)	47.5	(18%)
Local roads and bridges	20.1	(9%)	20.2	(8%)	21.1	(8%)	22.7	(8%)
Recreation and culture	49.1	(21%)	55.9	(23%)	60.7	(24%)	63.2	(23%)
Traffic and street management	29.2	(13%)	29.6	(12%)	31.7	(12%)	30.7	(11%)
Waste management	21.7	(9%)	21.6	(9%)	21.6	(8%)	25.7	(10%)
Other	0.1	(0%)	0.1	(0%)	0.1	(0%)	0.1	(0%)
<b>Total</b>	<b>230.8</b>		<b>246.2</b>		<b>258.2</b>		<b>270.0</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?



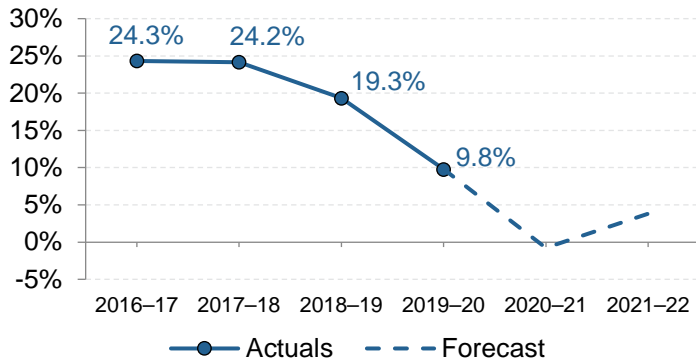
# Financial position



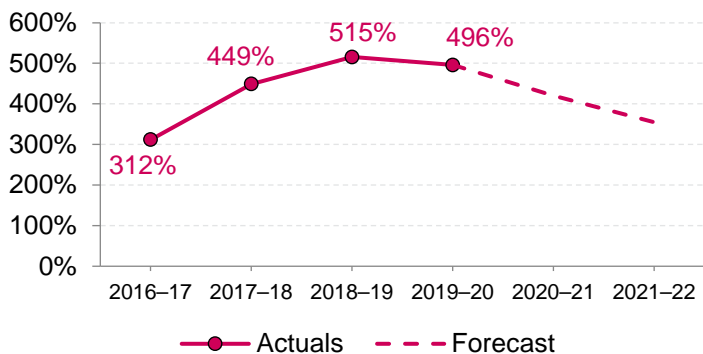
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## Is council operating sustainably?

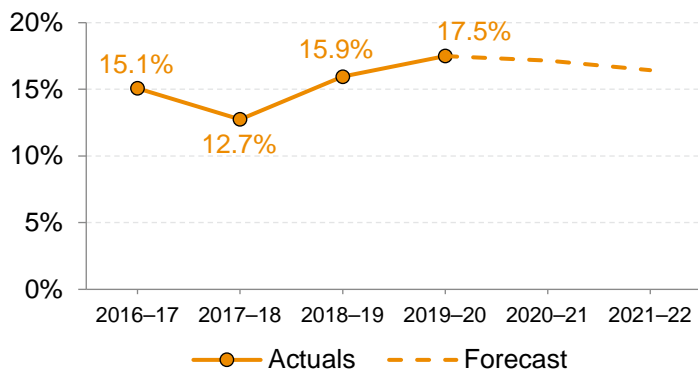
Adjusted underlying result  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Hume City Council reported an average **adjusted underlying result** of 19.4 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decreases in 2018–19 and 2019–20 partly reflect increases in expenses related to municipal growth and depreciation, and the impacts of coronavirus (both reduced revenue and increased costs of providing financial stimulus).

Council could meet its current financial obligations with a reported average **working capital ratio** of 443 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 15.3 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.

**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.