

# Wellington Shire Council

## Group: Large Shire

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 large shires. 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>.



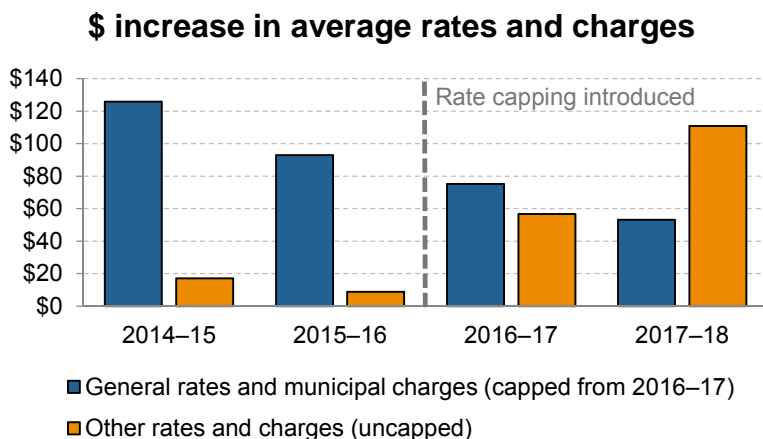
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### Key facts

Population:	43,807
Size (km <sup>2</sup> ):	10,817
Length of local roads (km):	3,031
Population per km of roads:	14.5
Council employees (FTE, 2017–18):	297
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	\$1,436	n/a
2015–16	\$1,538	n/a
2016–17	\$1,670	2.50%
2017–18	\$1,834	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	Immaterially non-compliant (0.01 above the cap)	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

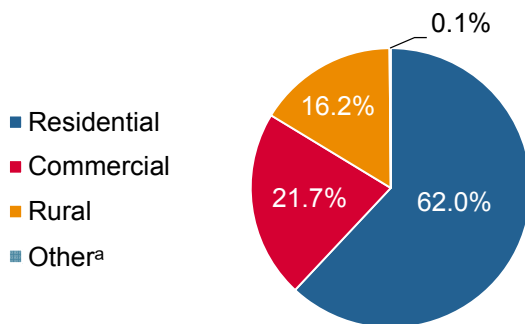
2018–19

- % 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.

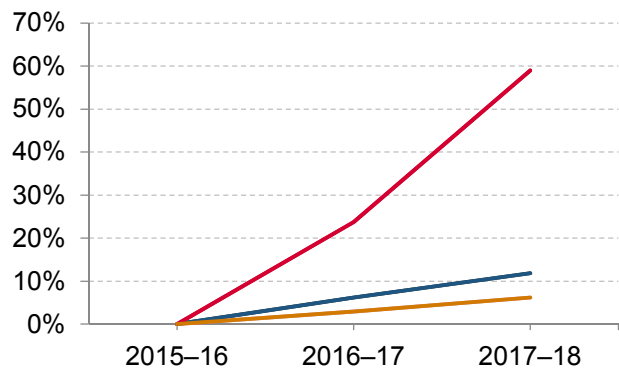
## Ratepayers by property class

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 Wellington Shire Council's rates and charges. This group of ratepayers, on average, experienced an 11.8 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 \$1,538 to \$1,834 (19.2 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?

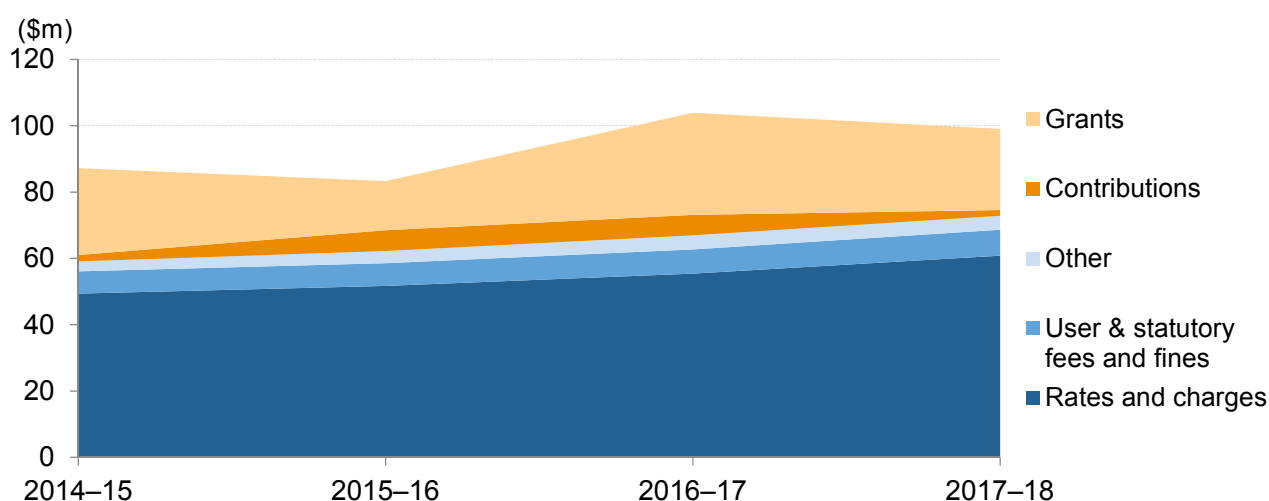
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	50.5	59	58.1	57
Grants	20.5	24	27.6	27
User fees and statutory fees and fines	6.8	8	7.6	7
Contributions	4.1	5	3.9	4
Other	3.3	4	4.2	4
<b>Total</b>	<b>85.3</b>	<b>100</b>	<b>101.5</b>	<b>100</b>

Wellington Shire Council's average revenue from all sources (except contributions) 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 decrease in the proportion of revenue from rates and charges and the increase in the proportion of revenue from grants 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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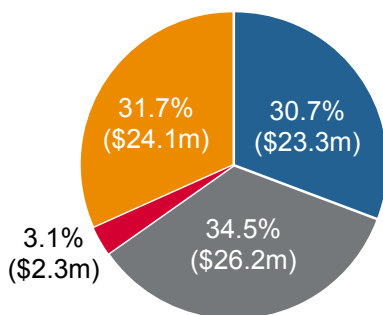
## How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$52.7m	\$24.4m	\$1,227	\$567
2015–16	\$51m	\$23.8m	\$1,181	\$551
2016–17	\$55m	\$29.2m	\$1,262	\$672
2017–18	\$68.8m	\$30.8m	\$1,572	\$704

Wellington Shire Council's operating expenses increased in the two years following the introduction of rate capping. This was driven by 'other' expenses (a large provision for landfill and an adjustment relating to asset values) and increased spending on materials and services (particularly contractors). Capital expenditure also increased over the same period, reflecting higher spending on asset renewal.

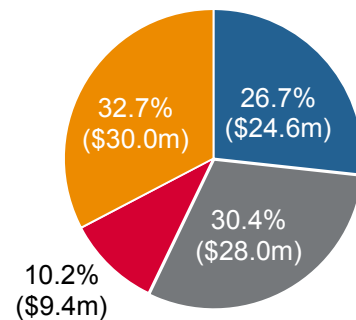
## How is council spending its money?

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



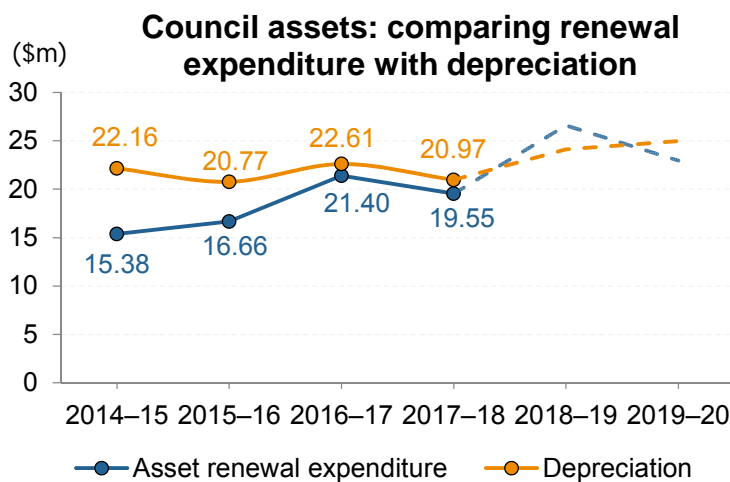
**Average expenditure by category in the 2 years after rate capping**

- Employee costs
- Materials and services
- Other expenditure
- Capital expenditure



There was a change in the composition of Wellington Shire Council's expenditure, reflecting proportionally higher increases in average 'other' and capital expenditure in the two years after rate capping was introduced. Employee costs and 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	69
2015-16	80
2016-17	95
2017-18	93
2018-19	110 (forecast data)
2019-20	92 (forecast data)

Wellington Shire Council's spending on the renewal of its assets has trended upward in recent years, narrowing the gap between expenditure and the amount of depreciation (the decline in value of its assets caused by age and use). Renewal expenditure is planned to increase above 100 per cent of depreciation in 2018-19.

## 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 and expansion projects also increased, while average spending on upgrade projects decreased.
	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	16.0	67	20.5	68	
New	0.2	1	1.0	3	
Upgrade	6.6	28	5.9	20	
Expansion	1.2	5	2.6	9	
<b>Total</b>	<b>24.1</b>	<b>100</b>	<b>30.0</b>	<b>100</b>	

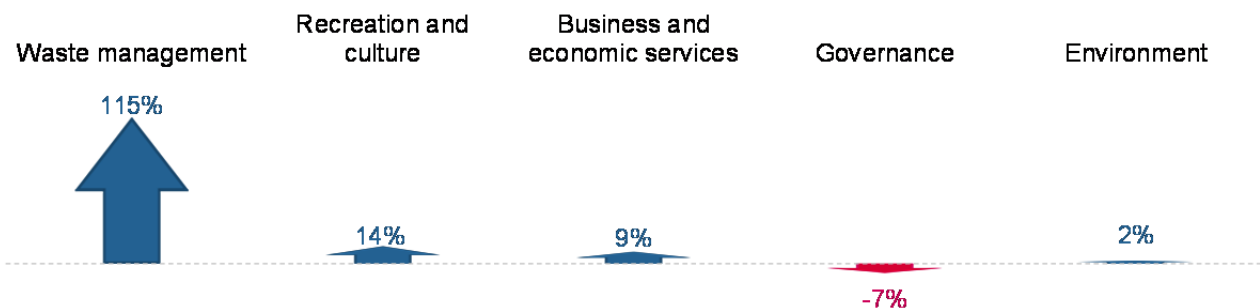
# Services

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

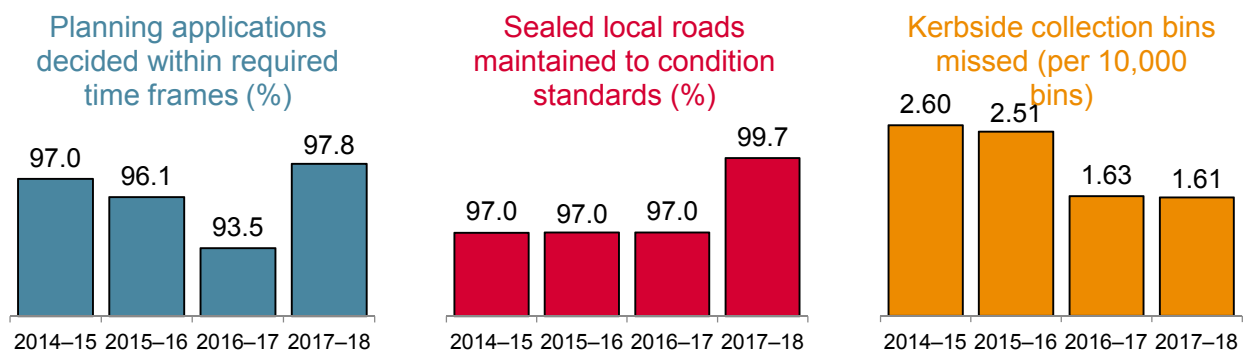
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Governance	472	27.9	439	23.4
Local roads and bridges	415	24.5	414	22.0
Recreation and culture	333	19.7	378	20.1
Waste management	139	8.2	299	15.9
Business and economic services	102	6.0	111	5.9
Environment	87	5.2	89	4.8
Traffic and street management	82	4.8	72	3.8
Family and community services	42	2.5	36	1.9
Other	6	0.4	24	1.3
Aged and disabled services	16	1.0	16	0.8

## 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.

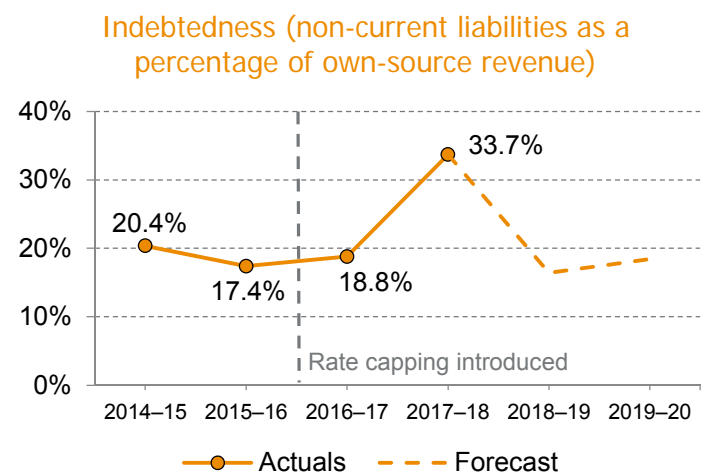
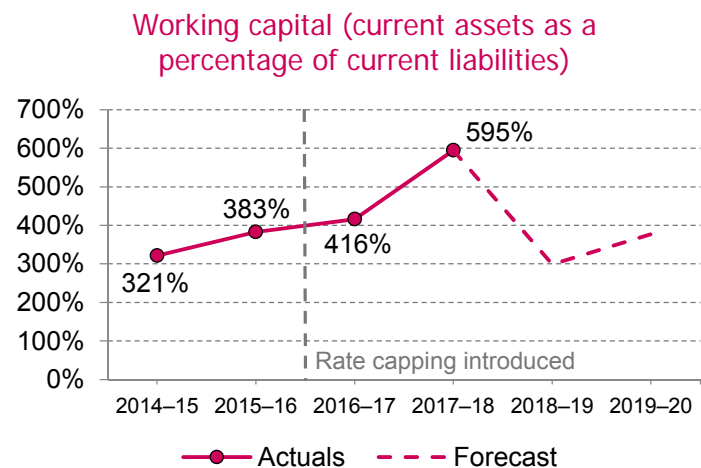
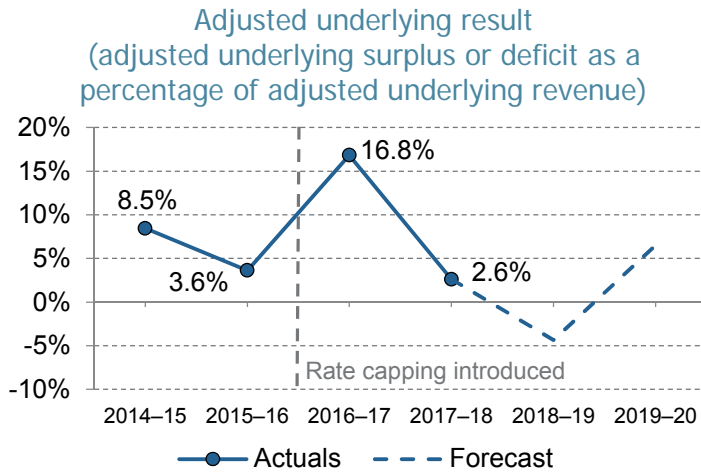
## Has there been a change in service quality? (selected services only)



# 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, Wellington Shire Council reported an average **adjusted underlying result** of 7.9 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 429 per cent between 2014–15 and 2017–18. The increase in working capital relates to the timing of capital projects.

In 2017–18, the increase in the **indebtedness ratio** reflects an increase in provisions for landfill rehabilitation.

**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.