

Hindmarsh 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>.



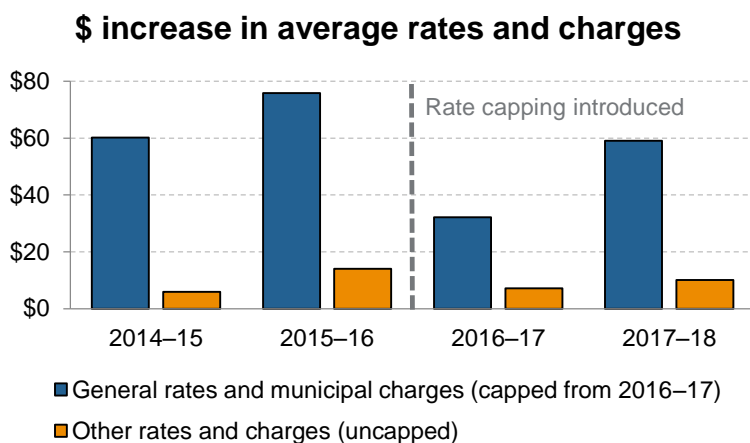
© OpenStreetMap contributors

Key facts

Population:	5,718
Size (km ²):	7,524
Length of local roads (km):	3,182
Population per km of roads:	1.8
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	\$1,422	n/a
2015–16	\$1,512	n/a
2016–17	\$1,551	2.50%
2017–18	\$1,620	4.00% ^a

^a Approved higher cap. Minister's cap was 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 (4.00%)	2018–19 (2.25%)
Yes	Yes (approved higher 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

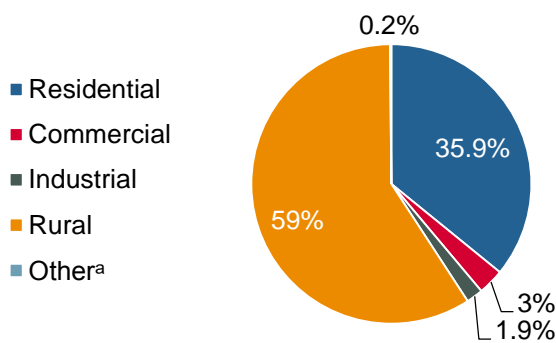
2018–19

- % 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.

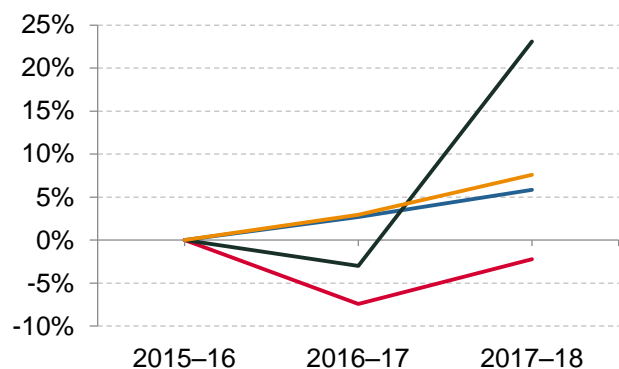
Ratepayers by property class

Proportion of rates and charges revenue from each property class in 2017–18



^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 Hindmarsh Shire Council's rates and charges. This group of ratepayers, on average, experienced a 7.6 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 \$1,512 to \$1,620 (7.2 per cent) over the same period.

Revenue

See the reader's guide for data sources and useful information.
Note: The numbers in this fact sheet have not been adjusted for inflation.

Where is council's money coming from?

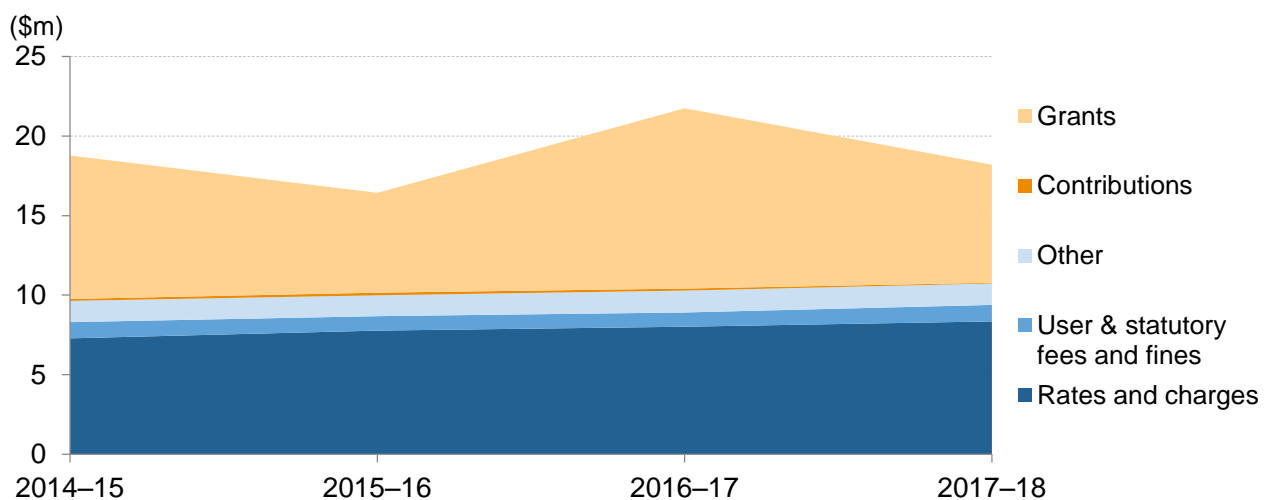
Revenue source	Before rate capping (average of 2014–15 and 2015–16)		After rate capping (average of 2016–17 and 2017–18)	
	\$m	% of revenue	\$m	% of revenue
Rates and charges	7.5	43	8.2	41
Grants	7.6	43	9.4	47
User fees and statutory fees and fines	1.0	5	1.0	5
Contributions	0.1	1	0.1	0
Other	1.3	8	1.4	7
Total	17.6	100	20.0	100

Hindmarsh Shire Council's average revenue from rates and charges, grants and 'other' sources increased in the two years following the introduction of rate capping compared to the two years before rate capping.

The changes in the composition of council's revenue were the decreases in the proportions of revenue from rates and charges, contributions 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.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

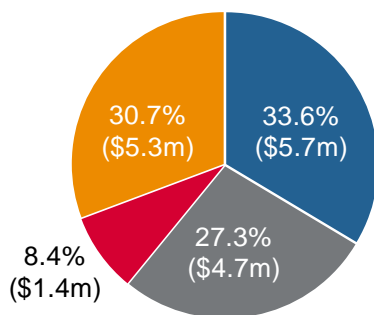
How much money is council spending?

Year	Operating expenditure	Capital expenditure	Operating expenditure per head of population	Capital expenditure per head of population
2014–15	\$11.7m	\$4.8m	\$1,995	\$829
2015–16	\$12m	\$5.7m	\$2,074	\$975
2016–17	\$11.9m	\$7m	\$2,061	\$1,206
2017–18	\$12.5m	\$4.5m	\$2,180	\$793

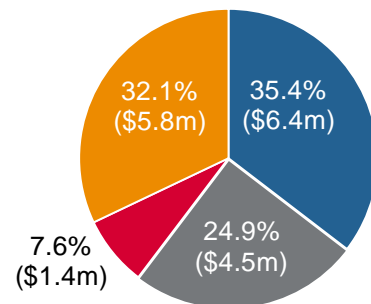
Hindmarsh Shire Council's operating expenses have been relatively stable in recent years, with increases in employee costs offset by decreases in spending on materials and services and 'other' expenditure. Capital expenditure has also been relatively stable, aside from a spike in spending on new assets in 2016–17 (which includes construction of the Nhill Early Years Centre).

How is council spending its money?

Average expenditure by category in the 2 years before rate capping

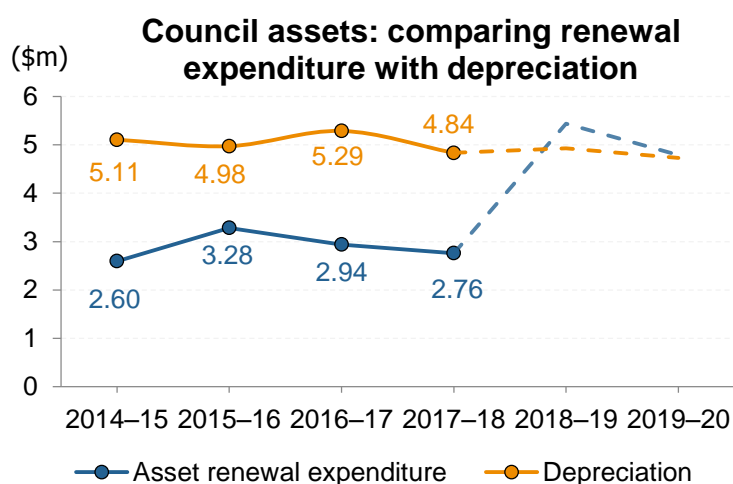


Average expenditure by category in the 2 years after rate capping



There have been small changes in the composition of Hindmarsh Shire Council's expenditure, reflecting an increase in average spending on employee costs and capital expenditure and a reduction in average spending on materials and services in the two years after rate capping was introduced.

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



Year	Asset renewal expenditure as a percentage of depreciation (%)
2014-15	51
2015-16	66
2016-17	56
2017-18	57
2018-19	110 (forecast data)
2019-20	101 (forecast data)

Hindmarsh Shire Council's spending on the renewal of its assets has been relatively stable in recent years, but remains less than 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 and 2019-20. 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 capital expenditure on the renewal of its assets has remained relatively stable in recent years. Spending on new, upgrade and expansion projects shows peaks and troughs, which is typical of small shires, with a spike in investment in new assets in 2016-17.
	\$m	% of total	\$m	% of total	
Renewal	2.9	56	2.9	50	
New	0.5	9	1.8	31	
Upgrade	1.8	33	1.1	19	
Expansion	0.1	2	0.0	0	
Total	5.3	100	5.8	100	

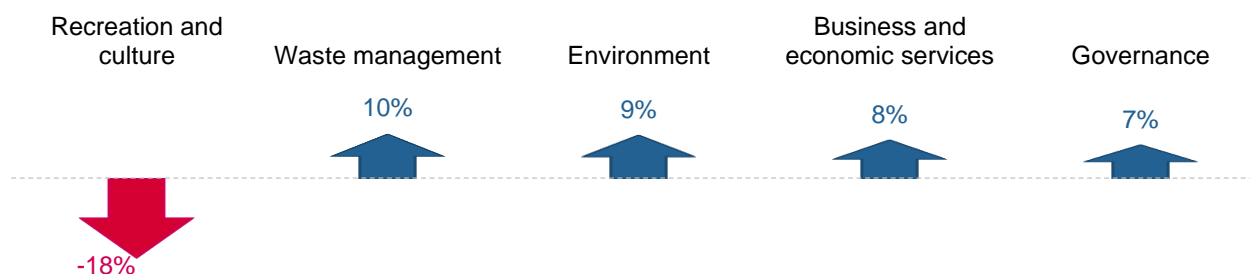
Services

See the reader's guide for data sources and useful information.
Note: The numbers in this fact sheet have not been adjusted for inflation.

Which service areas is council spending its money in?

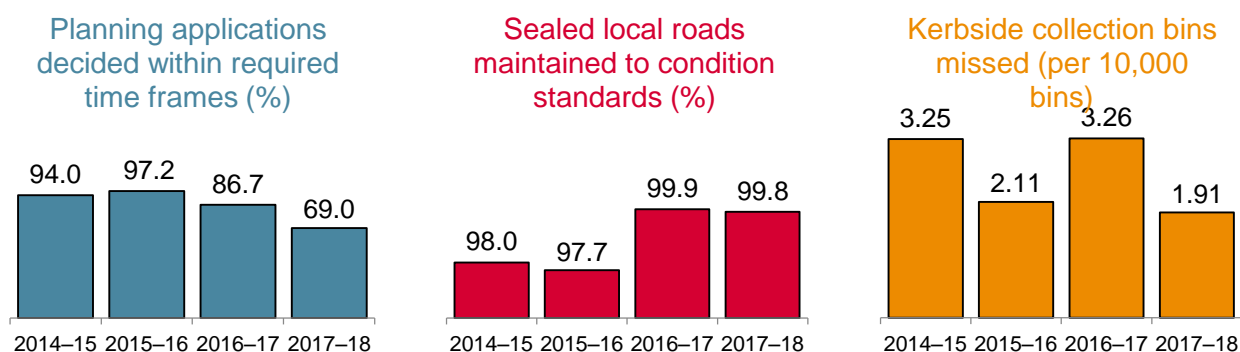
Expenditure by function	Before rate capping (average 2014–15 and 2015–16)		After rate capping (average 2016–17 and 2017–18)	
	\$ per person	% of expenditure	\$ per person	% of expenditure
Local roads and bridges	1,115	38.5	1,132	37.8
Governance	527	18.2	565	18.9
Recreation and culture	409	14.1	337	11.2
Business and economic services	281	9.7	305	10.2
Waste management	147	5.1	162	5.4
Environment	144	5.0	157	5.2
Aged and disabled services	137	4.7	147	4.9
Traffic and street management	91	3.1	86	2.9
Family and community services	35	1.2	65	2.2
Other	11	0.4	40	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.

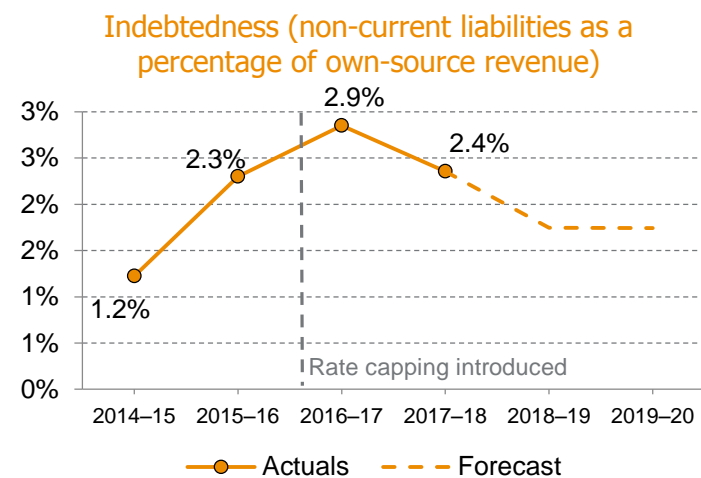
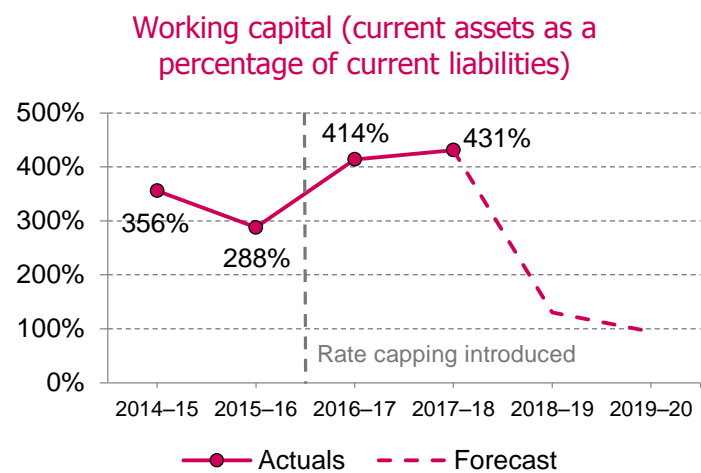
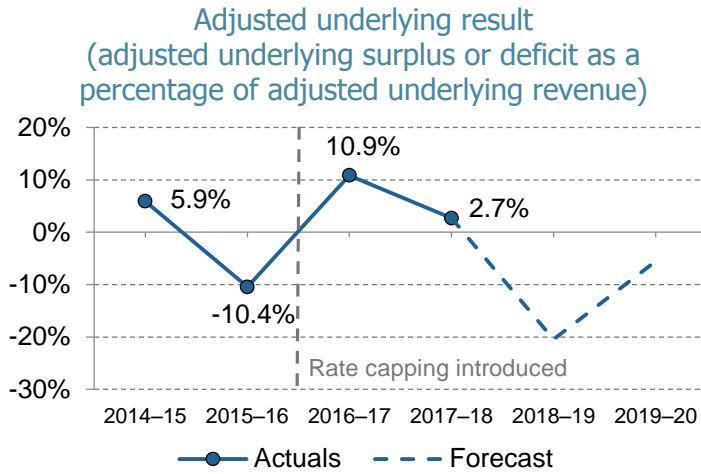
Has there been a change in service quality? (selected services only)



Financial position

See the reader's guide for data sources and useful information.
 Note: The numbers in this fact sheet have not been adjusted for inflation.

Is council operating sustainably?



Between 2014–15 and 2017–18, Hindmarsh Shire Council reported an average **adjusted underlying result** of 2 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 372 per cent between 2014–15 and 2017–18.

Council has no borrowings. The **indebtedness ratio** 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.