

Wellington Shire Council

Group: large shire

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 large shires. 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.

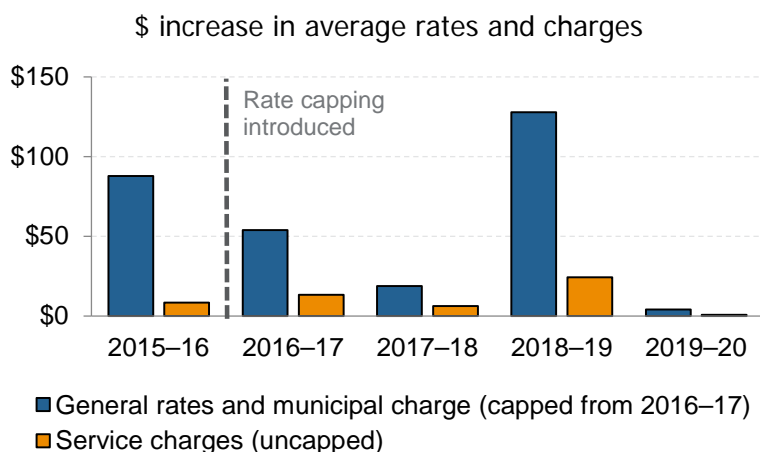


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Key facts	
Population (June 2019):	44,380
Size (km ²):	10,817
Length of local roads (km):	3,035
Population per km of roads:	15
Council employees (FTE, 2019–20):	304
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,638	n/a
2016–17	\$1,706	2.50%
2017–18	\$1,731	2.00%
2018–19	\$1,883	2.25%
2019–20	\$1,888	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

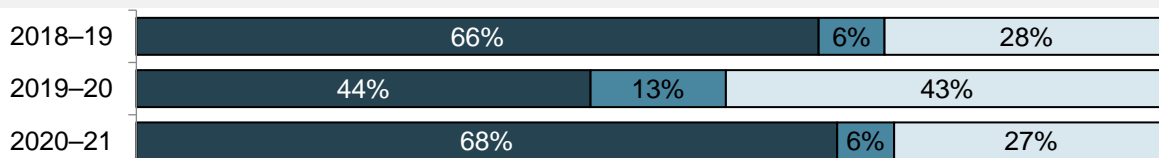
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 2 differential rates (for different types of property) and uses service charges to recover the cost of waste and sewerage 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 & Industrial ratepayers	Rural ratepayers
	84% of ratepayers	5% of ratepayers	11% of ratepayers
	\$39.8m (63%) of rates and charges revenue in 2019–20	\$12.6m (20%) of rates and charges revenue in 2019–20	\$10.7m (17%) of rates and charges revenue in 2019–20
	2.4% average annual increase between 2015–16 and 2019–20	8.0% average annual increase between 2015–16 and 2019–20	2.6% 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?

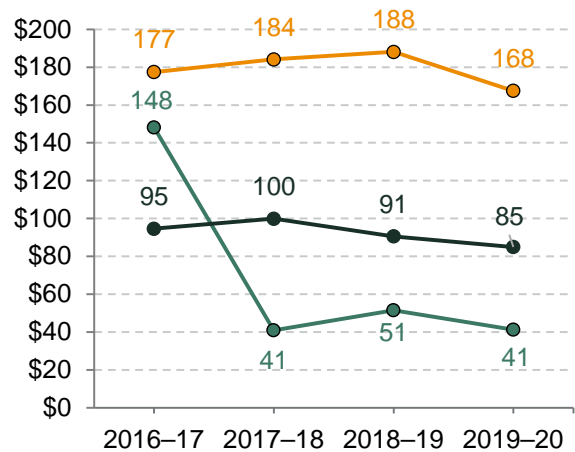
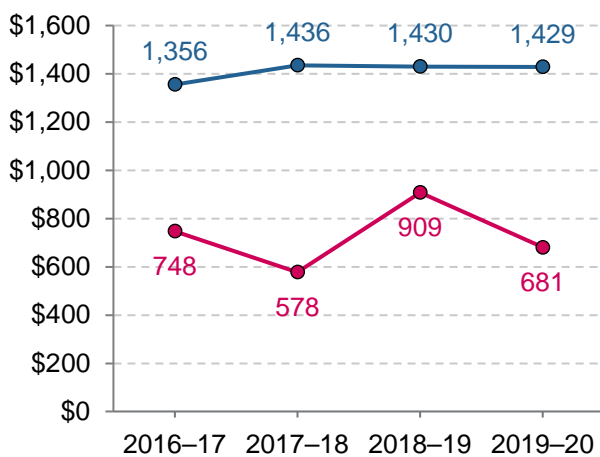
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	59.0	(54%)	62.9	(61%)	63.0	(54%)	63.4	(59%)
User fees and statutory fees and fines	7.7	(7%)	8.1	(8%)	8.3	(7%)	7.4	(7%)
Grants	32.6	(30%)	25.3	(25%)	40.0	(34%)	30.2	(28%)
Contributions	6.4	(6%)	1.8	(2%)	2.3	(2%)	1.8	(2%)
Other	4.1	(4%)	4.4	(4%)	4.0	(3%)	3.8	(4%)
Total	109.9		102.4		117.5		106.7	

In real terms, Wellington Shire Council's total revenue fluctuated between 2016–17 and 2019–20. Revenue from grants was higher in 2016–17 due to an advance payment of Commonwealth financial assistance grants, and in 2018–19 due to the receipt of one-off capital grants, and additional operating grants to improve council processes. In 2016–17, revenue from contributions was higher, reflecting higher levels of development activity.

Rates and charges was the largest source of council's revenue, accounting for between 54 and 61 per cent of total revenue between 2016–17 and 2019–20.

Revenue per person (2019–20 dollars)



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

In terms of revenue per person (which adjusts for population growth), council's revenue from grants fluctuated in real terms between 2016–17 and 2019–20. Revenue per person from contributions 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?

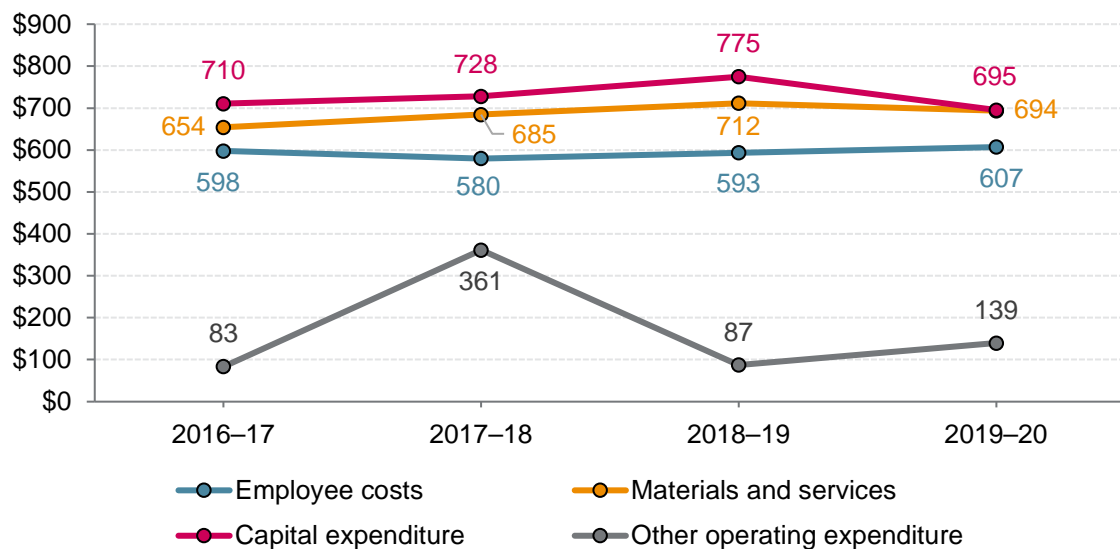
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Operating expenditure	58.1	(65%)	71.2	(69%)	61.3	(64%)	63.9	(67%)
Employee costs	26.0	(29%)	25.4	(25%)	26.1	(27%)	27.0	(28%)
Materials and services	28.5	(32%)	30.0	(29%)	31.3	(33%)	30.8	(32%)
Other operating expenditure	3.6	(4%)	15.8	(15%)	3.8	(4%)	6.2	(7%)
Capital expenditure	30.9	(35%)	31.9	(31%)	34.1	(36%)	30.9	(33%)
Total	89.0		103.1		95.4		94.8	

In real terms, Wellington Shire Council's total expenditure fluctuated between 2016–17 and 2019–20. 'Other operating expenditure' increased in real terms in 2017–18 due to asset write-down and adjustments in landfill rehabilitation provisions.

Capital expenditure was council's largest area of expenditure, accounting for 33 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), capital expenditure trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20. Employee costs and expenditure per person on materials and services trended upwards in real terms between 2016–17 and 2019–20. 'Other operating expenditure' per person spiked in 2017–18 in real terms.



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)

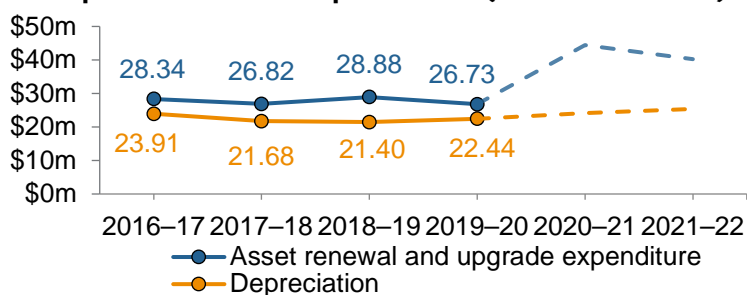
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	22.6	(73%)	20.2	(63%)	20.6	(61%)	19.8	(64%)
Upgrade	5.7	(18%)	6.6	(21%)	8.2	(24%)	6.9	(22%)
Expansion	2.3	(7%)	3.3	(10%)	2.7	(8%)	3.8	(12%)
New	0.3	(1%)	1.8	(6%)	2.5	(7%)	0.4	(1%)
Total	30.9		31.9		34.1		30.9	

In real terms, Wellington Shire Council's spending on asset renewal trended downwards between 2016–17 and 2019–20, from a historical peak in 2016–17. Spending on new assets and asset upgrades trended upwards in real terms between 2016–17 and 2018–19, before decreasing in 2019–20.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 61 to 73 per cent of total capital expenditure).

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

Council assets: comparing renewal and upgrade expenditure with depreciation (2019–20 dollars)



Renewal & upgrade expenditure as a percentage of depreciation

2016–17	119%
2017–18	124%
2018–19	135%
2019–20	119%
2020–21	184% (forecast data)
2021–22	158% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets fluctuated year on year between 2016–17 and 2019–20. However, this spending remained above the amount of depreciation (the decline in value of council's assets caused by age and use).

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

Services



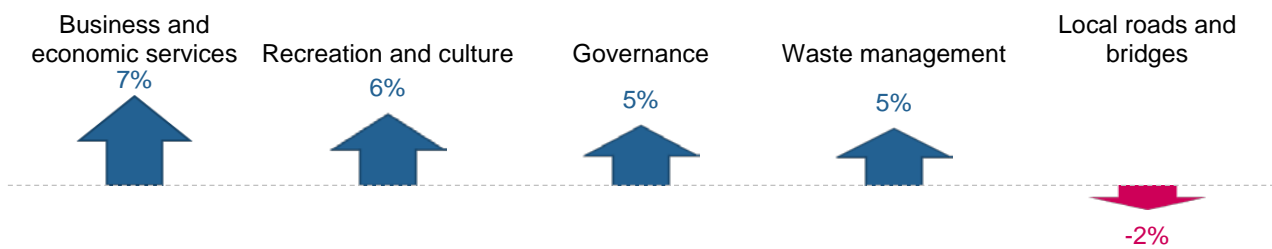
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Which service areas is council spending its money in?

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

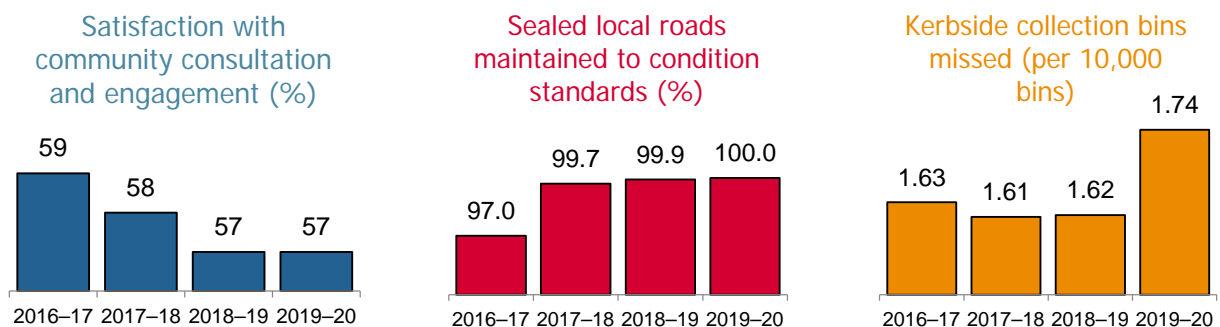
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	0.7	(1%)	0.7	(1%)	0.7	(1%)	0.7	(1%)
Business and economic services	5.0	(6%)	5.1	(6%)	5.9	(7%)	6.2	(7%)
Environment	4.3	(5%)	3.9	(4%)	4.2	(5%)	4.4	(5%)
Family and community services	1.7	(2%)	1.6	(2%)	1.6	(2%)	1.7	(2%)
Governance	21.0	(26%)	19.1	(21%)	18.9	(23%)	24.1	(28%)
Local roads and bridges	19.8	(25%)	18.1	(20%)	18.0	(22%)	18.7	(22%)
Recreation and culture	15.8	(20%)	18.7	(21%)	18.7	(23%)	18.7	(22%)
Traffic and street management	3.5	(4%)	3.0	(3%)	4.6	(6%)	3.5	(4%)
Waste management	7.3	(9%)	19.8	(22%)	8.6	(11%)	8.4	(10%)
Other	1.6	(2%)	0.6	(1%)	0.4	(1%)	0.0	(0%)
Total	80.8		90.7		81.5		86.3	

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?

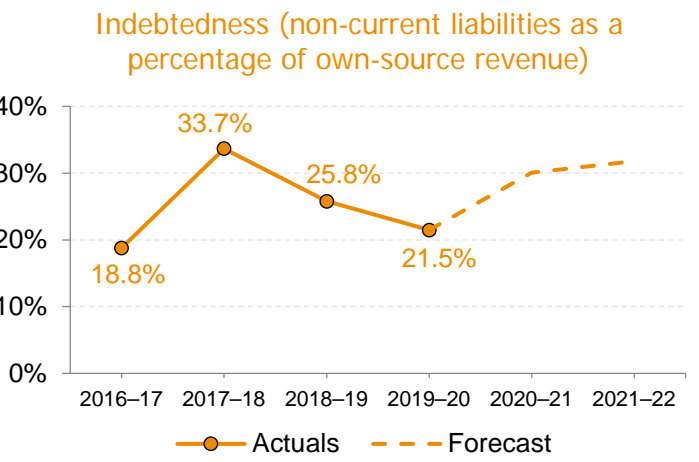
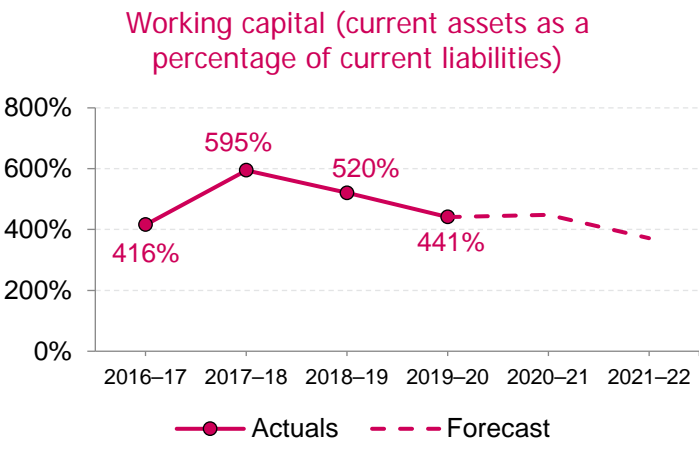
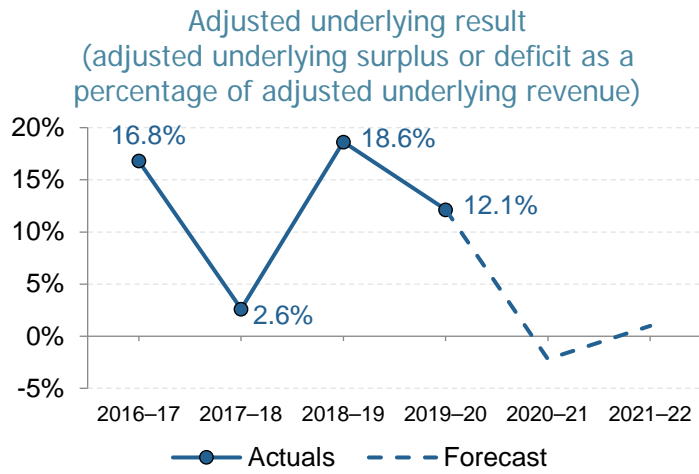


Financial position



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Is council operating sustainably?



Between 2016–17 and 2019–20, Wellington Shire Council reported an average **adjusted underlying result** of 12.6 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. Variations over the period generally reflect the timing of receipt of grants. In 2017–18, the decrease also reflects higher landfill management costs, and in 2019–20, it also reflects changes in accounting standards.

Council could meet its current financial obligations with a reported average **working capital ratio** of 493 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 24.9 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 2017–18 reflects an increase in landfill provision.

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.