

Indigo 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.

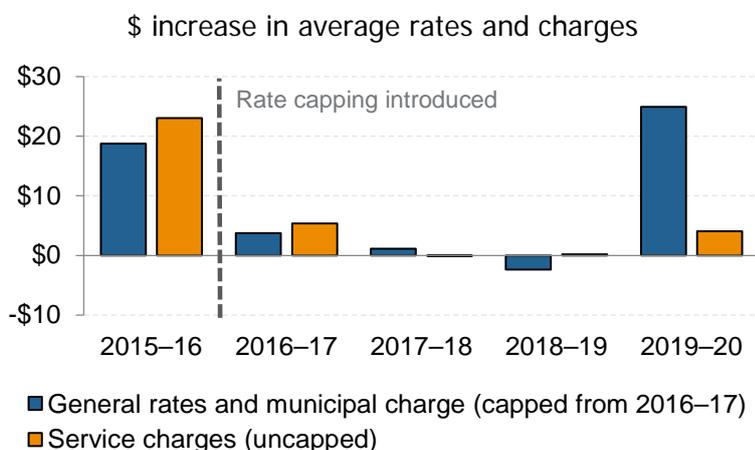


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Key facts	
Population (June 2019):	16,701
Size (km ²):	2,040
Length of local roads (km):	1,570
Population per km of roads:	11
Council employees (FTE, 2019–20):	133
Submitted an application for a higher cap for any year between 2016–17 and 2019–20?	No

Rates

What has happened to average rates and charges (2019–20 dollars)?



Year	Average rates and charges	Applicable rate cap
2015–16	\$1,863	n/a
2016–17	\$1,873	2.50%
2017–18	\$1,874	2.00%
2018–19	\$1,871	2.25%
2019–20	\$1,900	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

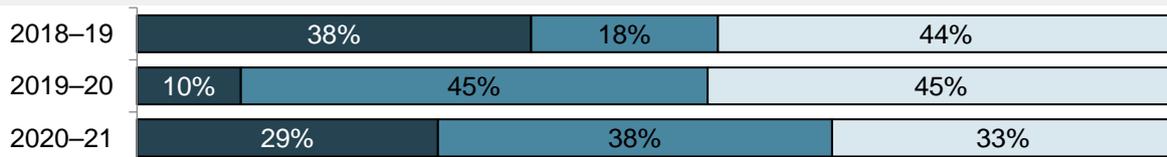
How have rates changed for different ratepayers?

Council's rating strategy 2020–21

Council levies 5 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
	70% of ratepayers	4% of ratepayers	0% of ratepayers	26% of ratepayers
	\$12.3m (73%) of rates and charges revenue in 2019–20	\$0.7m (4%) of rates and charges revenue in 2019–20	\$0m (0%) of rates and charges revenue in 2019–20	\$4m (23%) of rates and charges revenue in 2019–20
	3.3% average annual increase between 2015–16 and 2019–20	-12.2% average annual increase between 2015–16 and 2019–20	0% average annual increase between 2015–16 and 2019–20	-3.8% 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?

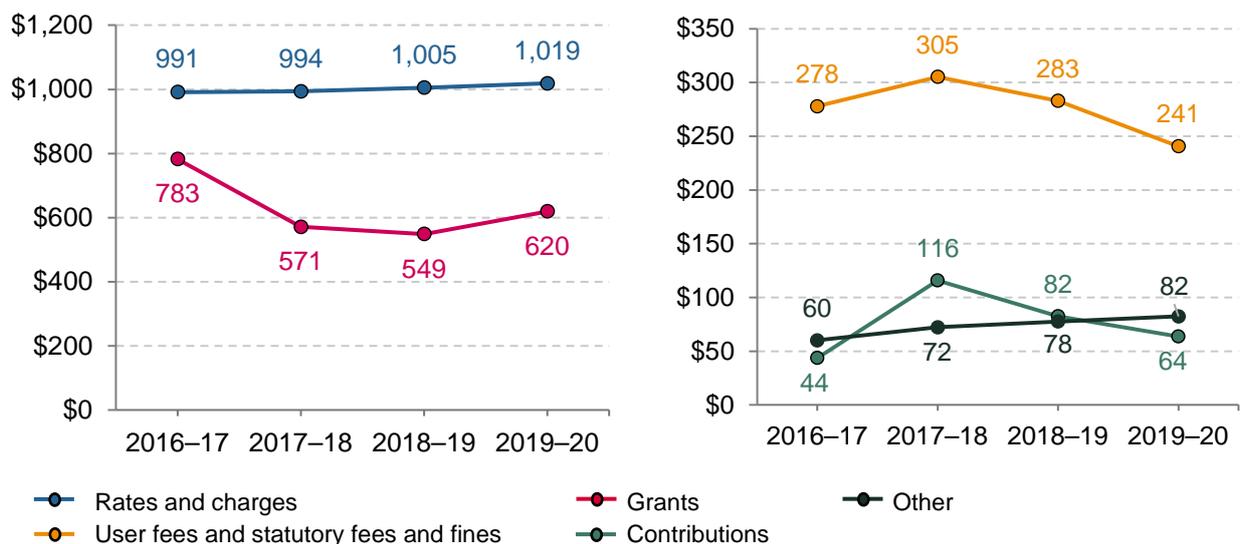
Revenue (2019–20 \$m and % of total revenue)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Rates and charges	16.0	(46%)	16.2	(48%)	16.6	(50%)	17.0	(50%)
User fees and statutory fees and fines	4.5	(13%)	5.0	(15%)	4.7	(14%)	4.0	(12%)
Grants	12.7	(36%)	9.3	(28%)	9.0	(27%)	10.3	(31%)
Contributions	0.7	(2%)	1.9	(6%)	1.4	(4%)	1.1	(3%)
Other	1.0	(3%)	1.2	(4%)	1.3	(4%)	1.4	(4%)
Total	34.9		33.6		32.9		33.8	

In real terms, Indigo Shire Council's total revenue decreased between 2016–17 and 2019–20, reflecting decreases in revenue from grants. In 2019–20, council's revenue from grants increased in real terms, reflecting the receipt of additional capital grants.

Rates and charges was the largest source of council's revenue, accounting for 49 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 trended downwards in real terms between 2016–17 and 2019–20. Revenue per person from user fees and statutory fees and fines, and contributions peaked 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?

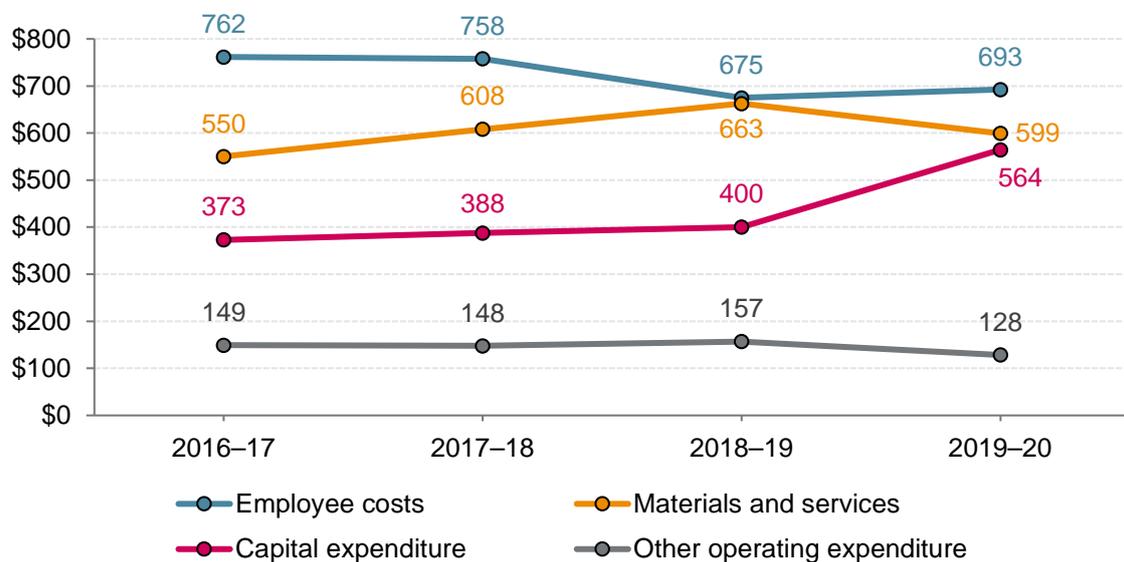
Expenditure (2019–20 \$m and % of total expenditure)

	2016–17	2017–18	2018–19	2019–20
	\$m	\$m	\$m	\$m
Operating expenditure	23.6 (80%)	24.7 (80%)	24.6 (79%)	23.7 (72%)
Employee costs	12.3 (42%)	12.4 (40%)	11.1 (36%)	11.6 (35%)
Materials and services	8.9 (30%)	9.9 (32%)	10.9 (35%)	10.0 (30%)
Other operating expenditure	2.4 (8%)	2.4 (8%)	2.6 (8%)	2.1 (6%)
Capital expenditure	6.0 (20%)	6.3 (20%)	6.6 (21%)	9.4 (28%)
Total	29.6	31.1	31.2	33.1

In real terms, Indigo Shire Council's total expenditure increased between 2016–17 and 2019–20, reflecting increases in capital expenditure. Expenditure on materials and services increased in real terms between 2016–17 and 2019–20, while employee costs decreased.

Employee costs was council's largest area of expenditure, accounting for 38 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), capital expenditure and expenditure on materials and services trended upwards in real terms between 2016–17 and 2019–20, while employee costs trended downwards.



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

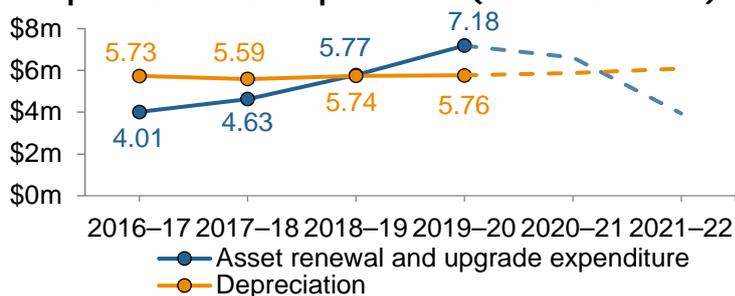
Capital expenditure (2019–20 \$m and % of total capital expenditure)

	2016–17		2017–18		2018–19		2019–20	
	\$m	%	\$m	%	\$m	%	\$m	%
Renewal	3.4	(57%)	3.4	(54%)	4.3	(66%)	4.8	(51%)
Upgrade	0.6	(10%)	1.2	(19%)	1.4	(22%)	2.4	(26%)
Expansion	1.5	(25%)	0.5	(7%)	0.0	(0%)	0.0	(0%)
New	0.5	(9%)	1.2	(19%)	0.8	(13%)	2.2	(24%)
Total	6.0		6.3		6.6		9.4	

In real terms, Indigo Shire Council's spending on asset renewal, upgrades and new assets all trended upwards between 2016–17 and 2019–20, aside from a decrease in new assets in 2018–19. Spending on asset expansion trended downwards between 2016–17 and 2019–20. Asset renewal remained the highest share of capital expenditure between 2016–17 and 2019–20 (accounting for 51 to 66 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	70%
2017–18	83%
2018–19	101%
2019–20	125%
2020–21	113% (forecast data)
2021–22	65% (forecast data)

Council's spending on the renewal and upgrade of its assets trended upwards in real terms between 2016–17 and 2019–20, increasing 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 before falling below in 2021–22.

Services



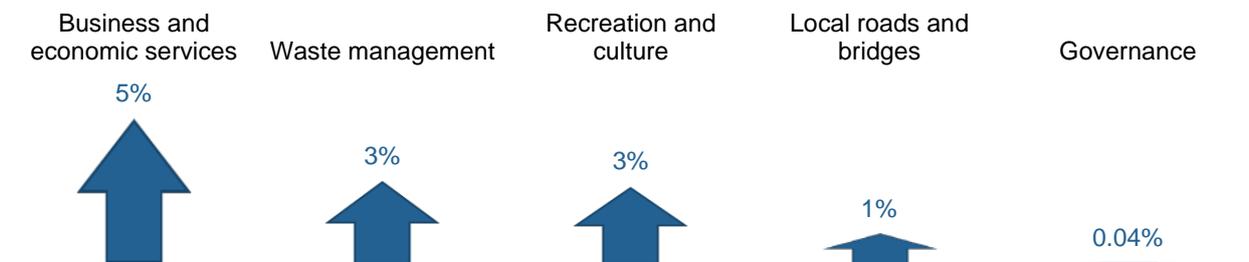
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Which service areas is council spending its money in?

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

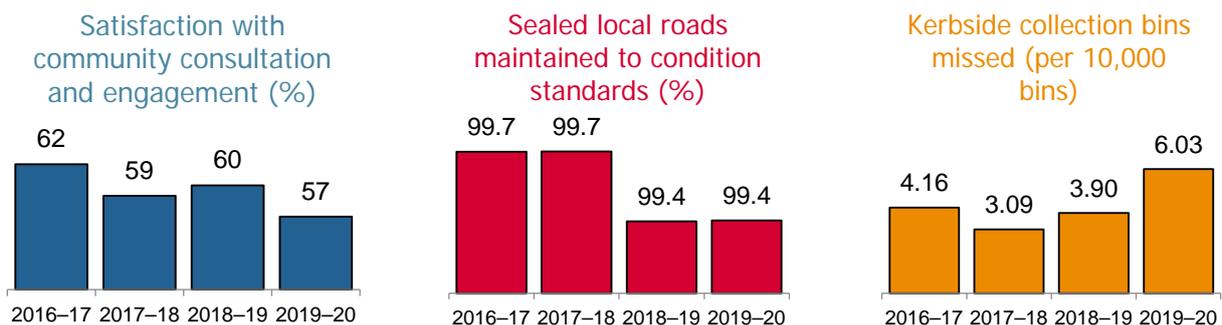
	2016–17		2017–18		2018–19		2019–20	
	\$m		\$m		\$m		\$m	
Aged and disabled services	1.8	(6%)	2.0	(6%)	0.2	(1%)	0.2	(1%)
Business and economic services	5.2	(18%)	5.9	(19%)	7.1	(23%)	5.9	(20%)
Environment	0.7	(2%)	0.6	(2%)	0.7	(2%)	0.6	(2%)
Family and community services	0.7	(2%)	0.8	(3%)	0.9	(3%)	0.9	(3%)
Governance	8.2	(28%)	8.0	(26%)	8.3	(27%)	8.2	(28%)
Local roads and bridges	6.3	(21%)	6.3	(21%)	6.2	(20%)	6.5	(22%)
Recreation and culture	3.7	(12%)	3.7	(12%)	3.8	(13%)	3.9	(13%)
Traffic and street management	0.5	(2%)	0.5	(2%)	0.5	(2%)	0.6	(2%)
Waste management	2.4	(8%)	2.5	(8%)	2.7	(9%)	2.6	(9%)
Other	0.0	(0%)	0.0	(0%)	0.0	(0%)	0.0	(0%)
Total	29.3		30.3		30.4		29.5	

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?



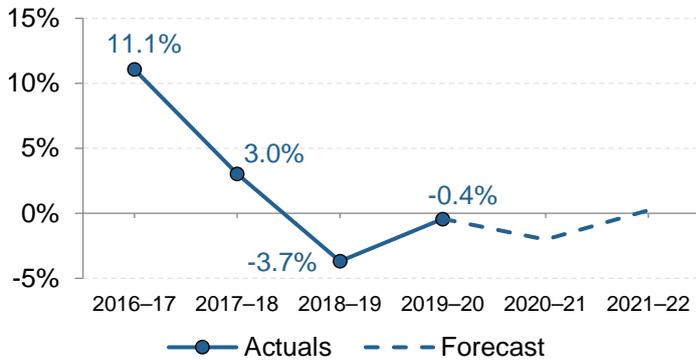
Financial position



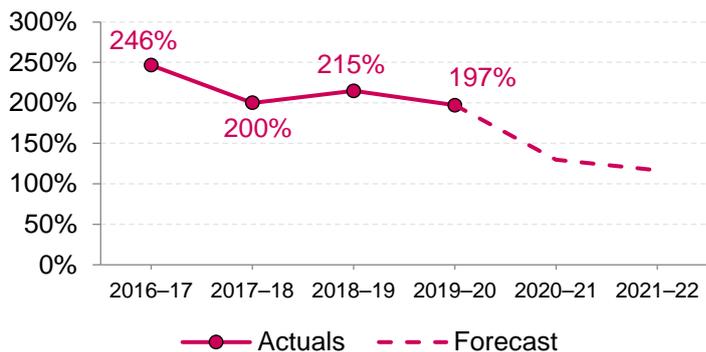
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Is council operating sustainably?

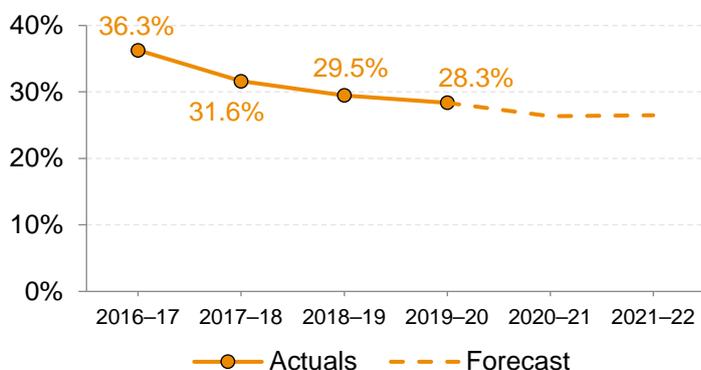
Adjusted underlying result
 (adjusted underlying surplus or deficit as a percentage of adjusted underlying revenue)



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, Indigo Shire Council reported an average **adjusted underlying result** of 2.5 per cent. An ongoing positive result suggests there is enough ongoing revenue to continue to fund the current level of service provision. The deficit in 2018–19 reflects higher non-recurrent revenue (which is excluded from the calculation of the adjusted underlying result).

Council could meet its current financial obligations with a reported average **working capital ratio** of 215 per cent between 2016–17 and 2019–20.

The reported average **indebtedness ratio** of 31.4 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.