

Warrnambool City Council

Group: Regional City

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 regional cities. 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>.



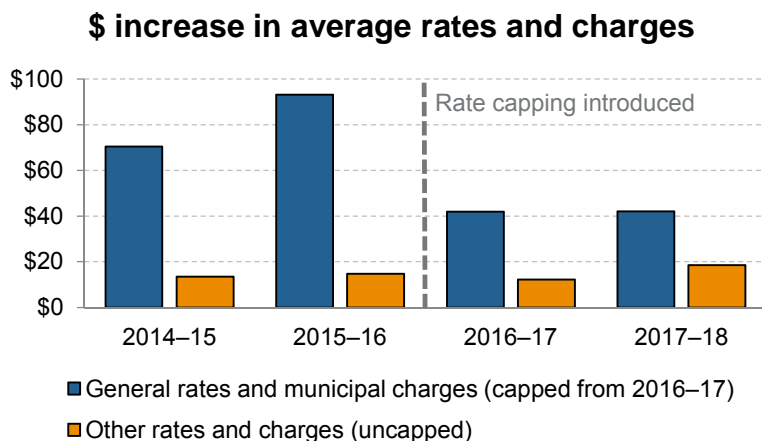
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Key facts

Population:	34,571
Size (km ²):	120
Length of local roads (km):	335
Population per km of roads:	103
Council employees (FTE, 2017–18):	392
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	\$1,873	n/a
2015–16	\$1,981	n/a
2016–17	\$2,035	2.50%
2017–18	\$2,096	2.00%

Rates (continued)

See the reader's guide for data sources and useful information.
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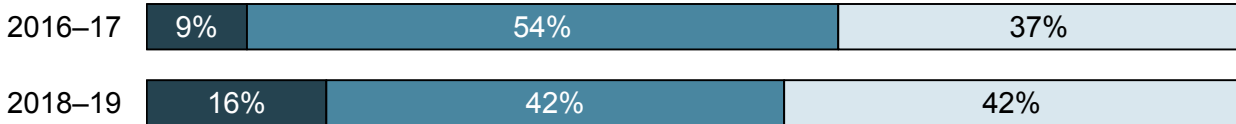
Have council's average rates complied with the applicable rate caps?

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).

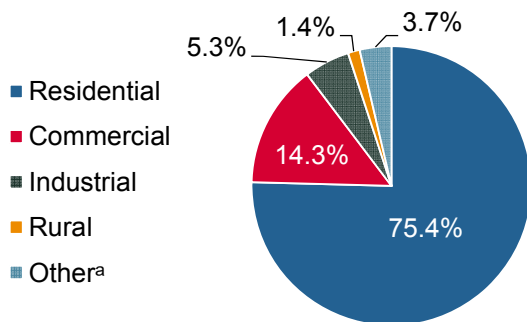


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

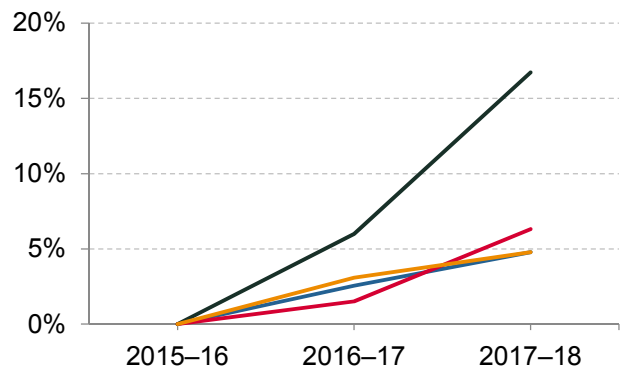
Ratepayers by property class

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 Warrnambool City Council's rates and charges. This group of ratepayers, on average, experienced a 4.8 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 \$1,981 to \$2,096 (5.8 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?

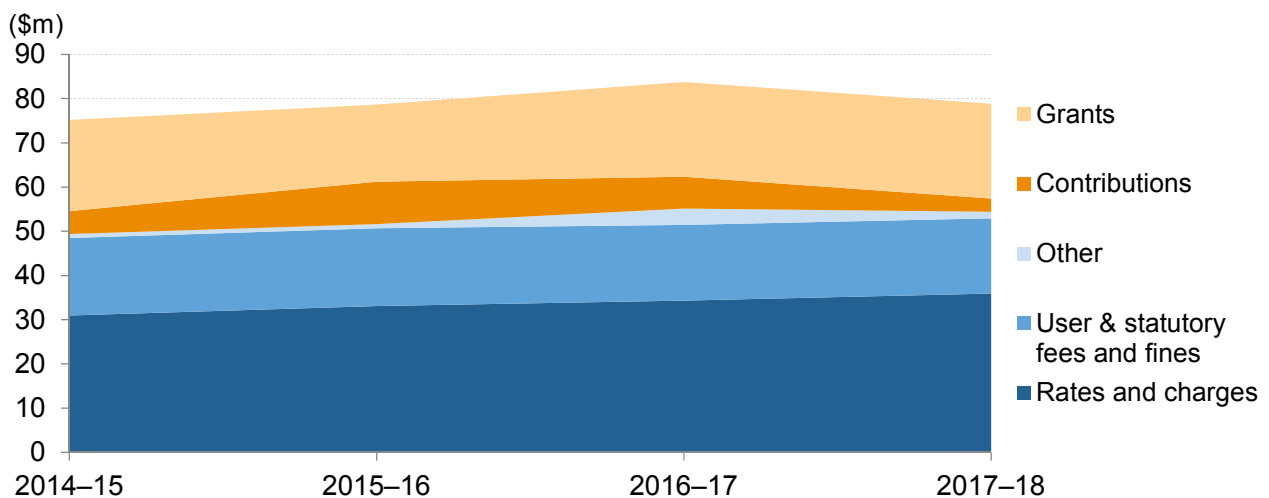
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	32.0	42	35.1	43
Grants	19.0	25	21.5	26
User fees and statutory fees and fines	17.5	23	17.1	21
Contributions	7.4	10	5.1	6
Other	0.9	1	2.6	3
Total	76.9	100	81.3	100

Warrnambool City Council's average revenue from rates and charges, grants and 'other' sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The biggest changes in the composition of council's revenue were the decreases in the proportions of revenue from contributions and user fees and statutory fees and fines and the increase in the proportion of revenue from 'other' sources 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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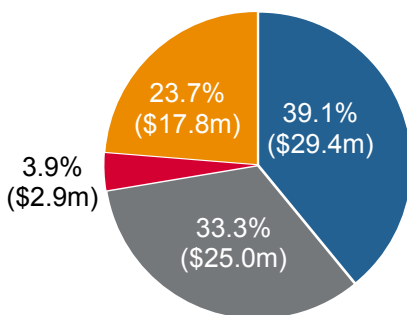
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$58.2m	\$19.6m	\$1,725	\$580
2015–16	\$56.4m	\$16.1m	\$1,660	\$473
2016–17	\$61.2m	\$16.2m	\$1,787	\$473
2017–18	\$60.6m	\$19.8m	\$1,752	\$571

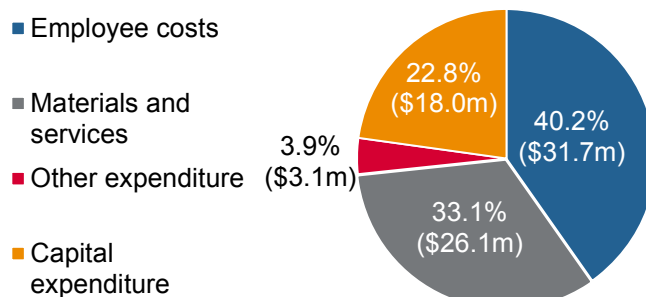
Warrnambool City Council's operating expenses have trended upward over time, driven by increased employee costs and spending on materials and services, with some fluctuation in recent years caused by adjustments relating to asset values. Capital expenditure also varied over the same period, reflecting fluctuations across the categories of capital works.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

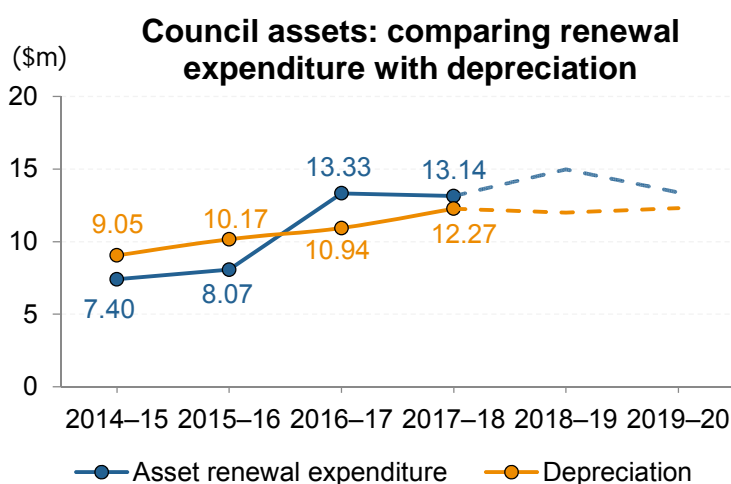


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of Warrnambool City Council's expenditure, reflecting a proportionally higher increase in average employee costs in the two years after rate capping was introduced. Spending on materials and services 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	82
2015-16	79
2016-17	122
2017-18	107
2018-19	125 (forecast data)
2019-20	109 (forecast data)

In recent years, Warrnambool City Council's spending on the renewal of its assets has fluctuated above and below the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to remain above 100 per cent of depreciation in 2018-19 and 2019-20.

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 has increased. Average spending on new assets decreased, while average spending on upgrade projects remained at a similar level (despite year on year fluctuations).
	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	7.7	43	13.2	74	
New	7.4	42	2.4	13	
Upgrade	2.2	12	2.1	12	
Expansion	0.5	3	0.2	1	
Total	17.8	100	18.0	100	

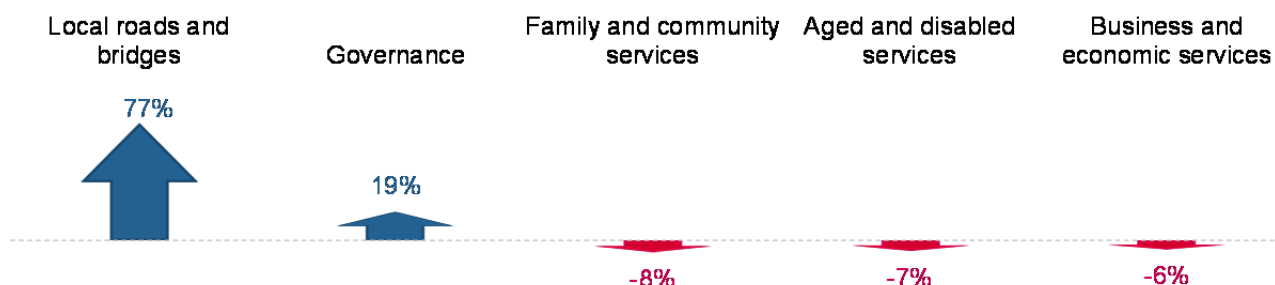
Services

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

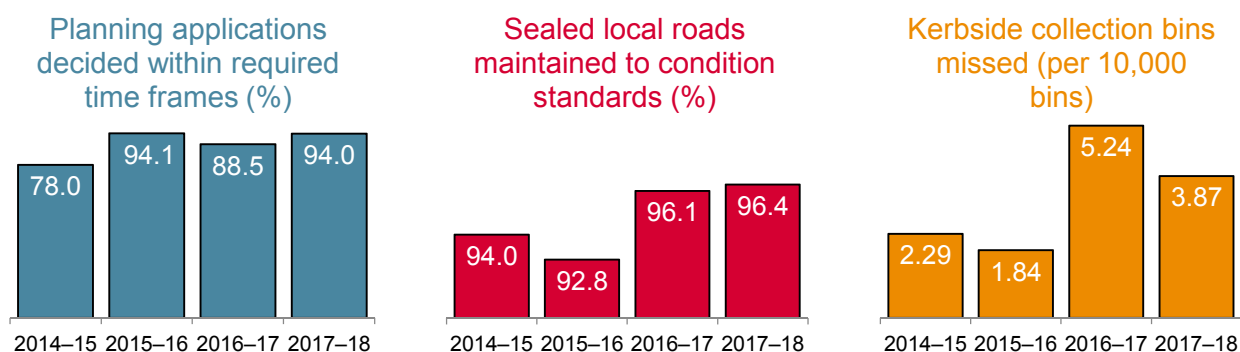
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	605	31.2	719	34.1
Recreation and culture	428	22.0	423	20.1
Family and community services	291	15.0	269	12.8
Business and economic services	215	11.1	202	9.6
Local roads and bridges	95	4.9	167	7.9
Aged and disabled services	132	6.8	123	5.8
Waste management	65	3.4	87	4.1
Traffic and street management	69	3.6	73	3.5
Environment	41	2.1	44	2.1
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)

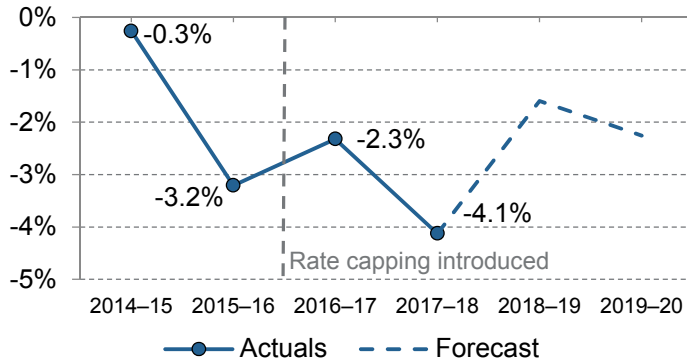


Financial position

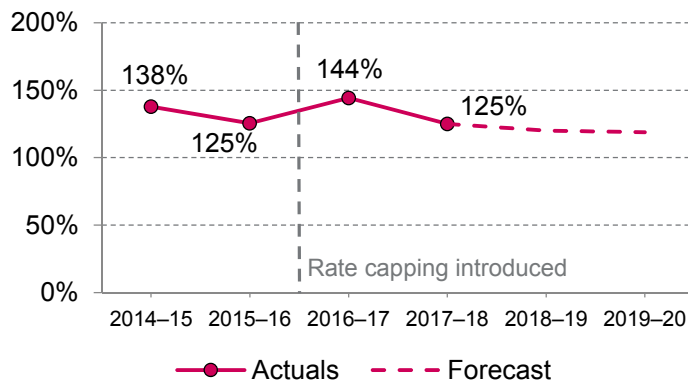
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Is council operating sustainably?

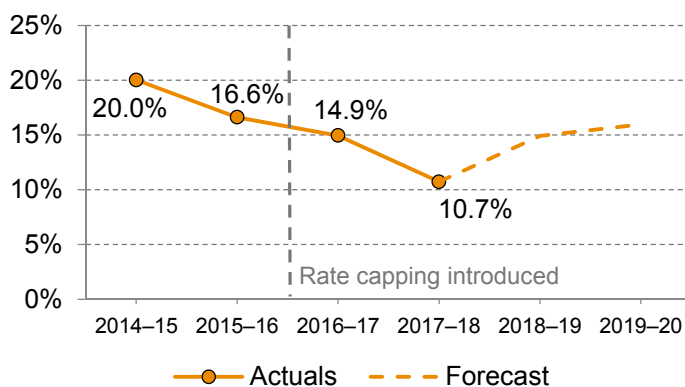
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Warrnambool City Council reported an average **adjusted underlying result** of -2 per cent. An ongoing negative result suggests that without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to continue to fund the range and level of services it has been providing.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 133 per cent between 2014–15 and 2017–18. The changes in the ratio relate to the timing of projects.

The falling **indebtedness ratio** reflects council repaying some of its 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.