

West Wimmera Shire Council

Group: small shire

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 small shires. 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.



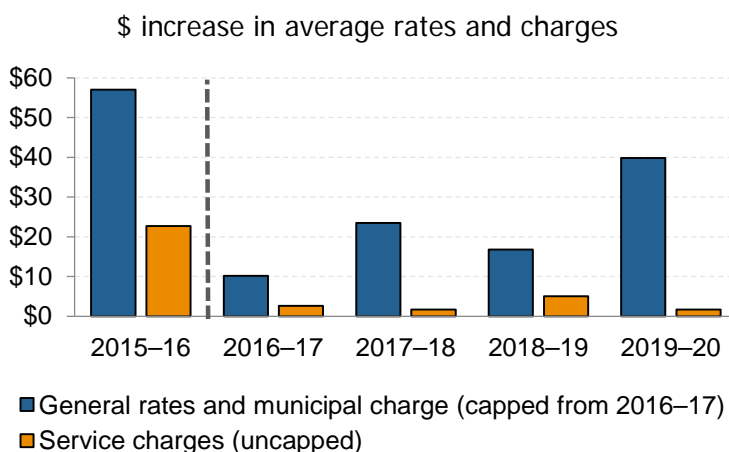
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Key facts

Population (June 2019):	3,841
Size (km ²):	9,108
Length of local roads (km):	2,822
Population per km of roads:	1
Council employees (FTE, 2019–20):	96
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	\$1,542	n/a
2016–17	\$1,555	2.50%
2017–18	\$1,580	3.50% ^a
2018–19	\$1,602	3.50% ^a
2019–20	\$1,643	3.50% ^a

^a Approved higher cap.

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 (3.50%)	2019–20 (3.50%)	2020–21 (3.50%)
Yes (approved higher cap)	Yes (approved higher cap)	Yes (approved higher cap)

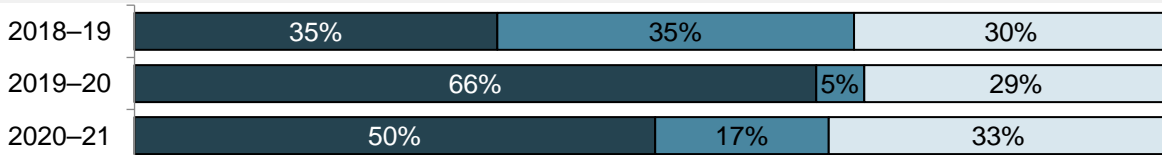
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies a single differential rate (which applies to all 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
	37% of ratepayers	2% of ratepayers	1% of ratepayers	60% of ratepayers
	\$1.1m (14%) of rates and charges revenue in 2019–20	\$0.1m (1%) of rates and charges revenue in 2019–20	\$0m (1%) of rates and charges revenue in 2019–20	\$6.5m (84%) of rates and charges revenue in 2019–20
	-1.7% average annual increase between 2015–16 and 2019–20	2.1% average annual increase between 2015–16 and 2019–20	-3.1% average annual increase between 2015–16 and 2019–20	2.1% 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?

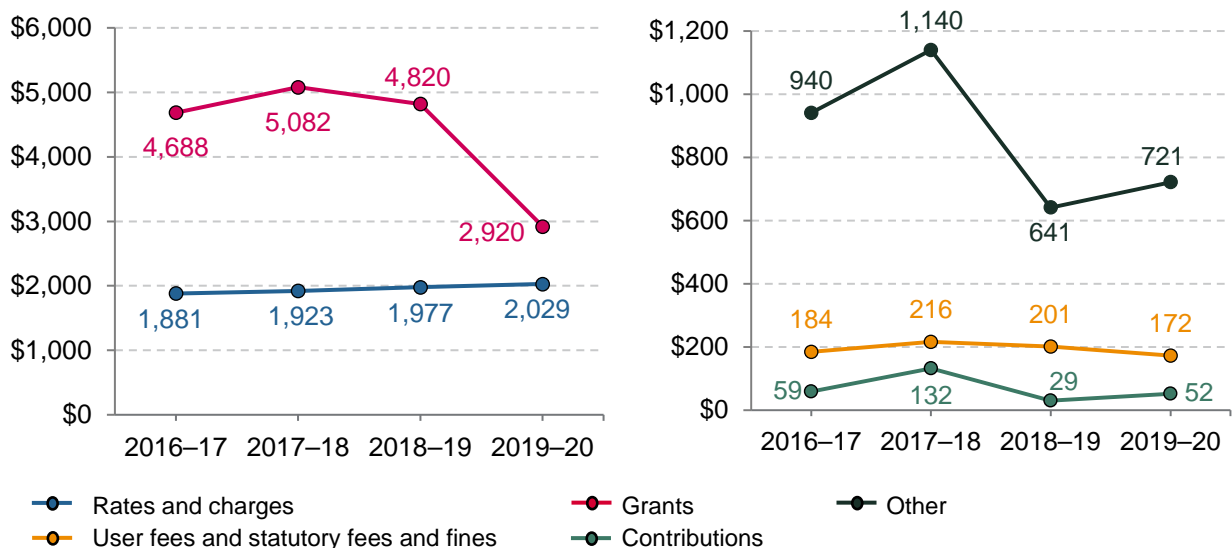
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	7.4	(24%)	7.5	(23%)	7.6	(26%)	7.8	(34%)
User fees and statutory fees and fines	0.7	(2%)	0.8	(3%)	0.8	(3%)	0.7	(3%)
Grants	18.5	(60%)	19.8	(60%)	18.6	(63%)	11.2	(50%)
Contributions	0.2	(1%)	0.5	(2%)	0.1	(0%)	0.2	(1%)
Other	3.7	(12%)	4.4	(13%)	2.5	(8%)	2.8	(12%)
Total	30.5		33.1		29.6		22.6	

In real terms, West Wimmera Shire Council's total revenue decreased between 2016–17 and 2019–20, reflecting a decrease in revenue from grants (due to the completion of flood recovery capital works). In 2017–18, 'other' revenue increased, reflecting an increase in roadwork reimbursements following the flood in 2016–17.

Grants was the largest source of council's revenue, accounting for between 50 and 63 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 trended upwards in real terms between 2016–17 and 2019–20, while revenue from grants and 'other' revenue peaked in 2017–18.

Expenditure



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

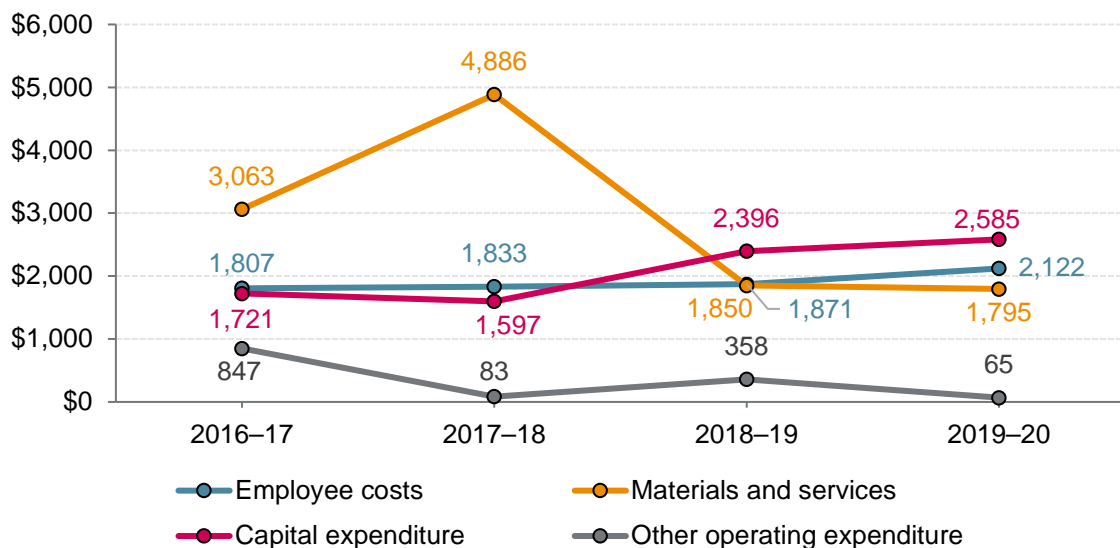
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	22.5 (77%)	26.5 (81%)	15.8 (63%)	15.3 (61%)
Employee costs	7.1 (24%)	7.1 (22%)	7.2 (29%)	8.2 (32%)
Materials and services	12.1 (41%)	19.0 (58%)	7.1 (29%)	6.9 (27%)
Other operating expenditure	3.3 (11%)	0.3 (1%)	1.4 (6%)	0.3 (1%)
Capital expenditure	6.8 (23%)	6.2 (19%)	9.3 (37%)	9.9 (39%)
Total	29.3	32.7	25.0	25.2

In real terms, West Wimmera Shire Council's total expenditure was higher in 2016–17 and 2017–18 than it was in 2018–19 and 2019–20, due to elevated expenditure on materials and services relating to flood damaged asset restoration works. Capital expenditure and employee costs increased in real terms between 2016–17 and 2019–20.

Between 2016–17 and 2017–18, materials and services was council's largest area of expenditure. However, following decreases in expenditure on materials and services, and increases in capital expenditure in 2018–19 and 2019–20, capital expenditure was 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), expenditure on materials and services spiked in 2017–18 in real terms. Capital expenditure per person and employee costs per person trended upwards 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)

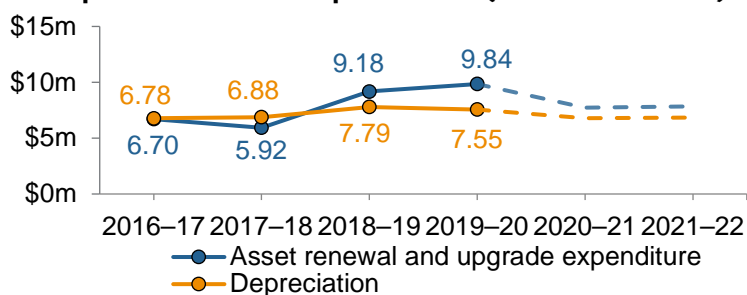
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Renewal	6.4	(94%)	5.6	(89%)	5.7	(62%)	6.4	(65%)
Upgrade	0.3	(5%)	0.4	(6%)	3.4	(37%)	3.4	(34%)
Expansion	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
New	0.1	(1%)	0.3	(5%)	0.1	(1%)	0.1	(1%)
Total	6.8		6.2		9.3		9.9	

In real terms, West Wimmera Shire Council's spending on asset renewal trended upwards between 2017–18 and 2019–20, following a decrease in 2017–18. There was a jump in council's spending on asset upgrades in 2018–19.

Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 62 to 94 per cent of total capital expenditure).

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	99%
2017–18	86%
2018–19	118%
2019–20	130%
2020–21	114% (forecast data)
2021–22	114% (forecast data)

In real terms, council's spending on the renewal and upgrade of its assets trended upwards between 2017–18 and 2019–20, following a decrease in 2017–18. This spending increased above the amount of depreciation (the decline in value of council's assets caused by age and use) from 2018–19.

Renewal and upgrade expenditure was forecast to remain above 100 per cent of depreciation in 2020–21 and 2021–22 (despite a drop in spending on renewal and upgrades in 2020–21).

Services



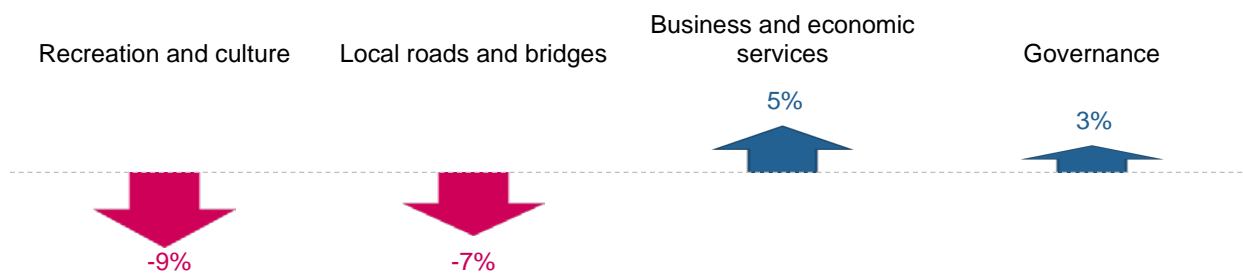
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Which service areas is council spending its money in?

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

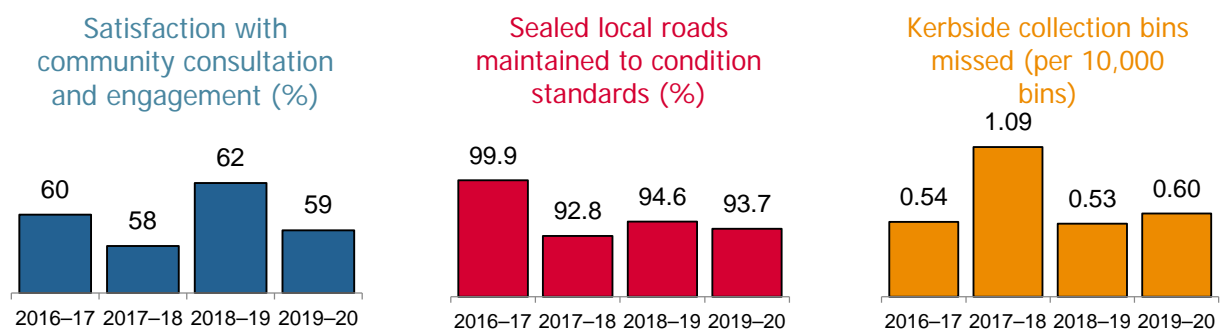
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	0.8 (3%)	0.7 (2%)	0.8 (4%)	0.8 (4%)
Business and economic services	1.6 (6%)	1.6 (5%)	1.5 (7%)	1.9 (8%)
Environment	1.6 (6%)	1.7 (5%)	1.1 (5%)	0.5 (2%)
Family and community services	0.9 (3%)	0.9 (3%)	1.1 (4%)	1.1 (5%)
Governance	5.1 (19%)	5.4 (16%)	5.4 (23%)	5.5 (24%)
Local roads and bridges	10.6 (40%)	17.4 (52%)	9.5 (40%)	8.4 (37%)
Recreation and culture	2.8 (11%)	2.0 (6%)	1.9 (8%)	2.1 (9%)
Traffic and street management	0.4 (2%)	0.4 (1%)	0.4 (2%)	0.5 (2%)
Waste management	0.8 (3%)	0.8 (2%)	0.8 (4%)	0.8 (3%)
Other	1.8 (7%)	2.5 (8%)	0.9 (4%)	1.1 (5%)
Total	26.3	33.4	23.5	22.9

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?



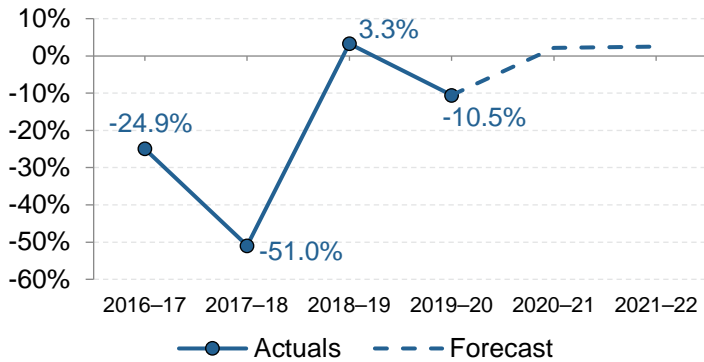
Financial position



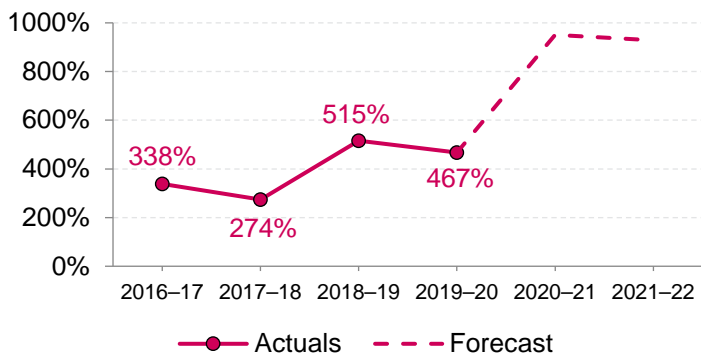
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Is council operating sustainably?

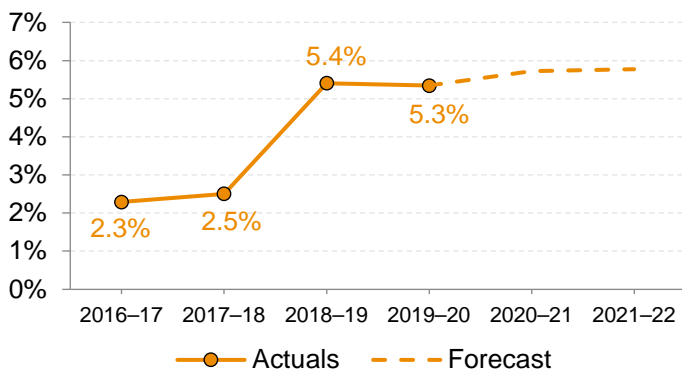
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, West Wimmera Shire Council reported an average **adjusted underlying result** of –20.8 per cent. An ongoing negative result, or deficit, suggests that, without the receipt of one-off grants or increases in ongoing revenue, the council may not have sufficient revenue to fund the range and level of services it has been providing. The deficits in 2016–17 and 2017–18 reflect expenditure on flood remediation. The deficit in 2019–20 reflects decreases in both recurrent grant funding (particularly for roads) and council's private works and contract income.

Council could meet its current financial obligations with a reported average **working capital ratio** of 398 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 3.9 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.

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.