

# Wyndham 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.



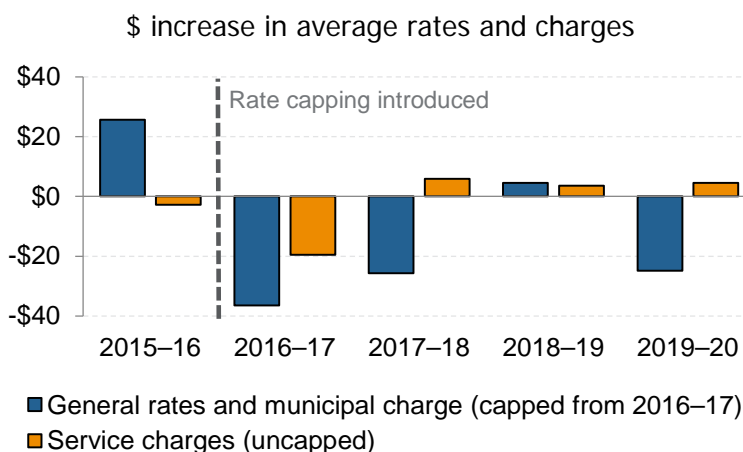
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### Key facts

Population (June 2019):	270,487
Size (km <sup>2</sup> ):	542
Length of local roads (km):	1,633
Population per km of roads:	166
Council employees (FTE, 2019–20):	1,415
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	Yes (see table below)

## Rates

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



Year	Average rates and charges	Applicable rate cap
2015–16	\$2,026	n/a
2016–17	\$1,970	2.50% <sup>a</sup>
2017–18	\$1,950	2.00%
2018–19	\$1,959	2.25%
2019–20	\$1,938	2.50%

<sup>a</sup> Council applied for a higher cap of 4.50% but was unsuccessful.

# 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

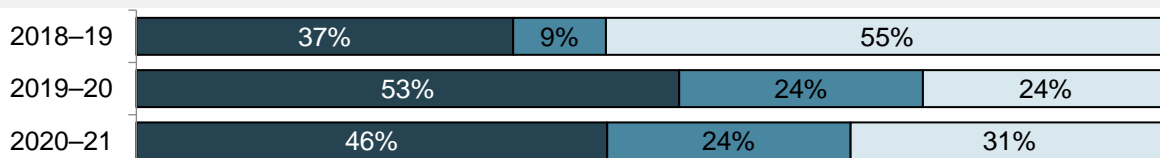
## How have rates changed for different ratepayers?

### Council's rating strategy 2020–21

Council levies 8 differential rates (for different types of property), a municipal charge 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
	<b>94%</b> of ratepayers	<b>2%</b> of ratepayers	<b>3%</b> of ratepayers	<b>1%</b> of ratepayers
	<b>\$176.8m</b> (81%) of rates and charges revenue in 2019–20	<b>\$13.7m</b> (6%) of rates and charges revenue in 2019–20	<b>\$22.9m</b> (11%) of rates and charges revenue in 2019–20	<b>\$4.4m</b> (2%) of rates and charges revenue in 2019–20
	<b>0.3%</b> average annual increase between 2015–16 and 2019–20	<b>0.3%</b> average annual increase between 2015–16 and 2019–20	<b>-7.2%</b> average annual increase between 2015–16 and 2019–20	<b>3.7%</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?

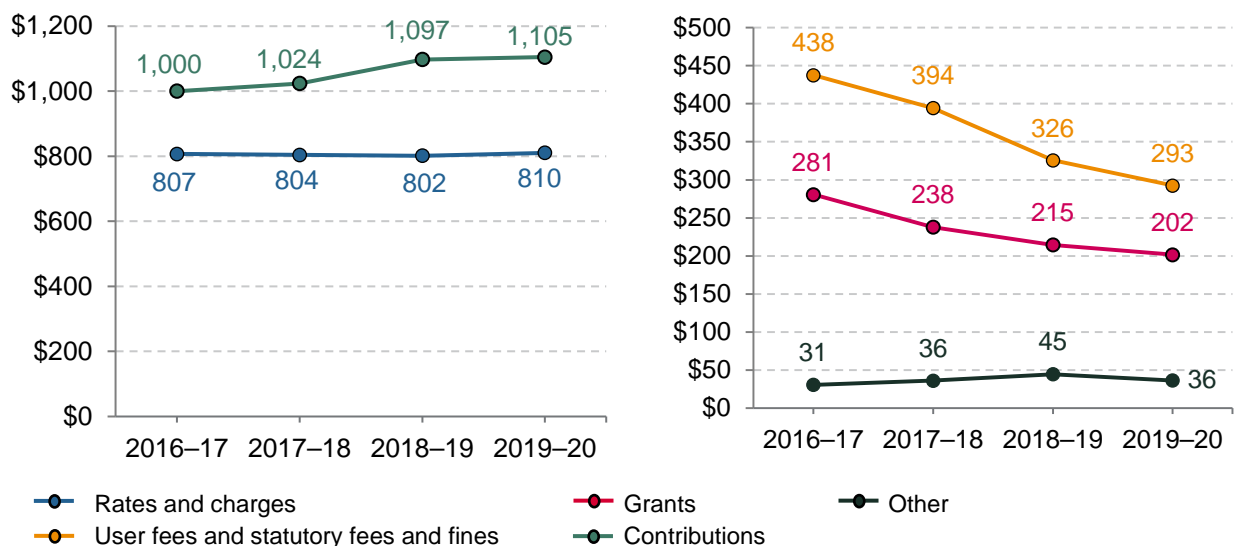
**Revenue** (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	183.2	(32%)	193.9	(32%)	204.7	(32%)	219.2	(33%)
User fees and statutory fees and fines	99.3	(17%)	95.0	(16%)	83.2	(13%)	79.1	(12%)
Grants	63.7	(11%)	57.3	(10%)	54.8	(9%)	54.5	(8%)
Contributions	227.0	(39%)	246.8	(41%)	280.3	(44%)	298.8	(45%)
Other	7.0	(1%)	8.7	(1%)	11.4	(2%)	9.8	(1%)
<b>Total</b>	<b>580.3</b>		<b>601.7</b>		<b>634.3</b>		<b>661.5</b>	

In real terms, Wyndham City Council's total revenue increased between 2016–17 and 2019–20, reflecting increases in revenue from rates and charges, and contributions (from higher levels of development activity). However, revenue from user fees and statutory fees and fines decreased in real terms, reflecting decreases in revenue from waste management fees (due to landfill sites reaching capacity) in 2017–18 and 2018–19, and the closure of leisure facilities in 2019–20.

Rates and charges, and contributions were the largest sources of council's revenue, and together these sources accounted for between 71 and 78 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 user fees and statutory fees and fines, and grants decreased in real terms between 2016–17 and 2019–20. This compares with an upward trend in revenue per person from contributions.

# Expenditure



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

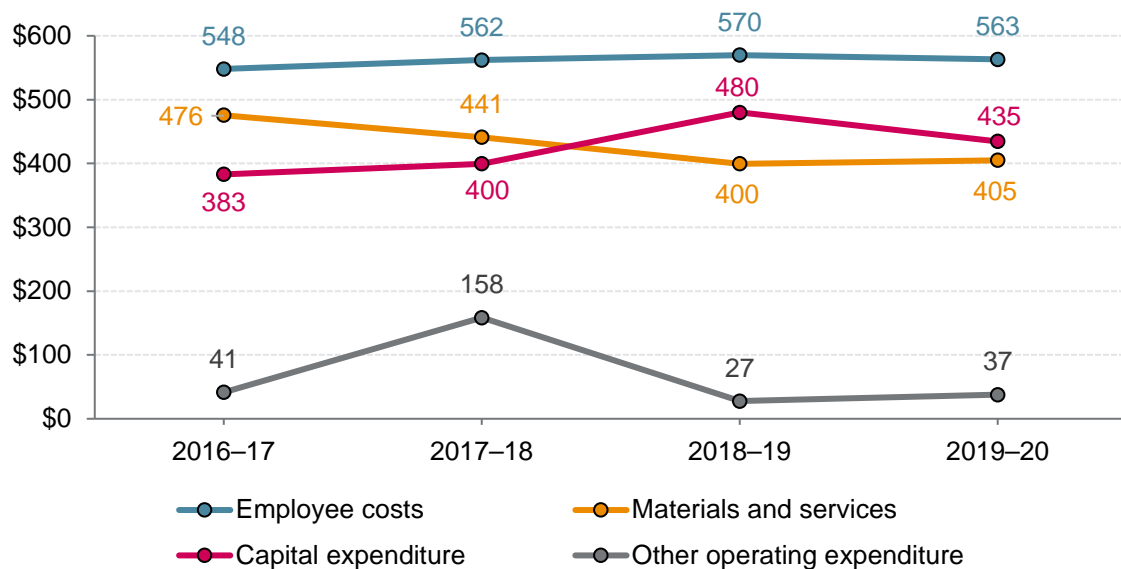
**Expenditure** (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Operating expenditure	241.8	(74%)	280.0	(74%)	254.6	(67%)	272.0	(70%)
Employee costs	124.4	(38%)	135.5	(36%)	145.5	(39%)	152.3	(39%)
Materials and services	108.0	(33%)	106.3	(28%)	102.0	(27%)	109.6	(28%)
Other operating expenditure	9.4	(3%)	38.1	(10%)	7.0	(2%)	10.1	(3%)
Capital expenditure	86.9	(26%)	96.3	(26%)	122.6	(33%)	117.6	(30%)
<b>Total</b>	<b>328.7</b>		<b>376.3</b>		<b>377.1</b>		<b>389.6</b>	

In real terms, Wyndham City Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in employee costs and capital expenditure. 'Other operating expenditure' spiked in 2017–18 due to loss on disposal of assets. Expenditure on materials and services fluctuated in real terms between 2016–17 and 2019–20.

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) capital expenditure trended upwards in real terms between 2016–17 and 2019–20, while employee costs remained relatively stable. Expenditure per person on materials and services trended downwards in real terms between 2016–17 and 2019–20.



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## Has council's capital expenditure pattern changed?

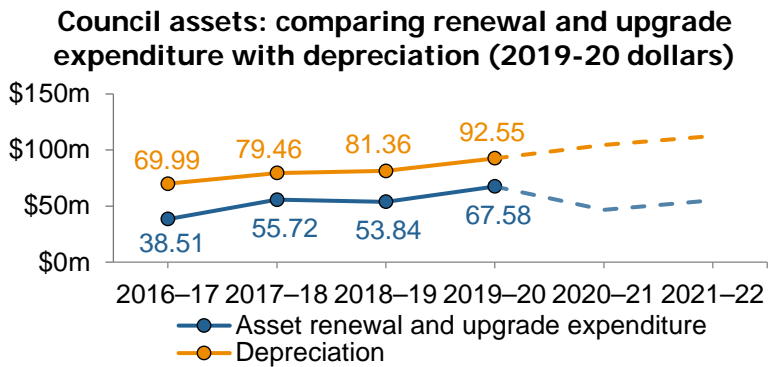
**Capital expenditure** (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	18.7	(22%)	28.8	(30%)	34.3	(28%)	32.2	(27%)
Upgrade	19.8	(23%)	26.9	(28%)	19.5	(16%)	35.3	(30%)
Expansion	2.6	(3%)	6.4	(7%)	3.6	(3%)	3.6	(3%)
New	45.8	(53%)	34.3	(36%)	65.1	(53%)	46.4	(39%)
<b>Total</b>	<b>86.9</b>		<b>96.3</b>		<b>122.6</b>		<b>117.6</b>	

Wyndham City Council's spending on new assets trended upwards in real terms between 2016–17 and 2019–20, despite fluctuating year on year. New assets accounted for the highest share of capital expenditure each year, which is typical of interface councils.

In real terms, there was also an upward trend in council's spending on asset upgrades (despite a dip in 2018–19) and asset renewal (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	55%
2017–18	70%
2018–19	66%
2019–20	73%
2020–21	45% (forecast data)
2021–22	49% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, however remained below the amount of depreciation (the decline in value of council's assets caused by age and use).

Renewal and upgrade expenditure was forecast to remain below 100 per cent of depreciation in 2020–21 and 2021–22.

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.

# Services



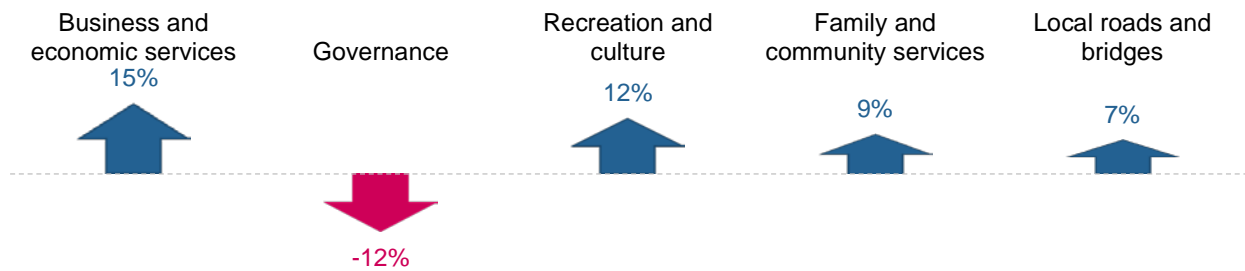
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## Which service areas is council spending its money in?

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

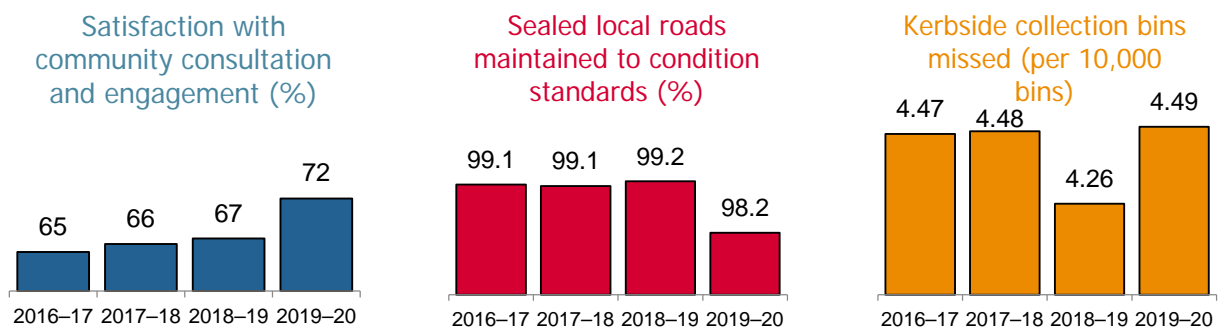
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	12.1 (4%)	13.5 (4%)	13.7 (4%)	12.9 (4%)
Business and economic services	16.2 (5%)	19.5 (6%)	21.7 (6%)	24.9 (7%)
Environment	13.1 (4%)	13.4 (4%)	14.7 (4%)	16.8 (5%)
Family and community services	34.7 (11%)	37.4 (11%)	38.8 (11%)	44.7 (12%)
Governance	34.0 (11%)	30.7 (9%)	34.1 (10%)	22.8 (6%)
Local roads and bridges	48.5 (15%)	58.5 (18%)	61.3 (18%)	60.1 (16%)
Recreation and culture	69.7 (22%)	73.3 (22%)	77.7 (23%)	98.6 (27%)
Traffic and street management	19.2 (6%)	20.1 (6%)	22.7 (7%)	22.7 (6%)
Waste management	65.3 (21%)	63.3 (19%)	50.2 (15%)	57.9 (16%)
Other	3.9 (1%)	3.6 (1%)	3.1 (1%)	3.5 (1%)
<b>Total</b>	<b>316.5</b>	<b>333.2</b>	<b>337.9</b>	<b>364.8</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?



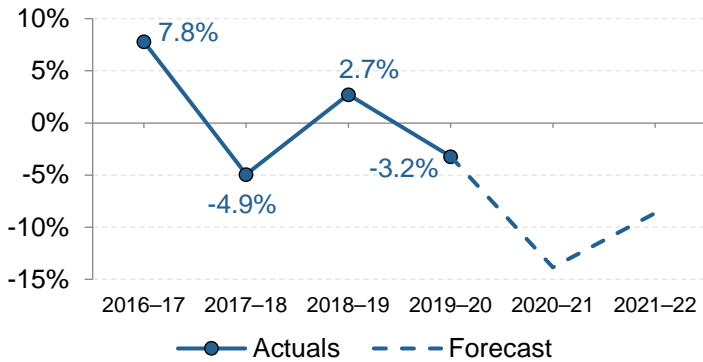
# Financial position



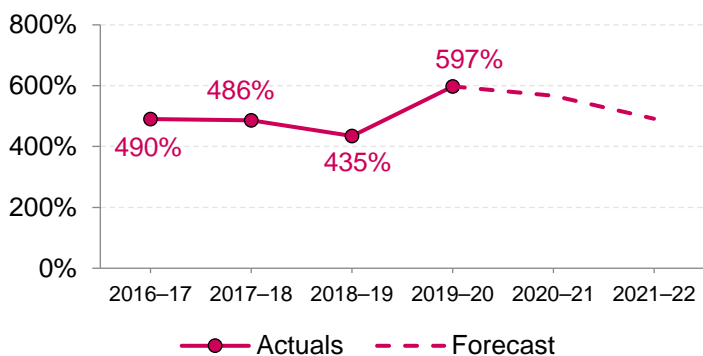
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## Is council operating sustainably?

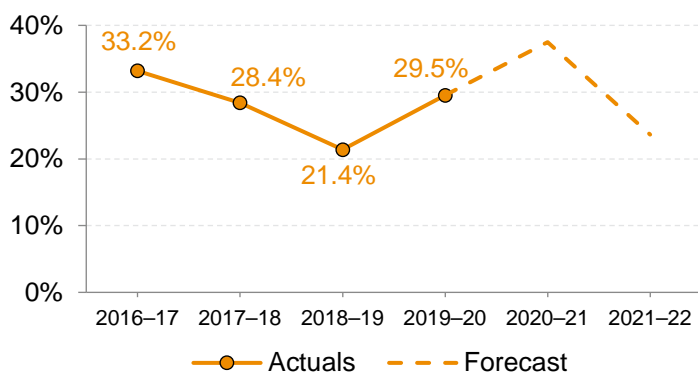
**Adjusted underlying result**  
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



**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, Wyndham City Council reported an average **adjusted underlying result** of 0.6 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The decrease in 2017–18 reflects transfer of infrastructure assets to VicRoads, while the subsequent increase in 2018–19 reflects an increase in revenue. The decrease in 2019–20 was partly due to growth in asset depreciation and higher expenses.

Council could meet its current financial obligations with a reported average **working capital ratio** of 502 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 28.1 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 lower ratio in 2018–19 reflects the reclassification of some liability for landfill rehabilitation as a current liability in that year.

**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.