

Wangaratta Rural City Council

Group: regional city

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 regional city 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.



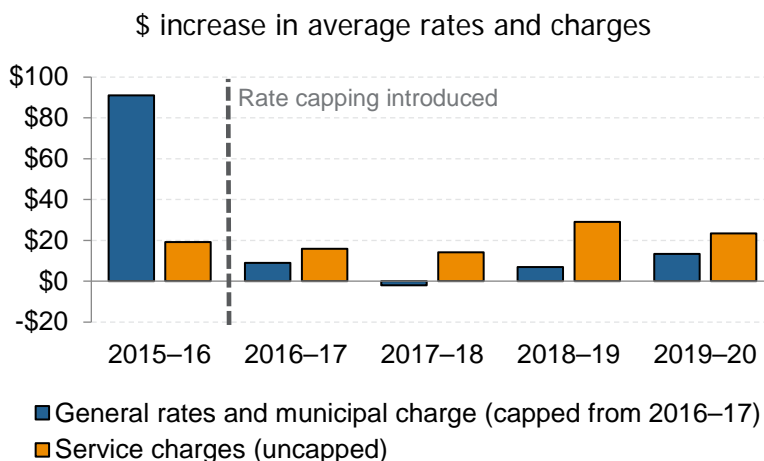
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Key facts

Population (June 2019):	29,187
Size (km ²):	3,645
Length of local roads (km):	1,966
Population per km of roads:	15
Council employees (FTE, 2019–20):	281
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	\$2,002	n/a
2016–17	\$2,027	2.50%
2017–18	\$2,040	2.00%
2018–19	\$2,075	2.25%
2019–20	\$2,112	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

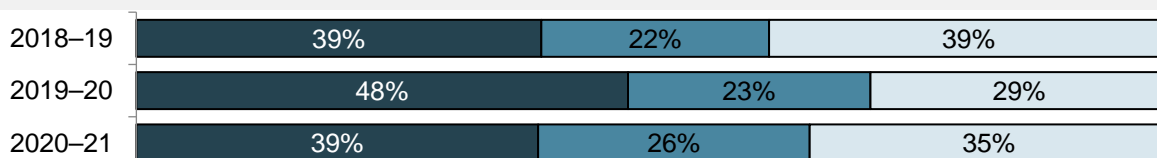
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 7 differential rates (for different types of property) 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
	74% of ratepayers	5% of ratepayers	2% of ratepayers	19% of ratepayers
	\$22m (65%) of rates and charges revenue in 2019–20	\$3.6m (11%) of rates and charges revenue in 2019–20	\$1.3m (4%) of rates and charges revenue in 2019–20	\$6.7m (20%) of rates and charges revenue in 2019–20
	1.1% average annual increase between 2015–16 and 2019–20	5% average annual increase between 2015–16 and 2019–20	-4.6% average annual increase between 2015–16 and 2019–20	2.3% 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?

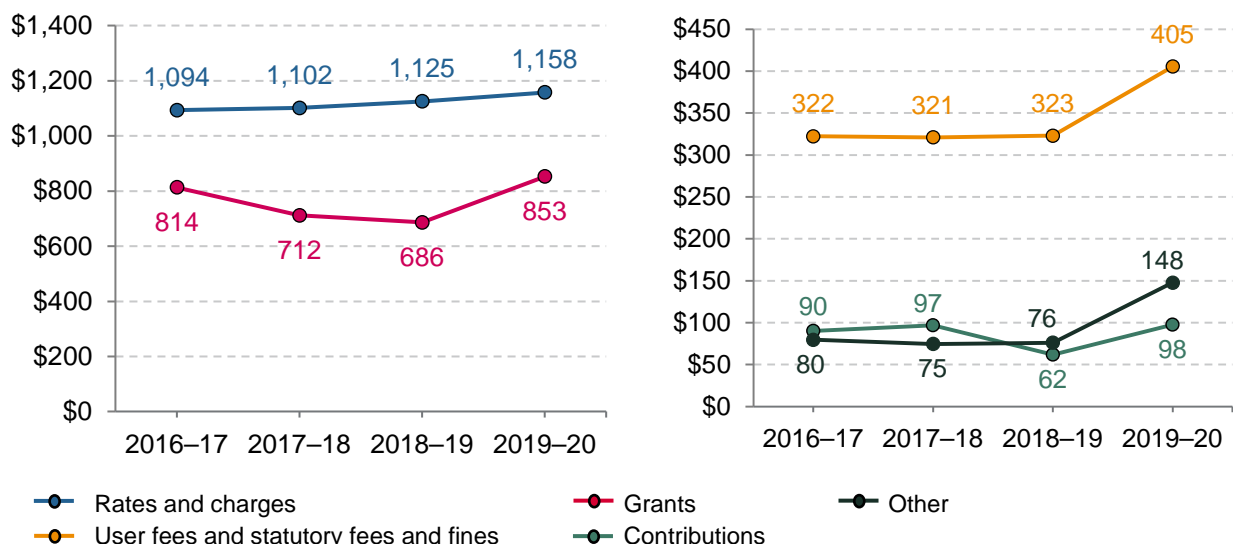
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	31.3	(46%)	31.8	(48%)	32.7	(50%)	33.8	(44%)
User fees and statutory fees and fines	9.2	(13%)	9.3	(14%)	9.4	(14%)	11.8	(15%)
Grants	23.3	(34%)	20.5	(31%)	20.0	(30%)	24.9	(32%)
Contributions	2.6	(4%)	2.8	(4%)	1.8	(3%)	2.8	(4%)
Other	2.3	(3%)	2.2	(3%)	2.2	(3%)	4.3	(6%)
Total	68.6		66.5		66.1		77.7	

In real terms, Wangaratta Rural City Council's total revenue fluctuated between 2016–17 and 2019–20, largely reflecting changes in revenue from grants. Revenue from grants was higher in 2016–17 due to an advance payment of Commonwealth financial assistance grants, and in 2019–20 council received an increase in capital works grants.

Rates and charges, and grants were the largest sources of council's revenue, and together these sources accounted for 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 rates and charges, and user fees and statutory fees and fines increased in real terms between 2016–17 and 2019–20. Revenue per person from grants fluctuated in real terms over the same period.

Expenditure



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

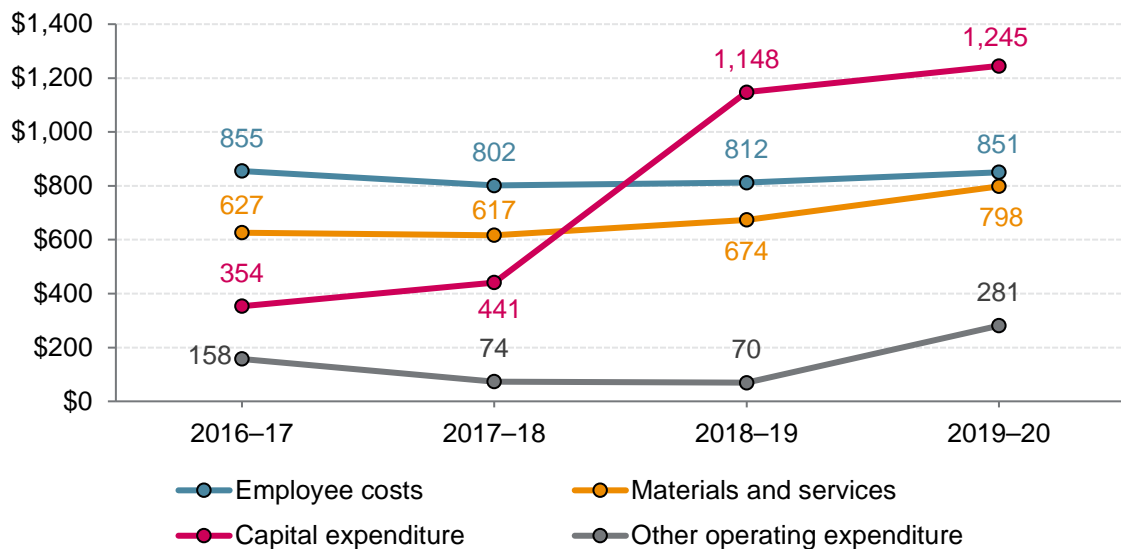
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	46.9 (82%)	43.0 (77%)	45.2 (58%)	56.3 (61%)
Employee costs	24.5 (43%)	23.1 (41%)	23.6 (30%)	24.8 (27%)
Materials and services	17.9 (31%)	17.8 (32%)	19.6 (25%)	23.3 (25%)
Other operating expenditure	4.5 (8%)	2.1 (4%)	2.0 (3%)	8.2 (9%)
Capital expenditure	10.1 (18%)	12.7 (23%)	33.4 (42%)	36.3 (39%)
Total	57.0	55.8	78.6	92.7

In real terms, Wangaratta Rural City Council's total expenditure increased in 2018–19 and 2019–20 reflecting an increase in capital expenditure in 2018–19 and increases in both operating and capital expenditure in 2019–20. Expenditure on materials and services increased in real terms in both 2018–19 and 2019–20, while employee costs remained relatively stable. 'Other operating expenditure' in 2019–20 included \$7 million of non-recurring expenses.

Following the increase in capital expenditure in 2018–19 and 2019–20, capital expenditure overtook employee costs as council's largest area of expenditure in these years.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth) capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, while employee costs remained relatively stable.



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Has council's capital expenditure pattern changed?

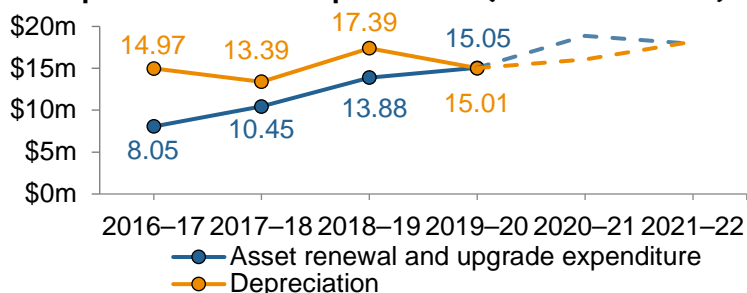
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	6.6	(66%)	7.3	(57%)	10.9	(33%)	9.4	(26%)
Upgrade	1.4	(14%)	3.2	(25%)	3.0	(9%)	5.7	(16%)
Expansion	0.0	(0%)	0.0	(0%)	0.1	(0%)	0.0	(0%)
New	2.1	(20%)	2.3	(18%)	19.4	(58%)	21.3	(59%)
Total	10.1		12.7		33.4		36.3	

In real terms, Wangaratta Rural City Council's capital expenditure in 2018–19 and 2019–20 was more than double the previous two years. This reflects increased spending on new assets (including the Cruse Street extension, Wangaratta Railway Precinct Enhancement and Wangaratta Aquatics Project), which accounted for just under 60 per cent of total capital expenditure in 2018–19 and 2019–20. In real terms, spending on asset renewal decreased as a proportion of total expenditure, despite being higher in 2018–19 and 2019–20 than the previous two years.

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	54%
2017–18	78%
2018–19	80%
2019–20	100%
2020–21	118% (forecast data)
2021–22	98% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards between 2016–17 and 2019–20, both in real terms and in relation to the amount of depreciation (the decline in value of council's assets caused by age and use), increasing to 100 per cent of depreciation in 2019–20.

Renewal and upgrade spending was forecast to continue its upward trend in 2020–21, but fall below depreciation in 2021–22, with a drop in renewal and upgrade expenditure and an increase in depreciation in real terms forecast for that year.

Services



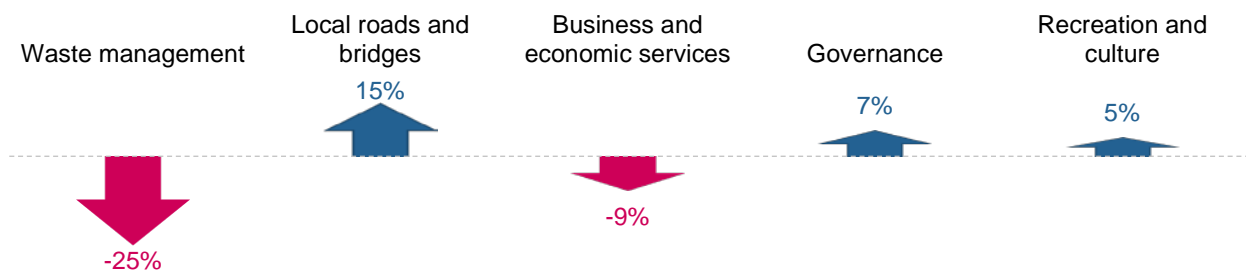
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Which service areas is council spending its money in?

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

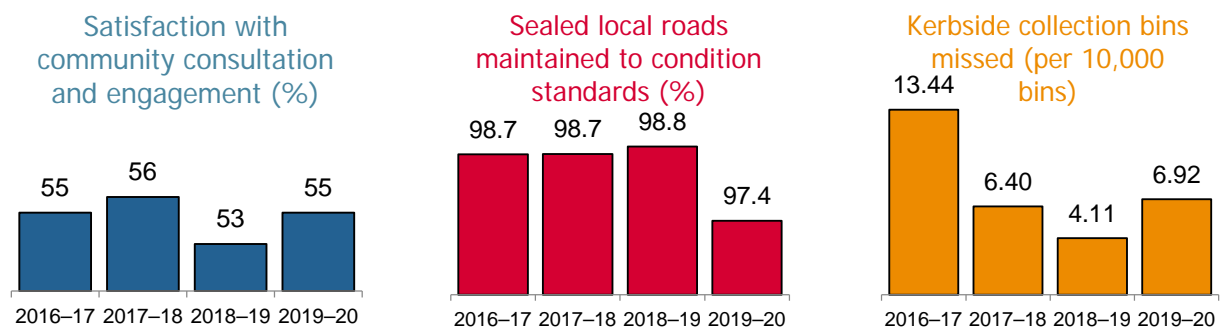
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	6.1 (10%)	5.6 (10%)	5.9 (10%)	7.0 (11%)
Business and economic services	4.1 (7%)	3.9 (7%)	4.0 (6%)	3.1 (5%)
Environment	2.2 (4%)	2.1 (4%)	2.4 (4%)	3.5 (5%)
Family and community services	3.9 (6%)	3.8 (7%)	3.9 (6%)	3.7 (6%)
Governance	14.3 (23%)	14.9 (27%)	15.0 (24%)	17.7 (27%)
Local roads and bridges	10.0 (16%)	11.0 (20%)	14.9 (24%)	15.2 (23%)
Recreation and culture	7.7 (12%)	7.4 (13%)	8.1 (13%)	8.9 (14%)
Traffic and street management	1.6 (3%)	1.9 (4%)	2.1 (3%)	1.9 (3%)
Waste management	11.9 (19%)	4.6 (8%)	5.0 (8%)	5.1 (8%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	61.8	55.2	61.4	66.0

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?



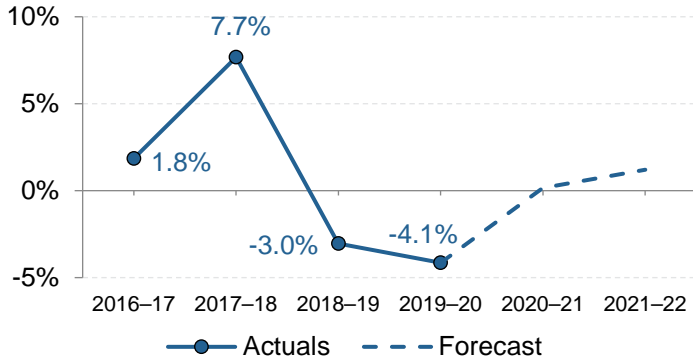
Financial position



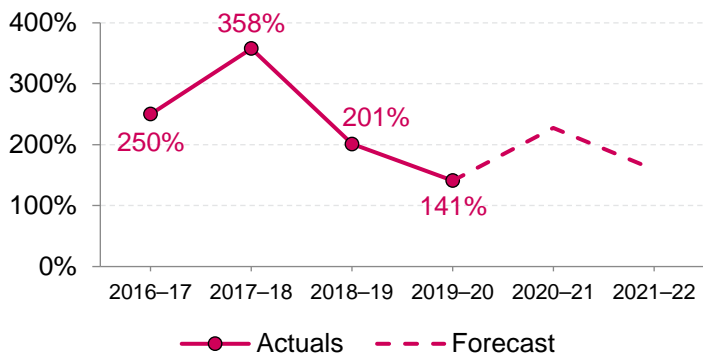
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Is council operating sustainably?

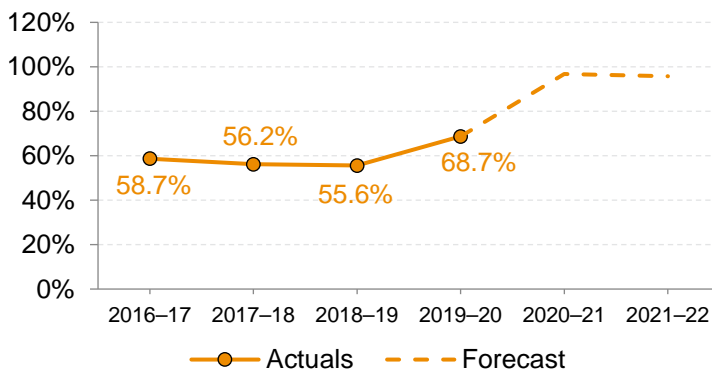
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Wangaratta Rural 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. Higher results in 2016–17 and 2017–18 reflect in part the timing of grants. Lower results in 2018–19 and 2019–20 reflect continuing expenditure on flood repairs.

Council could meet its short-term financial obligations with a reported average **working capital ratio** of 237 per cent between 2016–17 and 2019–20. The decrease in working capital reflects an increase in trade payables related to materials and contracts, and some provision for landfill rehabilitation moving from non-current to current liabilities.

The reported average **indebtedness ratio** of 59.8 per cent between 2016–17 and 2019–20 places the council in the Victorian Auditor-General's medium risk category for this indicator, which means there is some concern over council's ability to repay debt from the revenue it controls. The increase in 2019–20 reflects an increase in landfill provisions.

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.