

West Wimmera Shire Council

Group: Small 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 small shires. View the reader's guide, all available fact sheets and information for the sector as a whole at <https://www.esc.vic.gov.au/outcomes-reports>.



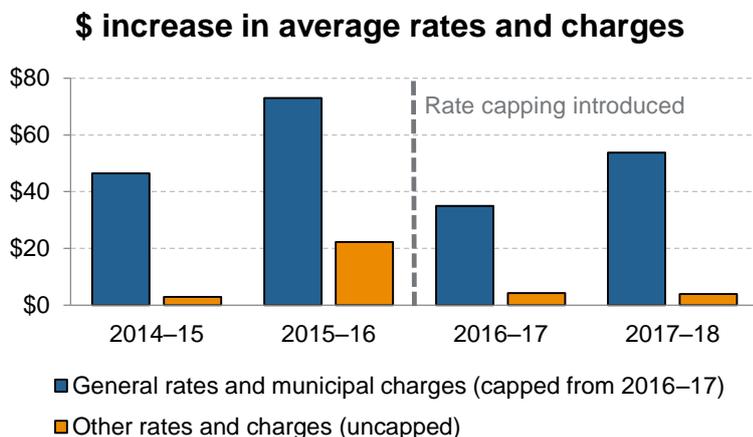
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Key facts

Population:	3,867
Size (km ²):	9,108
Length of local roads (km):	2,809
Population per km of roads:	1.4
Council employees (FTE, 2017–18):	88
Submitted an application for a higher cap for 2016–17 or 2017–18?	Yes (see table below)

Rates

What has happened to average rates and charges?



Year	Average rates and charges	Applicable rate cap
2014–15	\$1,336	n/a
2015–16	\$1,431	n/a
2016–17	\$1,470	2.50%
2017–18	\$1,528	3.50% ^a

^a Approved higher cap. Minister's cap was 2.00% (2017–18).

Rates (continued)

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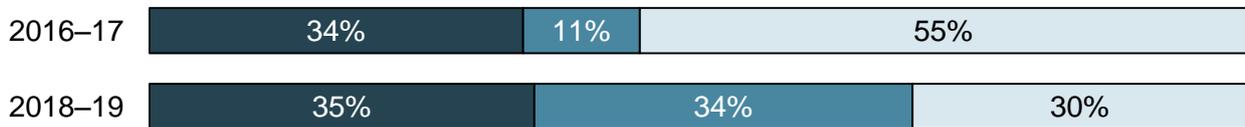
Have council's average rates complied with the applicable rate caps?

2016–17 (2.50%)	2017–18 (3.50%)	2018–19 (3.50%)
Yes	Yes (approved of higher cap)	Yes (approved higher cap)

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).

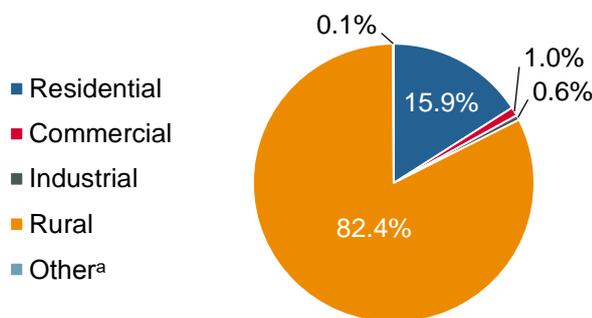


- % of rates notices decreasing
- % of rates notices increasing by less than the applicable cap
- % of rates notices increasing by more than the applicable cap

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

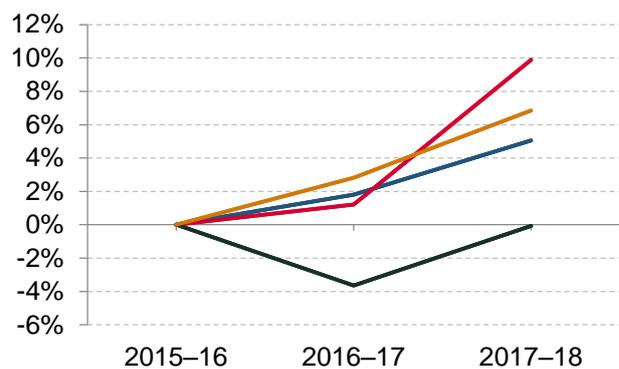
Ratepayers by property class

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.

Rural ratepayers pay the majority of West Wimmera Shire Council's rates and charges. This group of ratepayers, on average, experienced a 6.9 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 \$1,431 to \$1,528 (6.8 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?

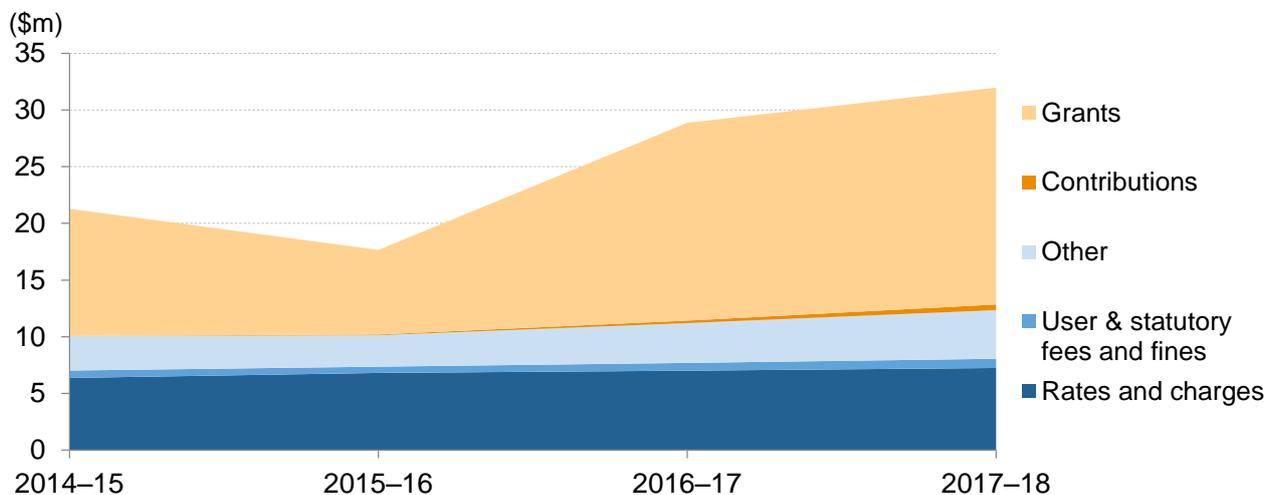
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	6.6	34	7.1	23
Grants	9.3	48	18.3	60
User fees and statutory fees and fines	0.6	3	0.7	2
Contributions	0.0	0	0.4	1
Other	2.9	15	3.9	13
Total	19.5	100	30.4	100

West Wimmera Shire Council's average revenue from all 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 rates and charges and 'other' sources, 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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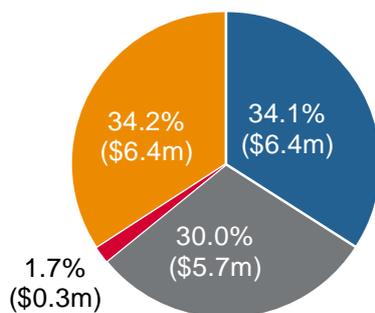
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$13m	\$6.4m	\$3,224	\$1,592
2015–16	\$11.8m	\$6.5m	\$2,963	\$1,625
2016–17	\$21.3m	\$6.4m	\$5,408	\$1,628
2017–18	\$25.6m	\$6m	\$6,578	\$1,544

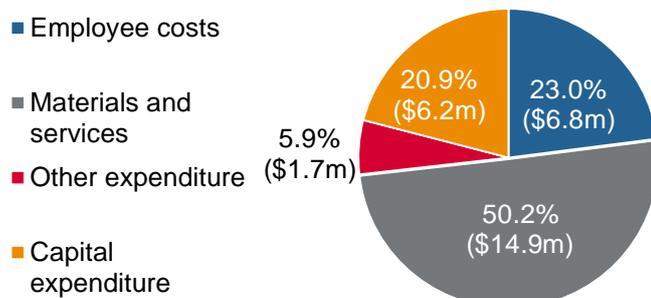
West Wimmera Shire Council's operating expenses jumped in the two years following the introduction of rate capping. These increases were driven by a flood event in 2016, resulting in an adjustment relating to asset values and significant flood recovery works. Capital expenditure trended downward over the same period.

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

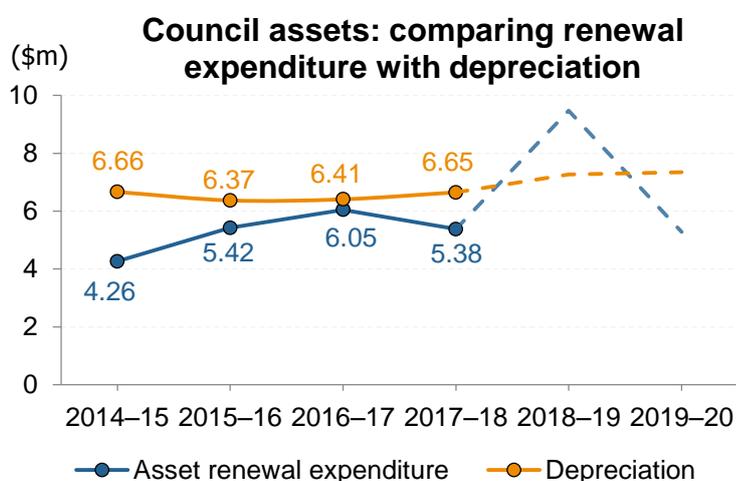


Average expenditure by category in the 2 years after rate capping



There was a change in the composition of West Wimmera Shire Council's expenditure, reflecting an increase in average spending on materials and services and 'other' expenditure in the two years after rate capping was introduced (in response to the flood event). Employee costs decreased as a proportion of total expenditure, despite increasing in terms of average dollars spent. Capital expenditure decreased as a proportion of total expenditure, despite remaining at a similar level.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	64
2015-16	85
2016-17	94
2017-18	81
2018-19	130 (forecast data)
2019-20	72 (forecast data)

West Wimmera Shire Council's spending on the renewal of its assets has been trending upward over time, despite a drop in 2017-18, 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 to above 100 per cent of depreciation in 2018-19. 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.

Has council's capital expenditure pattern changed?

Capital expenditure	Before rate capping (average 2014-15 and 2015-16)		After rate capping (average 2016-17 and 2017-18)		Council's average spending on asset renewal in the two years after rate capping was introduced has increased. Average spending on new assets, upgrade and expansion projects decreased.
	\$m	% of total	\$m	% of total	
Renewal	4.8	75	5.7	92	
New	0.5	7	0.2	3	
Upgrade	1.0	15	0.3	5	
Expansion	0.1	2	0.0	0	
Total	6.4	100	6.2	100	

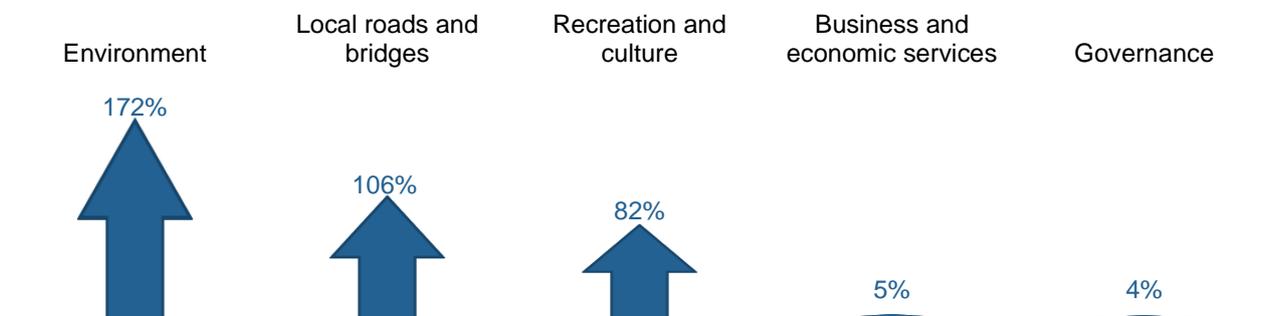
Services

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

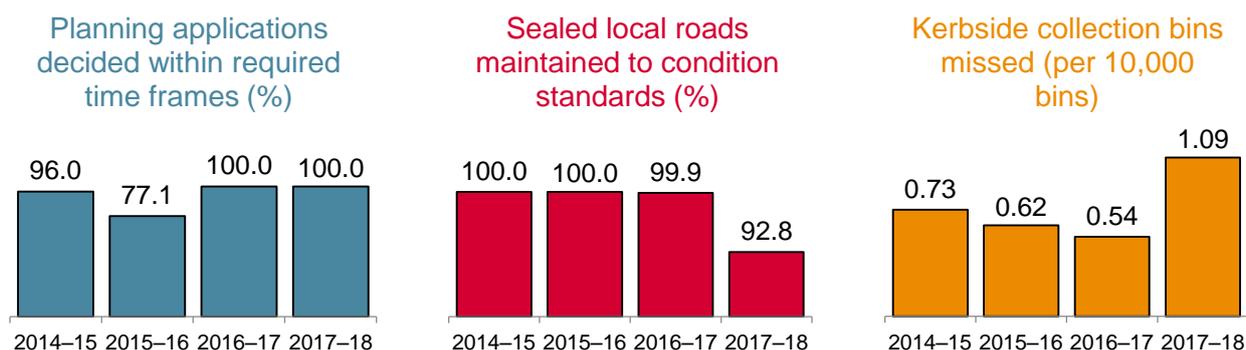
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	1,666	35.3	3,428	47.0
Governance	1,222	25.9	1,274	17.5
Recreation and culture	320	6.8	581	8.0
Other	296	6.3	532	7.3
Environment	145	3.1	394	5.4
Business and economic services	373	7.9	390	5.3
Family and community services	202	4.3	216	3.0
Waste management	191	4.0	194	2.7
Aged and disabled services	203	4.3	184	2.5
Traffic and street management	104	2.2	104	1.4

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.

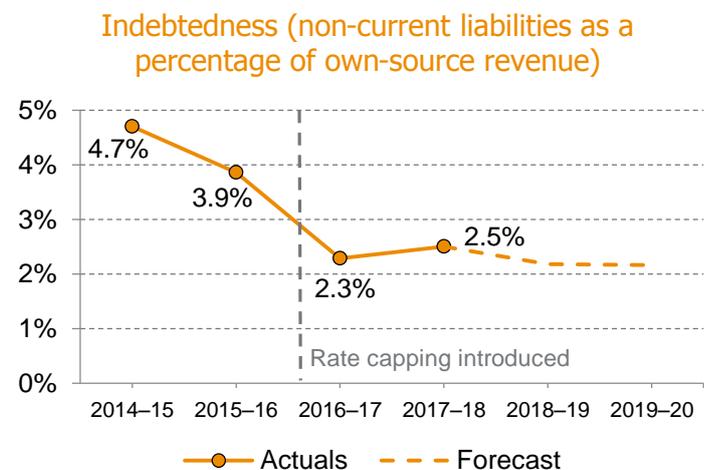
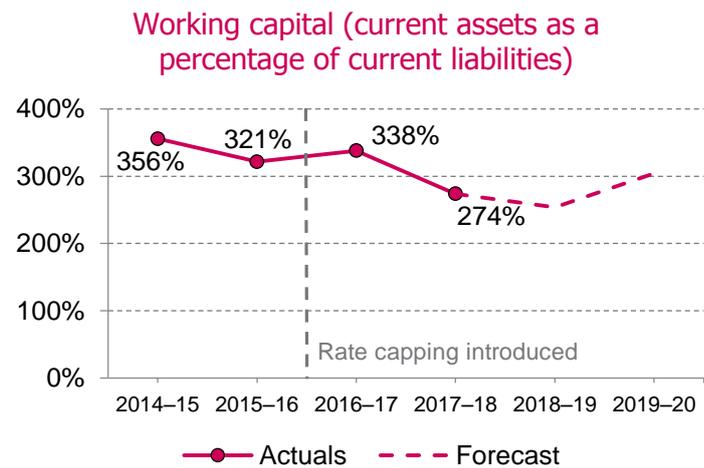
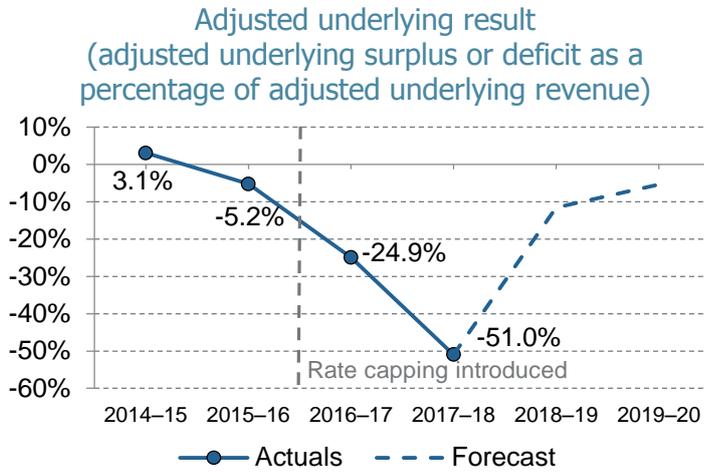
Has there been a change in service quality? (selected services only)



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, West Wimmera Shire Council reported an average **adjusted underlying result** of -19.5 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. The negative results in 2016–17 and 2017–18 relate to expenditure on flood remediation works.

Council is able to meet its short-term financial obligations with an average **working capital ratio** of 322 per cent between 2014–15 and 2017–18.

Council repaid all of its borrowings in 2017–18. The **indebtedness ratio** also reflects changes in other long-term liabilities.

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.