

Warrnambool 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.

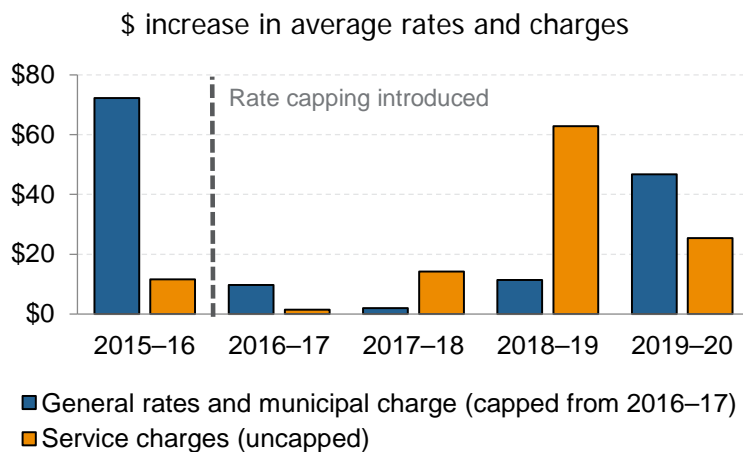


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Key facts	
Population (June 2019):	35,181
Size (km ²):	121
Length of local roads (km):	340
Population per km of roads:	104
Council employees (FTE, 2019–20):	395
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	Yes (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	\$2,131	n/a
2016–17	\$2,142	2.50%
2017–18	\$2,158	2.00%
2018–19	\$2,232	2.25%
2019–20	\$2,304	4.50% ^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 (2.25%)	2019–20 (4.50%)	2020–21 (4.50%)
Yes	Yes (approved higher cap)	Yes (approved higher cap)

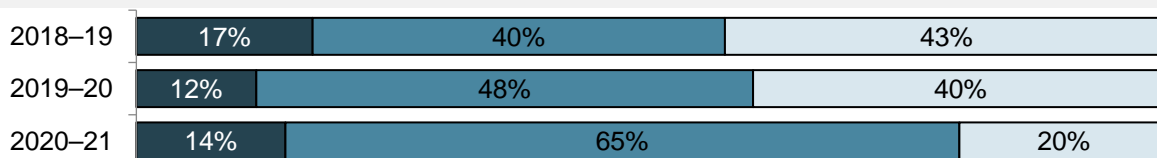
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 8 differential rates (for different 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
	87% of ratepayers	5% of ratepayers	2% of ratepayers	1% of ratepayers
	\$30.9m (79%) of rates and charges revenue in 2019–20	\$5.6m (14%) of rates and charges revenue in 2019–20	\$2.1m (5%) of rates and charges revenue in 2019–20	\$0.6m (1%) of rates and charges revenue in 2019–20
	2.1% average annual increase between 2015–16 and 2019–20	1.8% average annual increase between 2015–16 and 2019–20	3.9% average annual increase between 2015–16 and 2019–20	-4.3% 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?

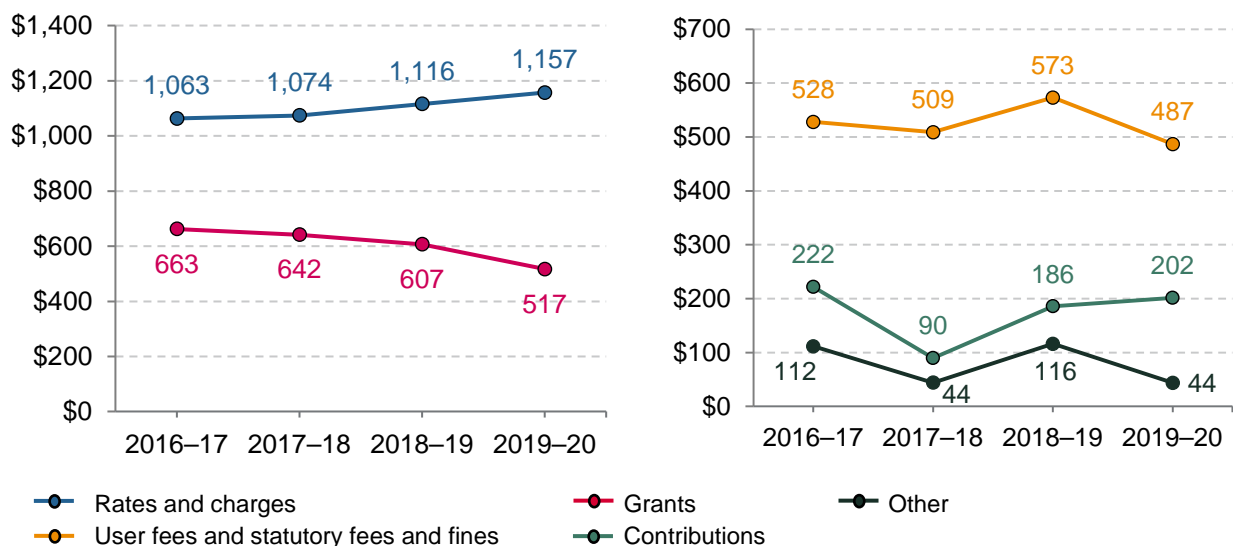
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	36.4	(41%)	37.1	(46%)	38.9	(43%)	40.7	(48%)
User fees and statutory fees and fines	18.1	(20%)	17.6	(22%)	20.0	(22%)	17.1	(20%)
Grants	22.7	(26%)	22.2	(27%)	21.1	(23%)	18.2	(21%)
Contributions	7.6	(9%)	3.1	(4%)	6.5	(7%)	7.1	(8%)
Other	3.8	(4%)	1.5	(2%)	4.0	(4%)	1.5	(2%)
Total	88.6		81.6		90.6		84.7	

In real terms, Warrnambool City Council's total revenue fluctuated between 2016–17 and 2019–20. In 2017–18, revenue from contributions decreased due to lower levels of development activity, and in 2019–20, revenue from grants decreased due to a decrease in capital works grants.

Rates and charges was the largest source of council's revenue, accounting for between 41 and 48 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 grants decreased in real terms between 2016–17 and 2019–20, while revenue from rates and charges increased. Revenue per person from contributions dipped in real terms 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?

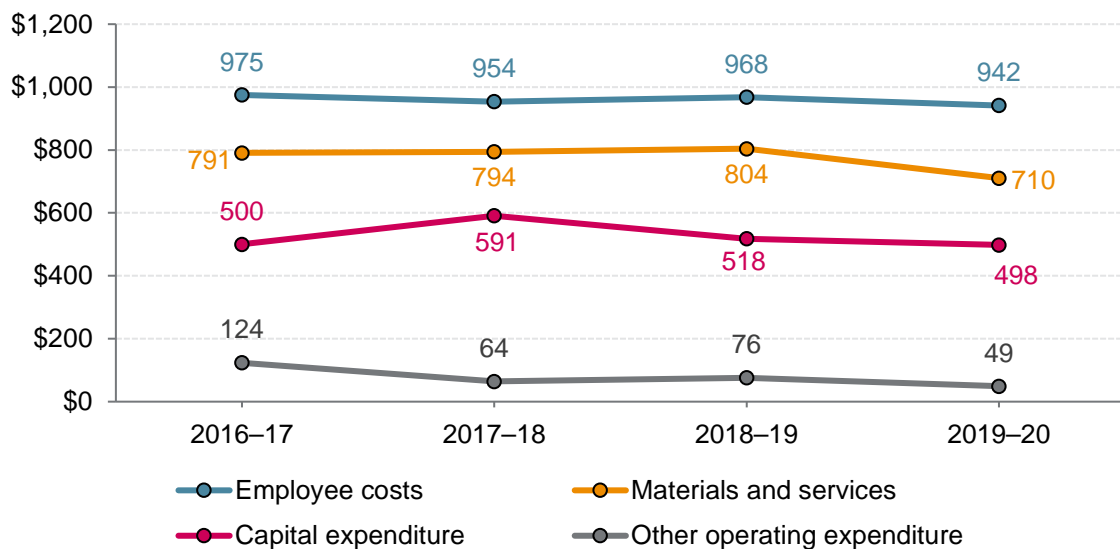
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	(%)	\$m	(%)	\$m	(%)	\$m	(%)
Operating expenditure	64.7	(79%)	62.6	(75%)	64.4	(78%)	59.8	(77%)
Employee costs	33.4	(41%)	33.0	(40%)	33.8	(41%)	33.1	(43%)
Materials and services	27.1	(33%)	27.5	(33%)	28.0	(34%)	25.0	(32%)
Other operating expenditure	4.2	(5%)	2.2	(3%)	2.6	(3%)	1.7	(2%)
Capital expenditure	17.1	(21%)	20.4	(25%)	18.0	(22%)	17.5	(23%)
Total	81.8		83.1		82.5		77.4	

In real terms, Warrnambool City Council's total expenditure fluctuated between 2016–17 and 2019–20, largely reflecting changes in capital expenditure and expenditure on materials and services. Employee costs remained stable in real terms between 2016–17 and 2019–20.

Employee costs was council's largest area of expenditure, accounting for 41 per cent of total expenditure between 2016–17 and 2019–20.

Expenditure per person (2019–20 dollars)



In terms of expenditure per person (which adjusts for population growth), employee costs fluctuated in real terms between 2016–17 and 2019–20. Expenditure per person on materials and services trended upwards between 2016–17 and 2018–19 before decreasing in 2019–20. Capital expenditure per person spiked in 2017–18 before trending downwards in real terms in 2018–19 and 2019–20.



See the reader's guide for data sources and useful information.
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Has council's capital expenditure pattern changed?

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

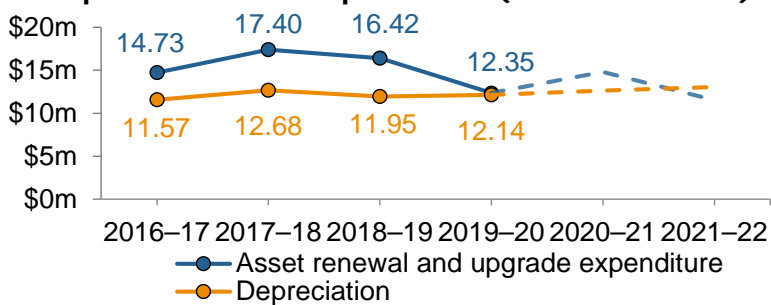
	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	14.1	(82%)	13.6	(67%)	13.2	(73%)	9.8	(56%)
Upgrade	0.6	(4%)	3.8	(19%)	3.2	(18%)	2.6	(15%)
Expansion	0.3	(2%)	0.2	(1%)	0.1	(1%)	0.0	(0%)
New	2.1	(12%)	2.9	(14%)	1.5	(8%)	5.1	(29%)
Total	17.1		20.4		18.0		17.5	

Warrnambool City Council's spending on asset renewal trended downwards in real terms between 2016–17 and 2019–20, however remained the largest proportion of total capital expenditure.

Spending on new assets fluctuated over this time, while spending on asset upgrades trended downwards in real terms following a jump in 2017–18.

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	127%
2017–18	137%
2018–19	137%
2019–20	102%
2020–21	117% (forecast data)
2021–22	88% (forecast data)

Council's spending on the renewal and upgrade of its assets trended downwards in real terms from a peak in 2017–18, with spending on both asset renewal and asset upgrades decreasing in real terms.

Renewal and upgrade expenditure remained at or above the amount of depreciation (the decline in value of council's assets caused by age and use) but was forecast to decrease below 100 per cent of depreciation in 2021–22.

Services



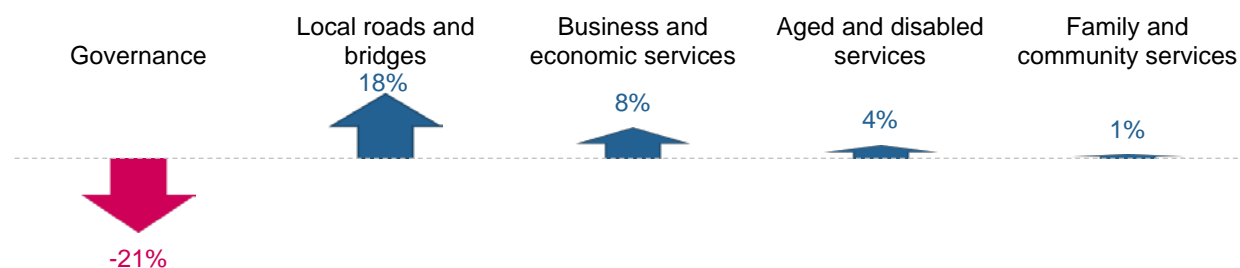
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Which service areas is council spending its money in?

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

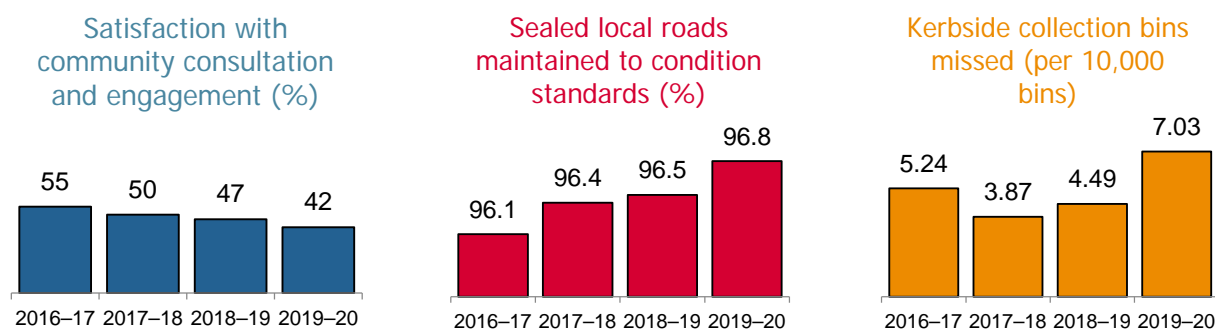
	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Aged and disabled services	4.3 (6%)	4.6 (6%)	4.7 (6%)	4.8 (7%)
Business and economic services	7.0 (9%)	7.6 (10%)	9.1 (12%)	8.9 (12%)
Environment	1.6 (2%)	1.6 (2%)	2.4 (3%)	2.5 (3%)
Family and community services	9.9 (13%)	9.4 (12%)	10.0 (13%)	10.3 (14%)
Governance	26.3 (35%)	25.4 (34%)	13.4 (18%)	13.2 (18%)
Local roads and bridges	5.8 (8%)	6.3 (8%)	10.6 (14%)	9.5 (13%)
Recreation and culture	15.4 (20%)	15.0 (20%)	16.9 (23%)	15.1 (21%)
Traffic and street management	2.5 (3%)	2.7 (4%)	4.3 (6%)	4.2 (6%)
Waste management	3.4 (5%)	2.8 (4%)	3.8 (5%)	3.8 (5%)
Other	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
Total	76.3	75.3	75.2	72.1

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?



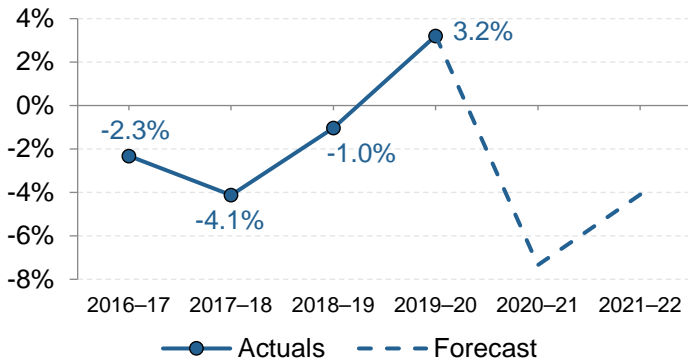
Financial position



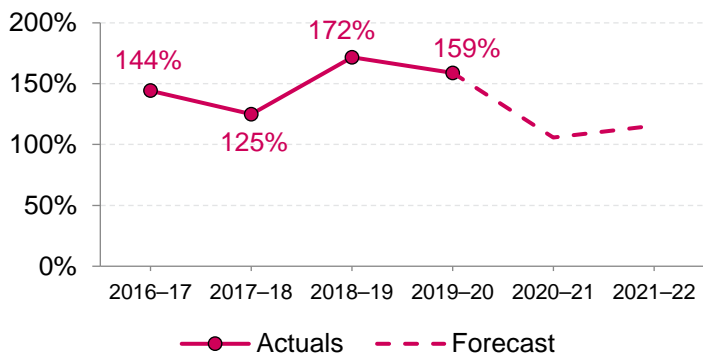
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Is council operating sustainably?

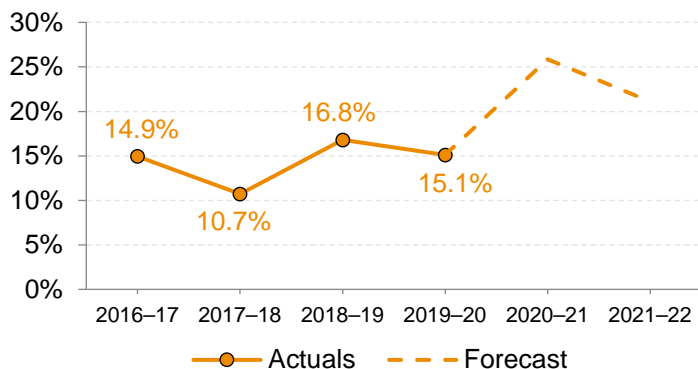
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Warrnambool City Council reported an average **adjusted underlying result** of –1.1 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.

Council could meet its current financial obligations with a reported average **working capital ratio** of 150 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 14.4 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.