Hindmarsh Shire Council

Long Term Financial Plan 2026-2036

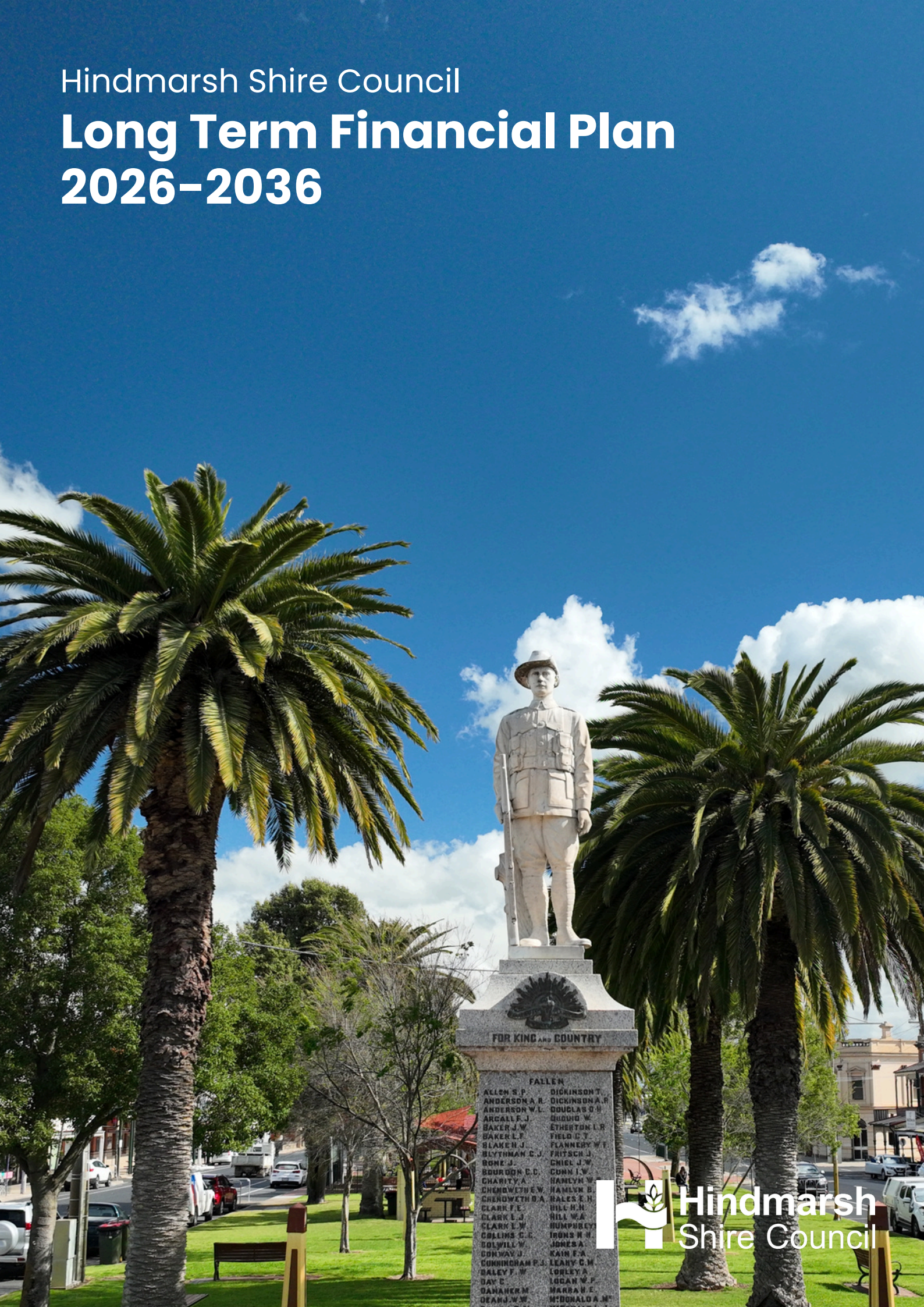


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1 Executive summary

This Financial Plan includes information about the financial resources required to give effect to the Council Plan and other strategies over at least a 10-year period. The Financial Plan enables the Hindmarsh Shire Council to monitor its ongoing financial viability through future projections and assessment of trends in key financial indicators.

Council adopted a Financial Plan on 18 June 2025 in accordance with the *Local Government Act 2020*. Since the preparation of the Financial Plan, Council undertook to review the assumptions, asset renewal projections and depreciation projections in line with best practice utilising external expertise. Mach 2 Consulting was engaged to undertake a comprehensive review of the Council's long term finances and prepare a revised Financial Plan.

The Overarching Governance and Supporting Principles in Section 9 of the *Local Government Act 2020*, require Council to give effect to the principle that "the ongoing financial viability of the Council is to be ensured". Accordingly, the overall objective of this Financial Plan is to achieve financial sustainability over at least the next ten years. The key principles which underpin the Financial Plan to achieve financial sustainability over the next ten years are:

- Financial sustainability: Generating sufficient operating income to cover operating expenses including depreciation
- Financial sustainability: Achieving a balanced budget on a cash basis
- Services: Reducing services to the minimum required to meet the community's needs
- Borrowings: Maintaining a debt free position.
- Assets: Meeting the asset renewal requirements set out in the Asset Plan.

To achieve the overall objective of the Financial Plan of financial sustainability over the long term, it was necessary to model a number of different scenarios by changing the assumptions underlying the Plan forecasts. In undertaking the financial analysis, Council considered the following options:

- Base Case: The current service provision is maintained and asset renewal outlays are in accordance with the Asset Plan
- Scenario 1: As for the Base Case but with service provision reduced to a minimum, that meets the community's needs, to achieve a breakeven or better cash result from 2028 onwards
- Scenario 2: As for the Base Case but with service provision reduced to a minimum, that meets the community's needs, to achieve a breakeven or better underlying result from 2028 onwards.

Based on the financial analysis, Council decided to select Scenario 1 to achieve long term financial sustainability on a cash basis. Under this scenario Council is financially sustainable on a cash basis over the long term, but underlying deficits continue to be achieved in each year. To achieve this outcome, cost savings, revenue increases or a mix thereof will be required to realise $1.8 million of net savings in nominal dollars ongoing over the projection period (i.e., $200,000 per year from 2027/2028 onwards). A debt free position has been maintained over the life of the Financial Plan and asset renewal is in accordance with the Asset Plan but less than depreciation.

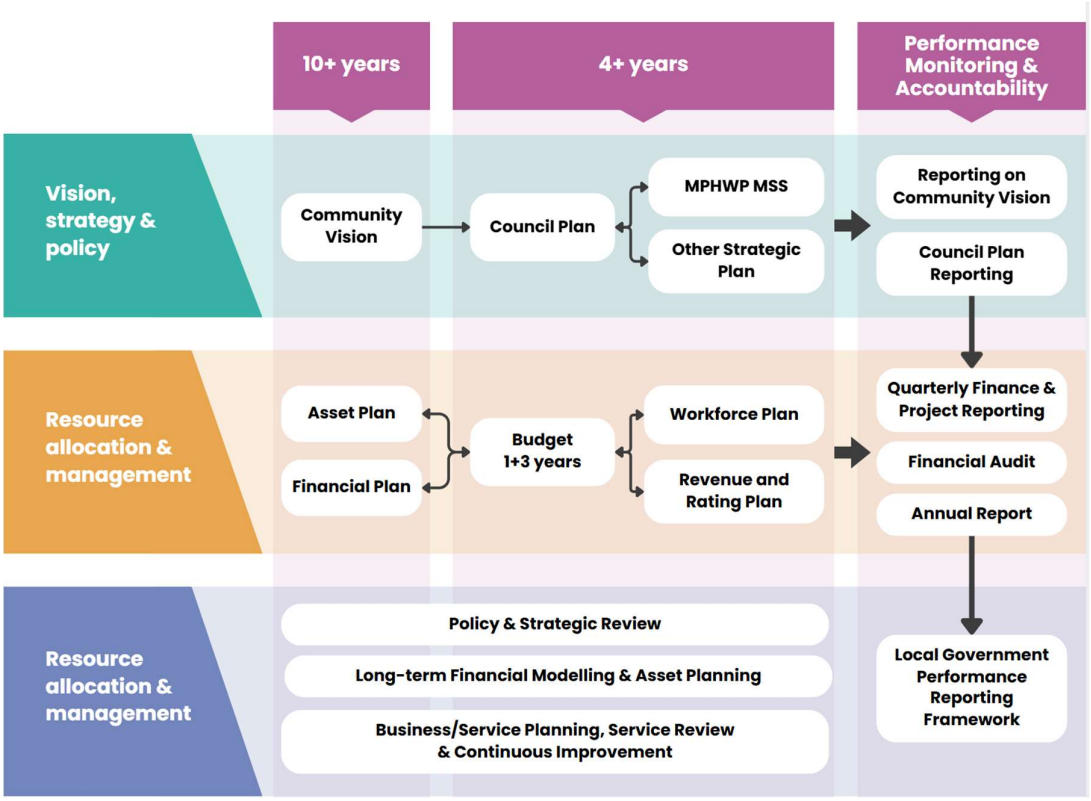
The Financial Plan projections will need to be reviewed again once a revised Asset Plan containing updated asset renewal investment for all asset classes has been prepared.

2 Background

This Financial Plan includes information about the financial resources required to give effect to the Council Plan and other strategies over at least a 10-year period. The Financial Plan enables the Hindmarsh Shire Council (Council) to monitor its ongoing financial viability through future projections and assessment of trends in key financial indicators.

2.1 Integrated Approach

Council is required to take an integrated approach to planning, monitoring and performance reporting and must address the Community Vision. The diagram below depicts the integrated strategic planning and reporting framework that applies to local government in Victoria. At each stage of the integrated strategic planning and reporting framework there are opportunities for community and stakeholder input. This is important to ensure transparency and accountability to both residents and ratepayers. The timing of each component of the integrated strategic planning and reporting framework is critical to the successful achievement of the planned outcomes.



2.2 Legislative Requirements

Section 91 of the *Local Government Act 2020* (the Act) sets out the requirements about the preparation and adoption of the Financial Plan. In particular:

- A Council must develop, adopt and keep in force a Financial Plan in accordance with its deliberative engagement practices
- The scope of a Financial Plan is a period of at least the next 10 financial years.
- A Financial Plan must include the following in the manner and form prescribed by the regulations:
    - Statements describing the financial resources required to give effect to the Council Plan and other strategic plans of the Council

    - Information about the decisions and assumptions that underpin the forecasts in the statements
    - Statements describing any other resource requirements that the Council considers appropriate to include in the Financial Plan
    - Any other matters prescribed by the regulations.
- A Council must develop or review the Financial Plan in accordance with its deliberative engagement practices and adopt the Financial Plan by 31 October in the year following a general election

The *Local Government (Planning and Reporting) Regulations 2020* (the regulations) prescribe the information to be included in a Financial Plan including:

- The statements describing the financial resources must be in the form set out in the Local Government Model Financial Report
- A statement of human resources and a summary of planned expenditure in relation to the human resources.

2.3 This Financial Plan

Council adopted a Financial Plan (the Plan) on 18 June 2025 in accordance with the Act. Since the preparation of the Plan, Council undertook to review the assumptions, asset renewal projections and depreciation projections in line with best practice utilising external expertise. Mach 2 Consulting was engaged to undertake a comprehensive review of the Council's long term finances and prepare a revised Plan.

3 Financial strategy

The Overarching Governance and Supporting Principles in Section 9 of the Act, require Council to give effect to the principle that "the ongoing financial viability of the Council is to be ensured". Accordingly, the overall objective of this Plan is to achieve financial sustainability over at least the next ten years.

3.1 Financial sustainability

Long term financial sustainability is achieved:

- When planned long term service and infrastructure levels and standards are met without unplanned increases in rates and charges or disruptive cuts to services.

3.2 Principles

The key principles which underpin the Plan to achieve financial sustainability over the next ten years are:

- Financial sustainability: Generating sufficient operating income to cover operating expenses including depreciation
- Financial sustainability: Achieving a balanced budget on a cash basis
- Services: Reducing services to the minimum required to meet the community's needs
- Borrowings: Maintaining a debt free position.
- Assets: Meeting the asset renewal requirements set out in the Asset Plan.

3.3 Financial indicators

The key financial indicators and targets which will be used to assess financial sustainability are:

- Adjusted underlying result: >0%
- Working capital: >120%
- Unrestricted cash: >50%
- Debt level: <60%
- Asset renewal: =100%

See Appendix D for definitions of the financial indicators.

3.4 Financial challenges and risks

In achieving financial sustainability, Council is faced with several financial challenges as set out below.

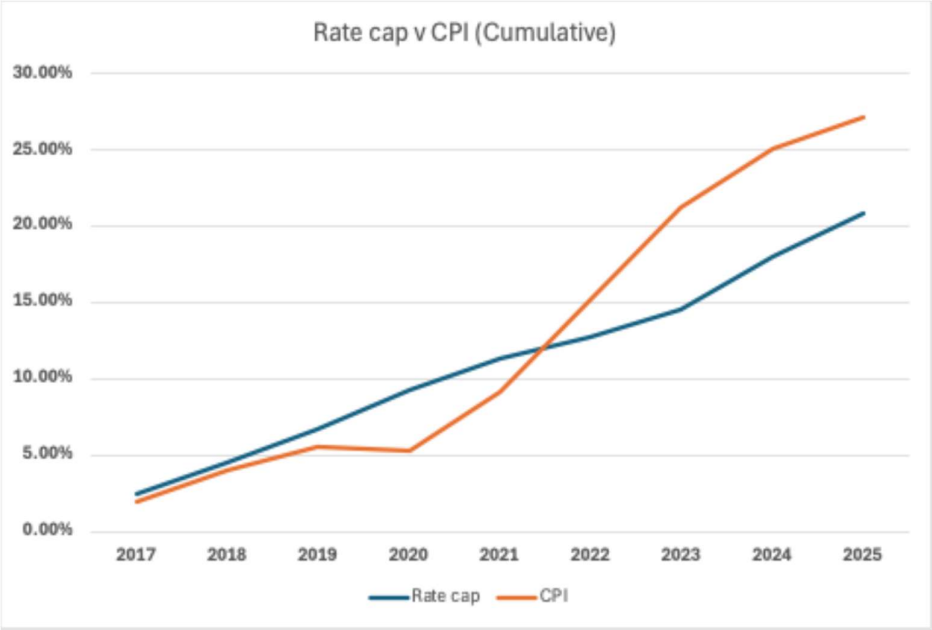
Sustainability of the sector

In the Victorian Auditor General Office (VAGO) report 'Financial Management of Local Councils' issued in August 2025 it was found that most councils met their past financial obligations and are meeting their current obligations, but key financial indicators for most councils are trending down. Across the sector, the adjusted underlying results have been declining. This means the sector's ability to pay for ongoing operating costs from their own-source revenue is decreasing. An ongoing downtrend in this indicator suggests a council is not managing its expenditure, growing its own-source revenue or managing service programs' viability, which creates longer-term risks to financial sustainability.

Rate cap

In the Essential Services Commission (ESC) report 'The Outcomes of Rate Capping' issued in June 2025 it was found that over 2022/2023 and 2023/2024, revenue grew by an annual 1.9 per cent while expenditure grew by 1.1 per cent. However, expenditure has grown at a faster rate than revenue over the long term as rate cap increases have been set below actual inflation

(see graph below). Overall, the sector reported a tighter financial position than it had during the early years of rate capping. While most councils reported operating surpluses over the past 4 years, 43 councils reported adjusted underlying deficits. Meaning around half of all councils are reliant on revenue sources that are outside their control.



Sustainability of Council (past performance)

An analysis was undertaken of the actual financial results of the Council based on the audited financial statements from 2020/2021 to 2024/2025 against other small rural councils with similar characteristics including:

- Yarriambiack
- Strathbogie
- Northern Grampians
- Gannawarra
- Ararat
- Mansfield

Over the past 5 years the Council's performance in comparison to other like councils can be summarised as follows:

- Achieved breakeven underlying results except for 2024/2025, while most comparison councils had underlying deficits
- Rates and charges per assessment was the **lowest**
- Expenses per assessment was the **second highest**
- Own source revenue percentage was the **second highest**
- Grant dependence was the **third highest**
- Employee costs as a proportion of total expenses were the **second lowest**
- Staff numbers was the **lowest**.

See Appendix C for a more detailed analysis.

Asset plan renewal outlays

The asset renewal outlays in the most recent Asset Plan adopted on 29 October 2025 were based on outdated asset values and condition assessments and what Council was able to

afford. Council has been undertaking asset revaluations and condition assessments of all asset classes with this data being used to populate a newly acquired and implemented Asset Management System. It is likely that the revised asset renewal outlays will be higher than those in the current Asset Plan. In addition, depreciation is also expected to be higher. Depreciation increased by $2.47 million in the 2025/2026 year compared 2024/2025 and is expected to increase further in the 2026/2027 year due to the revaluations carried out at 30 June 2026. The following table sets out the state of asset revaluations by asset class as at 30 June 2026 including revaluation increments for the 2025/2026 year.

Asset Class	Date of Valuation	Type of Valuation	2025-26 Revaluation Increment $'000
Land	Jun 21	Full	0
Buildings	Jun 26	Indexation	4,559
Roads	Jun 26	Full	66,598
Bridges	Jun 26	Indexation	396
Footpaths and cycleways	Jun 26	Indexation	501
Drainage	Jun 26	Indexation	280
Kerb & channel	Jun 26	Indexation	1,285
Other infrastructure	Jun 26	Indexation	1,144
TOTAL			**74,763**

A full revaluation of land and infrastructure (excluding roads) will be carried out in the 2026/2027 year. The forecast road depreciation for the 2026/2027 year is $2.72 million (2025/2026: $3.24 million).

Global impacts

The fuel crisis caused by the middle east war has had a significant effect on the price of fuel which is a large input to Council's business and will have flow on effects to other oil-based inputs such as road making materials. It will also likely result in an increase in the price of materials and services similar to the impacts of COVID19.

4 How the plan was developed

This Plan has been developed through a rigorous process of engagement with Council, Executive Team and relevant managers, including from the Finance and Assets and Facilities service areas.

The Plan is based on the following key information:

- Audited financial statements as at 30 June 2026
- Actual carried forward capital works as at 30 June 2026
- Annual Budget for the 2026/2027 year (adjusted for 2025/2026 year actual outcomes)
- Assumptions provided by finance about changes in future income and expenditure
- Assumptions provided by finance regarding future changes in assets, liabilities and equity
- Asset Plan 2025-35 setting out future capital expenditure on asset renewal, expansion, upgrade and new assets
- Other information provided by the Executive Team and Finance.

The projections were developed using a third-party product called 'Integrl'. Integrl is an excel-based model designed to facilitate the preparation of a Council's Financial Plan in accordance with the *Local Government Act 2020*.

5 Assumptions

There are several assumptions underlying the forecasts for income, expenditure, assets, liabilities, equity, cash, capital works expenditure and human resources included in the Plan. These assumptions have been derived from the following sources:

- Assessment of the current financial position
- Scan of the external economic environment
- Recommended changes in service provision
- Asset Plans on capital works delivery.

The key assumptions underlying the Plan are set out below.

5.1 General

The general assumptions affecting all operating income and expenditure are included the following table.

Income/Expense		2028	2029	2030	2031	2032	2033	2034	2035	2036
Rates and charges	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Revenue in lieu	$'000	160	160	160	160	160	160	160	160	160
Statutory fees and fines	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
User fees	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Grants – operating	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Interest on investments	%	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other revenue	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Employee costs	%	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Materials and services	%	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other expenses	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

Consumer price index

The Consumer Price Index (CPI) for the 12 months to July 2026 for Melbourne was 3.2% (ABS release July 2026). The State Government of Victoria's 2026/2027 Budget forecasts that CPI will be 3.5% for the 2026/2027 year reducing to 2.75% for the 2027/2028 year, and 2.5% for the 2028/2029 and 2029/2030 years. For the purposes of developing the Plan, CPI has been set in line with these Government forecasts except for those specifically identified in the above table.

Rate cap

The Victorian Government has set the council rate cap at 2.75 per cent for the 2026/2027 financial year. Subsequent years have been set in line with conservative estimates of the Consumer Price Index.

Employee costs

The Wages Price Index (WPI) for the 12 months to June 2026 for Melbourne was 3.1% (ABS release August 2026). The State Government of Victoria's 2026/2027 Budget forecasts that the WPI will be 3.25% for the 2025/2026 and 2027/2028 years, reducing to 3.0% for the 2028/2029 and 2029/2030 years. For the purposes of developing the LTFP, increases in

employee benefits has been set at 3.0% for the 2027 and 2028 years which is in accordance with Council's current Enterprise Agreement, and then in line with the Government forecasts for the remaining years.

5.2 Service delivery

The assumptions affecting specific services provided by Council are set out below:

- Municipal Elections: $130,000 for Victorian Electoral Commission costs every four years commencing in 2028/2029

5.3 Capital works

The assumptions affecting asset renewal, expansion, upgrade and new assets are set out below.

Asset renewal

Council adopted an Asset Plan in October 2025 for the 2025-2035 years. The Asset Plan sets out the asset investment over the next 10 years for maintenance, operations, renewal, upgrade and new assets. The asset renewal component is set out in the following table and is fully funded in the Plan.

Asset Class	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000	2035 $000	2036 $000
Buildings	250	250	250	250	250	250	250	250	250
Plant, machinery & equipment	1,000	1,200	1,000	1,200	900	1,000	1,100	1,200	1,200
Fixtures, fittings & furniture	5	5	5	5	5	5	5	5	5
Computers & telecommunications	75	75	75	75	75	75	75	75	75
Library books	40	40	40	40	40	40	40	40	40
Roads	1,766	1,801	1,947	1,911	2,119	2,030	1,942	1,910	1,910
Bridges	330	337	364	357	396	379	363	357	357
Footpaths & cycleways	535	545	590	579	642	615	588	578	578
Drainage	330	337	364	357	396	379	363	357	357
Other infrastructure	0	0	0	0	0	0	0	0	0
Total	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**

Capital expenditure program

The following table summarises the forecast capital works expenditure including funding sources over the next 10 years.

Details	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000	2035 $000	2036 $000
Expenditure Type									
New assets	0	0	0	0	0	0	0	0	0
Asset renewal	4,331	4,590	4,635	4,774	4,823	4,773	4,726	4,772	4,772
Asset upgrade	0	0	0	0	0	0	0	0	0
Total	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**

Details	2028 $000	2029 $000	2030 $000	2031 $000	2032 $000	2033 $000	2034 $000	2035 $000	2036 $000
Funding Source									
Grants	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902
Contributions	0	0	0	0	0	0	0	0	0
Council cash	2,429	2,688	2,733	2,872	2,921	2,871	2,824	2,870	2,870
Total	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**

5.4 Impact of 2025-26 Audited Financial Statements

The assumptions affecting the 2026/2027 Adopted Budget and future year projections because of the audit of the 2025/2026 Financial Statements are set out below.

Financial Assistance Grants

The Financial Assistance Grants advised by the Victorian Grants Commission for 2026/2027 were $6.05 million of which 80% was paid in the 2025-26 year. As general purpose grants are recognised on a cash basis for accounting purposes, the adopted Budget for the 2026/2027 year has been adjusted to reflect that 20% of this amount will be recognised as income in the 2026/2027 year. It has been assumed that Financial Assistance Grants in future years will be paid in the year to which they relate for the purposes of developing the Plan.

Depreciation

The 2026/2027 Budget includes depreciation of $6.20 million which was based on the audited Financial Statements for the 2024/2025 year. The audited Financial Statements for the 2025/2026 year include depreciation of $8.66 million with the main increase being buildings with depreciation of $2.21 million (2026-27 Budget: $454,000). For the purposes of developing the Plan, depreciation for the 2026/2027 year and subsequent years has been adjusted in line with the 2025/2026 audited financial statements.

Carry forward capital works

The 2026/2027 Budget assumed that the 2025/2026 capital works budget of $7.03 million would be fully completed in that year. As at 30 June 2026, capital works totalling $2.51 million was incomplete and will now be delivered in the 2026/2027 year. This amount has been included in the 2026/2027 year and will be funded from cash and investments.

6 Financial analysis

To achieve the overall objective of the Plan of financial sustainability over the long term, it was necessary to model a number of different scenarios by changing the assumptions underlying the Plan forecasts. In undertaking the financial analysis, Council considered the following options:

- Base Case: The current service provision is maintained and asset renewal outlays are in accordance with the Asset Plan
- Scenario 1: As for the Base Case but with service provision reduced to a minimum, that meets the community's needs, to achieve a breakeven or better cash result from 2028 onwards
- Scenario 2: As for the Base Case but with service provision reduced to a minimum, that meets the community's needs, to achieve a breakeven or better underlying result from 2028 onwards.

6.1 Base case

Financial indicators

The following table sets out the results of the financial indicators for the Base Case.

Indicator	Target	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Underlying result	>0%	-54%	-21%	-22%	-22%	-23%	-24%	-25%	-25%	-26%	-27%
Net change in cash	>$0	-9.8M	-0.2M	-0.7M	-0.8M	-1.2M	-1.5M	-1.9M	-1.9M	-2.2M	-2.5M
Working capital	>120%	337%	340%	314%	285%	243%	190%	126%	61%	-13%	-96%
Unrestricted cash	>50%	255%	254%	228%	199%	156%	103%	39%	-27%	-101%	-184%
Debt level	<60%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset renewal	100%	63%	49%	50%	50%	50%	51%	51%	51%	51%	51%

Underlying principles

The following table sets out the results against the underlying principles for the Base Case.

Principle	Result (over 10 years)
Generate sufficient operating income to cover operating expenses including depreciation	**Not met –** An underlying deficit is achieved in each year
Achieve a balanced budget on a cash basis	**Not met –** A balanced cash budget is not achieved in any of the years
Reduce services to the minimum required to meet the community's needs	**Not met** – The services funded in the Plan are consistent with the 2026 year
Maintain a debt free position	**Met –** No borrowings are planned over the ten years
Meet the asset renewal requirements set out in the Asset Plan	**Partially met** – The asset renewal as set out in the Asset Plan is fully

	funded, however this is less than depreciation

Outcome

The Base Case is not sustainable over the long term with underlying and cash deficits in each year. Under this scenario Council would be unable to operate after the 2033 year. A debt free position has been maintained, and asset renewal is less than depreciation but in accordance with the Asset Plan.

6.2 Scenario 1

Financial indicators

The following table sets out the results of the financial indicators for Scenario 1.

Indicator	Target	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Underlying result	>0%	-54%	-20%	-19%	-19%	-18%	-18%	-18%	-18%	-17%	-17%
Net change in cash	>$0	-$9.8M	$0M	$0M	$0M	$0M	$0M	$0M	$0M	$0M	$0M
Working capital	>120%	337%	350%	350%	347%	349%	350%	352%	355%	356%	357%
Unrestricted cash	>50%	255%	264%	264%	260%	262%	263%	264%	267%	268%	268%
Debt level	<60%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset renewal	100%	63%	49%	50%	50%	50.	51%	51%	51%	51%	51%

Underlying principles

The following table sets out the results against the underlying principles for Scenario 1.

Principle	Result (over 10 years)
Generate sufficient operating income to cover operating expenses including depreciation	**Not met –** An underlying deficit is achieved in each year
Achieve a balanced budget on a cash basis	**Met –** A breakeven cash result is achieved in all years
Reduce services to the minimum required to meet the community's needs	**Partially met** – The services funded are consistent with the 2026 year, but savings will be required
Maintain a debt free position	**Met –** No borrowings are planned over the ten years
Meet the asset renewal requirements set out in the Asset Plan	**Partially met** – The asset renewal as set out in the Asset Plan is fully funded, however this is less than depreciation

Outcome

Scenario 1 is sustainable over the long term on a cash basis, with breakeven cash results in each year but underlying deficits. However, this will require cost savings, revenue increases or a mix thereof to realise $1.8 million of net savings in nominal dollars ongoing over the projection period (i.e., $200,000 per year from 2027/2028 onwards). A debt free position has

been maintained and asset renewal is less than depreciation but in accordance with the Asset Plan.

6.3 Scenario 2

Financial indicators

The following table sets out the results of the financial indicators for Scenario 2.

Indicator	Target	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Underlying result	>0%	-54%	-18%	-17%	-14%	-12%	-10%	-8%	-5%	-2%	1%
Net change in cash	>$0	-$9.8M	$0.4M	$0.5M	$1.1M	$1.4M	$1.8M	$2.4M	$3.2M	$3.9M	$4.6M
Working capital	>120%	337%	362%	380%	418%	467%	533%	614%	727%	861%	1021%
Unrestricted cash	>50%	255%	276%	294%	331%	380%	445%	526%	638%	771%	930%
Debt level	<60%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset renewal	100%	63%	49%	50%	50%	50%	51%	51%	51%	51%	51%

Underlying principles

The following table sets out the results against the underlying principles for Scenario 2.

Principle	Result (over 10 years)
Generate sufficient operating income to cover operating expenses including depreciation	**Met –** An underlying surplus is achieved from the 2036 year onwards
Achieve a balanced budget on a cash basis	**Met –** A cash surplus is achieved in all years
Reduce services to the minimum required to meet the community's needs	**Partially met** – The services funded are consistent with the 2026 year, but savings will be required
Maintain a debt free position	**Met –** No borrowings are planned over the ten years
Meet the asset renewal requirements set out in the Asset Plan	**Partially met** – The asset renewal as set out in the Asset Plan is fully funded, however this is less than depreciation

Outcome

Scenario 2 is sustainable over the long term with underlying and cash surpluses in each year. However, this will require cost savings, revenue increases or a mix thereof to achieve $5.0 million of net savings in nominal dollars ongoing over the projection period (i.e., $550,000 per year from 2027/2028 onwards). A debt free position has been maintained.

Asset renewal is less than depreciation but in accordance with the Asset Plan. While this is not desirable, Scenario 2 does generate $19.0 million of additional cash over the projection period which could be put toward additional asset renewal. This would result in the asset renewal ratio increasing from around 50% to 75% over the projection period.

7 Financial projections

Based on the financial analysis in the previous section, Council has decided to select Scenario 1 to achieve long term financial sustainability on a cash basis. **However, this will need to be reviewed again once a revised Asset Plan containing updated asset renewal investment for all asset classes has been prepared**.

The following is a detailed analysis of this preferred scenario for the 2026-36 years.

7.1 Financial results

The following financial results summarise the key financial outcomes for the next 10 years as set out in the Plan. The attached Appendix includes the financial statements.

Result	2027 $M	2028 $M	2029 $M	2030 $M	2031 $M	2032 $M	2033 $M	2034 $M	2035 $M	2036 $M
Operating result	-8.4	-4.3	-4.2	4.3	-4.1	-4.2	-4.2	4.3	-4.4	4.4
Underlying result	-9.0	-4.3	-4.2	4.3	-4.1	-4.2	-4.2	4.3	-4.4	4.4
Net change in cash	-9.8	0	0	0	0	0	0	0	0	0
Total cash	7.8	7.9	7.9	7.9	7.9	7.9	8.0	8.1	8.1	8.2
Debt level	0	0	0	0	0	0	0	0	0	0
Asset renewal	7.2	4.3	4.6	4.6	4.8	4.8	4.8	4.8	4.8	4.8
Total capital works	9.0	4.3	4.6	4.6	4.8	4.8	4.8	4.8	4.8	4.8

7.2 Financial indicators

The following financial indicators summarise the key financial outcomes against the targets as set out in the Plan.

Indicator	Target	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Underlying result	>0%	-54%	-20%	-19%	-19%	-18%	-18%	-18%	-18%	-17%	-17%
Net change in cash	>$0	-$9.8M	$0M	$0M	$0M	$0M	$0M	$0M	$0M	$0M	$0M
Working capital	>120%	337%	350%	350%	347%	349%	350%	352%	355%	356%	357%
Unrestricted cash	>50%	255%	264%	264%	260%	262%	263%	264%	267%	268%	268%
Debt level	<60%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset renewal	100%	63%	49%	50%	50%	50.	51%	51%	51%	51%	51%

7.3 Financial sustainability

Overall, the Plan shows that Council is financially sustainable on a cash basis over the long term, but underlying deficits continue to be achieved in each year. To achieve this outcome, cost savings, revenue increases or a mix thereof will be required to realise $1.8 million of net savings in nominal dollars ongoing over the projection period (i.e., $200,000 per year from 2027/2028 onwards). A debt free position has been maintained over the life of the Plan and asset renewal is in accordance with the Asset Plan but less than depreciation.

7.4 Financial sustainability opportunities

As mentioned in 7.3 above, the preferred scenario requires cost savings, revenue increases or a mix thereof to achieve long term financial sustainability on a cash basis. Appendix B includes a number of potential financial sustainability opportunities. These are high level suggestions and will require further investigation by Council to fully understand the opportunity and potential benefits. Some will be medium- or long-term opportunities, and some Council is already working on. While the preferred scenario requires savings of $1.8 million of net savings in nominal dollars over the life of the Plan, in reality the savings from the financial opportunities will be realised over a number of years. **This will require asset renewal to be lower than the Asset Plan in some years to remain viable.**

APPENDIX A: Financial statements

Hindmarsh Shire Council COMPREHENSIVE INCOME STATEMENT For the year ended 30 June	Budget 2027 $000	Budget 2028 $000	Budget 2029 $000	Budget 2030 $000	Budget 2031 $000	Budget 2032 $000	Budget 2033 $000	Budget 2034 $000	Budget 2035 $000	Budget 2036 $000
Income										
Rates and charges	10,630	10,921	11,190	11,465	11,746	12,035	12,331	12,635	12,946	13,265
Statutory fees and fines	162	166	170	175	179	184	188	193	198	203
User fees	1,879	1,926	1,974	2,023	2,074	2,126	2,179	2,233	2,289	2,346
Grants - operating	1,691	6,630	6,796	6,966	7,140	7,318	7,501	7,689	7,881	8,078
Grants - capital	2,523	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902
Contributions - monetary	7	0	0	0	0	0	0	0	0	0
Contributions - non-monetary	0	0	0	0	0	0	0	0	0	0
Share of net profits of associates	0	0	0	0	0	0	0	0	0	0
Other income	493	391	358	312	254	187	172	178	183	188
Total income	17,385	21,937	22,390	22,843	23,296	23,752	24,274	24,830	25,399	25,982
Expenses										
Employee costs	9,914	9,826	9,840	10,125	10,116	10,274	10,400	10,712	10,938	11,165
Materials and services	6,020	6,206	6,484	6,670	6,807	7,052	7,442	7,646	7,961	8,277
Depreciation	8,664	8,781	8,839	8,899	8,961	9,025	9,090	9,154	9,215	9,276
Amortisation - intangible assets	0	0	0	0	0	0	0	0	0	0
Depreciation - right of use assets	0	0	0	0	0	0	0	0	0	0
Bad and doubtful debts	0	0	0	0	0	0	0	0	0	0
Borrowing costs	0	0	0	0	0	0	0	0	0	0
Finance costs - leases	0	0	0	0	0	0	0	0	0	0
Net loss on disposal of property, infrastructure, plant & equipment	(320)	(133)	(137)	(141)	(145)	(149)	(154)	(158)	(162)	(166)
Other expenses	1,504	1,542	1,581	1,620	1,661	1,702	1,745	1,788	1,833	1,879
Total expenses	25,782	26,222	26,606	27,173	27,400	27,904	28,523	29,141	29,786	30,431
Surplus/(deficit) for the year	**(8,397)**	**(4,285)**	**(4,217)**	**(4,330)**	**(4,104)**	**(4,152)**	**(4,249)**	**(4,312)**	**(4,387)**	**(4,449)**
Other comprehensive income										
Items that will not be classified to surplus or deficit in future periods										
Net asset revaluation increment/(decrement)	0	0	0	0	0	0	0	0	0	0
Total comprehensive result	**(8,397)**	**(4,285)**	**(4,217)**	**(4,330)**	**(4,104)**	**(4,152)**	**(4,249)**	**(4,312)**	**(4,387)**	**(4,449)**

Hindmarsh Shire Council BALANCE SHEET As at 30 June	Budget 2027 $000	Budget 2028 $000	Budget 2029 $000	Budget 2030 $000	Budget 2031 $000	Budget 2032 $000	Budget 2033 $000	Budget 2034 $000	Budget 2035 $000	Budget 2036 $000
Assets										
Current Assets										
Cash and cash equivalents	7,819	7,870	7,898	7,820	7,892	7,931	7,989	8,090	8,135	8,179
Trade and other receivables	1,738	1,766	1,784	1,802	1,821	1,840	1,860	1,880	1,900	1,921
Inventories	182	182	182	182	182	182	182	182	182	182
Non-current assets classified as held for resale	0	0	0	0	0	0	0	0	0	0
Other assets	204	204	204	204	204	204	204	204	204	204
Total current assets	9,943	10,022	10,068	10,009	10,099	10,157	10,234	10,355	10,421	10,486
Non Current Assets										
Trade and other receivables	0	0	0	0	0	0	0	0	0	0
Investments in associates	0	0	0	0	0	0	0	0	0	0
Property, infrastructure, plant and equipment	294,477	290,027	285,778	281,514	277,327	273,126	268,808	264,381	259,938	255,433
Right of use assets	0	0	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0	0	0
Total non-current assets	294,477	290,027	285,778	281,514	277,327	273,126	268,808	264,381	259,938	255,433
Total Assets	**304,420**	**300,049**	**295,846**	**291,523**	**287,427**	**283,283**	**279,043**	**274,736**	**270,359**	**265,919**
Liabilities										
Current Liabilities										
Trade and other payables	702	616	630	637	644	652	662	666	676	685
Trust funds and deposits	307	307	307	307	307	307	307	307	307	307
Unearned income	0	0	0	0	0	0	0	0	0	0
Provisions	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942
Interest-bearing liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Total current liabilities	2,951	2,865	2,879	2,886	2,893	2,901	2,911	2,915	2,925	2,934
Non Current Liabilities										
Provisions	325	325	325	325	325	325	325	325	325	325
Interest-bearing liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	325	325	325	325	325	325	325	325	325	325
Total Liabilities	**3,276**	**3,190**	**3,204**	**3,211**	**3,218**	**3,226**	**3,236**	**3,240**	**3,250**	**3,259**
Net Assets	**301,144**	**296,859**	**292,642**	**288,312**	**284,208**	**280,056**	**275,807**	**271,495**	**267,109**	**262,660**
Equity										
Accumulated surplus	75,503	71,218	67,001	62,671	58,567	54,415	50,166	45,854	41,468	37,019
Reserves	225,641	225,641	225,641	225,641	225,641	225,641	225,641	225,641	225,641	225,641
Total Equity	**301,144**	**296,859**	**292,642**	**288,312**	**284,208**	**280,056**	**275,807**	**271,495**	**267,109**	**262,660**

Hindmarsh Shire Council

STATEMENT OF CASH FLOWS For the year ended 30 June	Budget 2027 $000	Budget 2028 $000	Budget 2029 $000	Budget 2030 $000	Budget 2031 $000	Budget 2032 $000	Budget 2033 $000	Budget 2034 $000	Budget 2035 $000	Budget 2036 $000
Cash flows from operating activities										
Receipts										
Rates and charges	10,705	10,893	11,172	11,446	11,728	12,016	12,312	12,615	12,926	13,244
Statutory fees and fines	162	166	170	175	179	184	188	193	198	203
User fees	1,879	1,926	1,974	2,023	2,074	2,126	2,179	2,233	2,289	2,346
Grants - operating	1,691	6,630	6,796	6,966	7,140	7,318	7,501	7,689	7,881	8,078
Grants - capital	2,048	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902
Contributions - monetary	7	0	0	0	0	0	0	0	0	0
Interest received	330	224	192	148	92	20	0	0	0	0
Trust funds and deposits taken	0	0	0	0	0	0	0	0	0	0
Net GST refund/payment	0	0	0	0	0	0	0	0	0	0
Other receipts	163	167	166	164	162	167	172	178	183	188
Payments										
Employee costs	(9,914)	(9,826)	(9,840)	(10,125)	(10,116)	(10,274)	(10,400)	(10,712)	(10,938)	(11,165)
Materials and services	(6,814)	(6,292)	(6,471)	(6,663)	(6,800)	(7,044)	(7,433)	(7,641)	(7,952)	(8,268)
Other payments	(1,504)	(1,542)	(1,581)	(1,620)	(1,661)	(1,702)	(1,745)	(1,788)	(1,833)	(1,879)
Net cash provided by/(used) in operating activities	(1,247)	4,249	4,481	4,416	4,701	4,713	4,677	4,669	4,656	4,650
Cash flows from investing activities										
Payments for property, infrastructure, plant & equipment	(8,949)	(4,331)	(4,590)	(4,635)	(4,774)	(4,823)	(4,773)	(4,726)	(4,772)	(4,772)
Payments for intangible assets	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of property, infrastructure, plant & equipment	320	133	137	141	145	149	154	158	162	166
Net loans and advances made/repaid	0	0	0	0	0	0	0	0	0	0
Net cash provided by/(used) in investing activities	(8,629)	(4,198)	(4,453)	(4,494)	(4,629)	(4,674)	(4,619)	(4,568)	(4,610)	(4,606)
Cash flows from financing activities										
Proceeds from borrowings	0	0	0	0	0	0	0	0	0	0
Borrowing costs	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Finance costs - lease liability	0	0	0	0	0	0	0	0	0	0
Repayment of lease liabilities	0	0	0	0	0	0	0	0	0	0
Net cash provided by/(used) in financing activities	0	0	0	0	0	0	0	0	0	0
Net increase /(decrease) in cash and cash equivalents	(9,876)	51	28	(78)	72	39	58	101	46	44
Cash and cash equivalents at the beginning of the year	17,695	7,819	7,870	7,898	7,820	7,892	7,931	7,989	8,090	8,135
Cash and cash equivalents at the end of the year	**7,819**	**7,870**	**7,898**	**7,820**	**7,892**	**7,931**	**7,989**	**8,090**	**8,135**	**8,179**

Hindmarsh Shire Council

STATEMENT OF CAPITAL WORKS For the year ended 30 June	Budget 2027 $000	Budget 2028 $000	Budget 2029 $000	Budget 2030 $000	Budget 2031 $000	Budget 2032 $000	Budget 2033 $000	Budget 2034 $000	Budget 2035 $000	Budget 2036 $000
Property										
Land	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0
Total land	0	0	0	0	0	0	0	0	0	0
Buildings	618	250	250	250	250	250	250	250	250	250
Total buildings	618	250	250	250	250	250	250	250	250	250
Total property	618	250	250	250	250	250	250	250	250	250
Plant and Equipment										
Plant, machinery and equipment	1,166	1,000	1,200	1,000	1,200	900	1,000	1,100	1,200	1,200
Fixtures, fittings and furniture	136	80	80	80	80	80	80	80	80	80
Computers and telecommunications	0	0	0	0	0	0	0	0	0	0
Library Books	0	40	40	40	40	40	40	40	40	40
Total plant and equipment	1,302	1,120	1,320	1,120	1,320	1,020	1,120	1,220	1,320	1,320
Infrastructure										
Roads	4,713	1,766	1,801	1,947	1,911	2,119	2,030	1,942	1,910	1,910
Bridges	32	330	337	364	357	396	379	363	357	357
Footpaths and cycleways	255	535	545	590	579	642	615	588	578	578
Drainage	181	330	337	364	357	396	379	363	357	357
Recreational, leisure and community facilities	487	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0
Kerb & Channel	52	0	0	0	0	0	0	0	0	0
Other infrastructure	1,310	0	0	0	0	0	0	0	0	0
Total infrastructure	7,029	2,961	3,020	3,265	3,204	3,553	3,403	3,256	3,202	3,202
Total capital works expenditure	**8,949**	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**
Represented by:										
New asset expenditure	621	0	0	0	0	0	0	0	0	0
Asset renewal expenditure	7,189	4,331	4,590	4,635	4,774	4,823	4,773	4,726	4,772	4,772
Asset upgrade expenditure	1,139	0	0	0	0	0	0	0	0	0
Asset expansion expenditure	0	0	0	0	0	0	0	0	0	0
Total capital works expenditure	**8,949**	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**
Funding sources represented by:										
Grants	2,523	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902	1,902
Contributions	0	0	0	0	0	0	0	0	0	0
Council cash	6,426	2,429	2,688	2,733	2,872	2,921	2,871	2,824	2,870	2,870
Borrowings	0	0	0	0	0	0	0	0	0	0
Total capital works expenditure	**8,949**	**4,331**	**4,590**	**4,635**	**4,774**	**4,823**	**4,773**	**4,726**	**4,772**	**4,772**

APPENDIX B: Financial sustainability opportunities

Council's long-term financial sustainability will depend on a combination of service prioritisation, revenue optimisation, operational efficiencies and asset management initiatives. A service hierarchy framework provides a structured approach to ensuring that available resources are first directed toward legislated obligations, public safety, critical infrastructure and core community services, while discretionary and lower-priority services are regularly reviewed against community benefit, utilisation, strategic alignment and affordability.

Revenue opportunities include improving cost recovery, regularly reviewing fees and charges, maximising returns from commercial and user-pays services, pursuing external funding opportunities, and supporting initiatives that strengthen the local economy and future rate base. Council-owned assets such as holiday parks and tourism facilities also provide opportunities to diversify revenue beyond rates

Operational efficiencies can be achieved through process improvements, automation, procurement initiatives, shared services and service reviews that maintain or enhance service delivery while reducing costs. Asset management opportunities include optimising service levels, improving utilisation of Council facilities and prioritising investment toward assets that provide the greatest community value.

Importantly, many of these opportunities are already being progressed through Council's service reviews, digital transformation initiatives, asset management improvements and broader strategic planning activities. Future actions will build on this work to strengthen financial sustainability while maintaining essential services and infrastructure.

Service Hierarchy

The following table provides a high level summary of Council services and their criticality. This provides an important, though not singular, framework for consideration of financial sustainability opportunities.

Priority Level	Service Category	Description	Typical Hindmarsh Examples
Level 1 - Legislated Essential Services	Statutory and Regulatory	Services required by legislation or where Council has a direct legal obligation. Failure to deliver would result in legal, safety or compliance consequences.	Governance, elections, financial management, auditing, planning permits, building control, environmental health, local laws, emergency management, records management, privacy, freedom of information, child safety, risk management.
Level 2 - Critical Infrastructure & Public Safety	Core Services	Services essential to community safety, public health, access and continuity of Council operations.	Road maintenance, bridges, drainage, waste collection, emergency management, municipal fire prevention, public health programs, cemetery operations, critical IT and cyber security systems, municipal building surveyor services.
Level 3 - Strategic Core Local	Council's Primary	Services expected of a rural council and closely linked to Council Plan	Asset management, community development, libraries, maternal and child

Priority Level	Service Category	Description	Typical Hindmarsh Examples
Government Services	Service Obligations	outcomes and community wellbeing.	health, youth services, aged and disability advocacy, recreation reserve maintenance, economic development, environmental management, customer service.
Level 4 - Community Wellbeing & Liveability Services	Important but Discretionary Services	Services that strengthen community wellbeing, inclusion, participation and liveability but are not strictly required by legislation.	Community grants, tourism promotion, events support, arts and culture programs, volunteer support, community transport initiatives, health and wellbeing programs.
Level 5 - Place Activation & Growth Services	Growth Services	Services focused on economic development, activation and future growth. These are valuable but may be subject to funding availability.	Business development programs, investment attraction, housing advocacy, tourism campaigns, town beautification projects, strategic advocacy projects.
Level 6 - Lifestyle Services	Nice-to-Have Services	Services that enhance quality of life but generally have the weakest legislative or risk justification. These should be regularly reviewed against usage, cost and community benefit.	Outdoor pools, cinema programs, discretionary recreation projects, public art initiatives, community events, non-essential tourism facilities.

Revenue, Operations and Asset Opportunities

Revenue

Potential revenue opportunities include:

- Lease and Licenses: Consider additional opportunities for commercial lease arrangements for Council-owned land, review the current leases and licenses policy to ensure that revenue is being maximised from service users. The policy should consider market, full cost recovery and subsidised rates. Examples include agricultural or industrial land and/or land that could be utilised to generate profit from businesses (i.e. not community groups such as volunteer-based sporting clubs using recreation reserves).
- Emergency Cost Recovery/Reimbursement: Continue to review approaches to managing disaster events and optimise cost recovery/reimbursement for emergency response and restoration/recovery. (e.g. capturing asset condition before events, recording expenditure and labour costs during and after and making claims for recovery)
- Grants: Continue to strategically plan for, identify and actively pursue grant opportunities to offset capital costs. This includes increasing resourcing and investment in project scoping and application readiness.
- Funding Allocations: Continue to charge corporate overheads to programs that receive government funding and consider where additional operational or project management costs could be incorporated into funded project budgets.
- Telco Towers: Ensure rental received from Telcos for towers on Council land is maximised.

Revenue opportunities that may support financial sustainability but with complex community considerations include:

- Solar Farms: A number of solar farms have been established in the surrounding council areas. Under section 94(6A) of the *Electricity Industry Act 2000 (EI Act)*, the Payment in Lieu of Rates (PiLoR) framework allows for councils and electricity generators to negotiate annual payments
- Fees and Charges: Review the current fees and charges policy to ensure that revenue is being maximised from service users. The policy should consider market, full cost recovery and subsidised rates
- Debt Management: Enhance debt management practises to maximise revenue collection
- Rate Cap Variation: Make a submission to the Essential Services Commission for a rate cap variation.

Operations

Potential opportunities to reduce operational costs include:

- Service Planning: Continue to undertake a service planning exercise to identify Council's current service offering, reduce services to those that are legally required or where there is a high need/expectation that they be delivered, agree on minimum service levels and undertake service reviews to maximise efficiency and effectiveness (including in-house vs outsourced delivery models)
- Continue to only consider delivery of market-provided services that have demonstrated community and economic benefit and that Council is reasonably equipped to deliver
- Discretionary Costs: Conduct continuous reviews of discretionary corporate support costs such as consultants, legal fees, marketing/economic activities and economic development, continue to centralise budgets for training and legal fees to ensure oversight.
- Productivity: Identify productivity opportunities across Council, including digital transformation, utilisation of artificial intelligence, and cluster procurement.
- Information Technology: Undertake a mapping exercise to identify current hardware/ software usage to reduce costs such as SAAS, peripheral software, hardware life cycle costs/replacement
- Fleet: Continue to review fleet use, including private fleet use, with consideration of cost recovery, usage and organisational need to ensure that it meets minimum service requirements.
- Shared Services: Continue to explore shared service and procurement arrangements with surrounding councils, noting that Building Services, Emergency Management, financial software and other key services are already delivered through these mechanisms.
- Overtime and staffing: In light of Council's already low wages to revenue ratio and overall decrease in TIL accrued over the past several years, continue to review employment conditions to ensure that is not unnecessary spend on overtime and other costs that are not required/budgeted for.
- Fringe benefits Tax (FBT): Review FBT expenditure and identify additional opportunities for employee contributions.

Assets

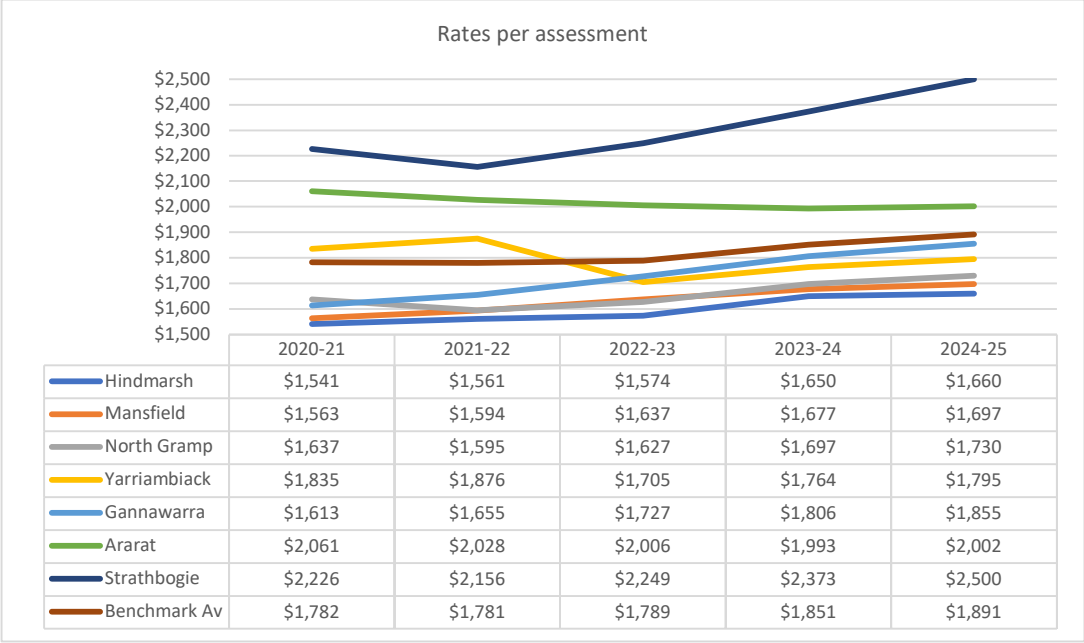
Potential opportunities to reduce asset costs include:

- Asset Management: Update the Asset Management Information System (AMIS) with the most current asset valuations and condition assessments once available. Then use the new AMIS to undertake cost effectiveness modelling of required asset renewal and prepare a revised Asset Plan

- Asset Base: As part of the service planning exercise (above), map assets to services and rationalise/ minimise where possible
- Asset Sales: Following on from review of the asset base, prepare an asset sales strategy to divest surplus and underutilised assets
- Building Maintenance: Review current building service levels and maintain at minimum agreed levels
- Community Halls: Fund essential services only
- Plant: Review plant usage and replacement timelines
- New Assets: Maximise grant opportunities, rationalise proposals to make affordable, review pipeline and only include those with high probability of grants being received, and introduce a capital evaluation process with business cases.

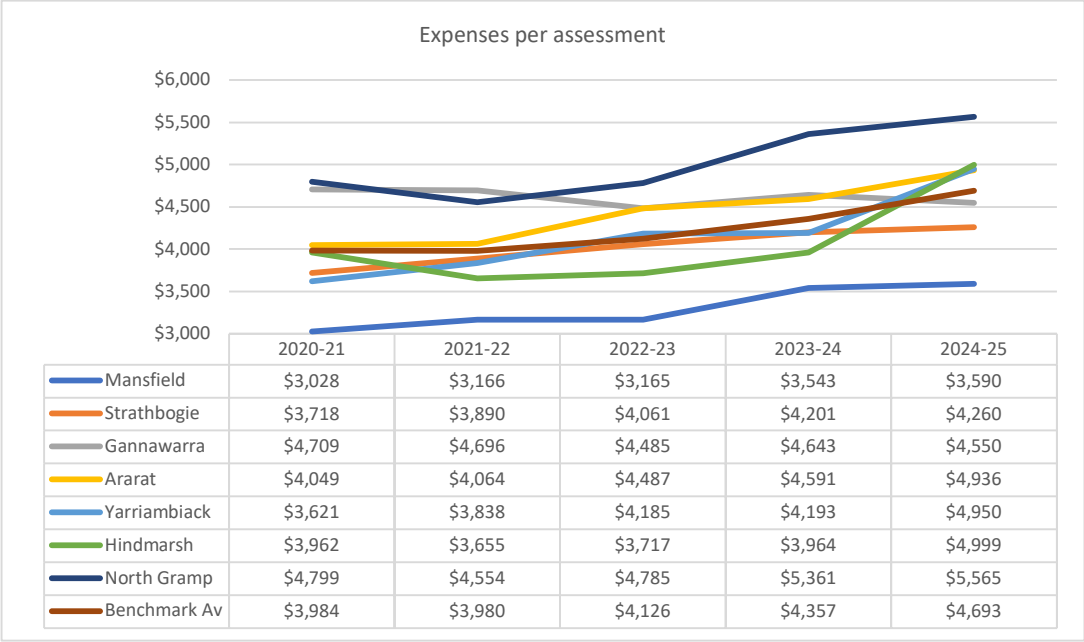
APPENDIX C: Benchmarking

Revenue and cost base



	2020-21	2021-22	2022-23	2023-24	2024-25
Hindmarsh	$1,541	$1,561	$1,574	$1,650	$1,660
Mansfield	$1,563	$1,594	$1,637	$1,677	$1,697
North Gramp	$1,637	$1,595	$1,627	$1,697	$1,730
Yarriambiack	$1,835	$1,876	$1,705	$1,764	$1,795
Gannawarra	$1,613	$1,655	$1,727	$1,806	$1,855
Ararat	$2,061	$2,028	$2,006	$1,993	$2,002
Strathbogie	$2,226	$2,156	$2,249	$2,373	$2,500
Benchmark Av	$1,782	$1,781	$1,789	$1,851	$1,891

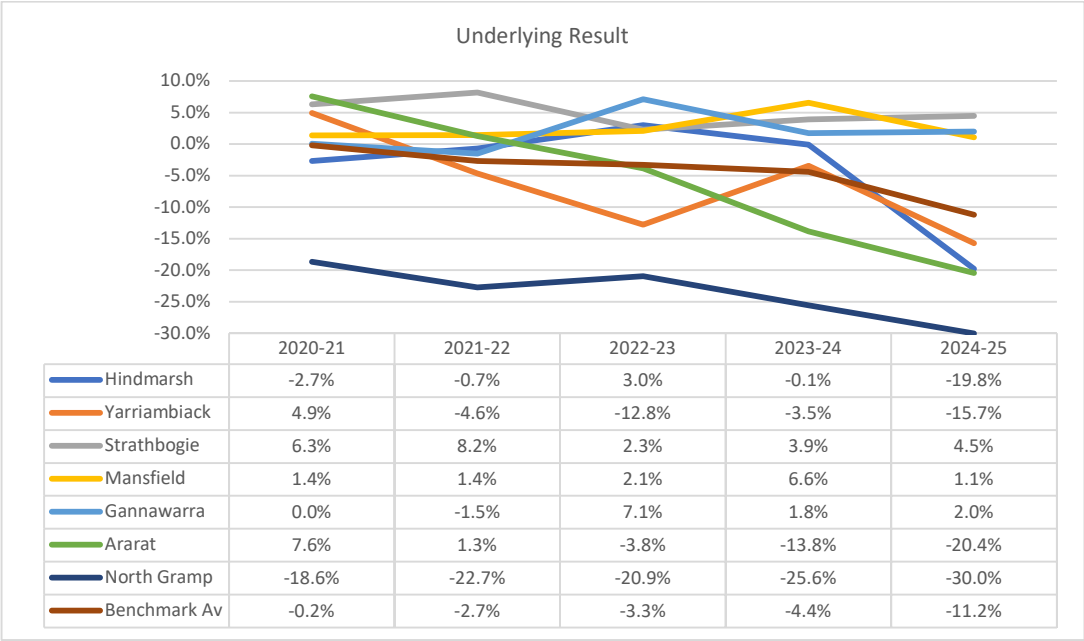
The above graph shows the LGPRF indicator, 'rates per assessment' for Hindmarsh and each of the comparison councils for the 2020/2021 to 2023/2024 years. For the 2024/2025 year, Hindmarsh had the lowest rates per assessment and Strathbogie the highest. Ararat's measure has declined due to several zero rate increases.



	2020-21	2021-22	2022-23	2023-24	2024-25
Mansfield	$3,028	$3,166	$3,165	$3,543	$3,590
Strathbogie	$3,718	$3,890	$4,061	$4,201	$4,260
Gannawarra	$4,709	$4,696	$4,485	$4,643	$4,550
Ararat	$4,049	$4,064	$4,487	$4,591	$4,936
Yarriambiack	$3,621	$3,838	$4,185	$4,193	$4,950
Hindmarsh	$3,962	$3,655	$3,717	$3,964	$4,999
North Gramp	$4,799	$4,554	$4,785	$5,361	$5,565
Benchmark Av	$3,984	$3,980	$4,126	$4,357	$4,693

The above graph shows the LGPRF indicator, 'expenses per assessment' for Hindmarsh and each of the comparison councils for the 2020/2021 to 2023/2024 years. For the 2024/2025 year, Mansfield had the lowest expenses per assessment and Northern Grampians the highest. Hindmarsh's measure was the second highest.

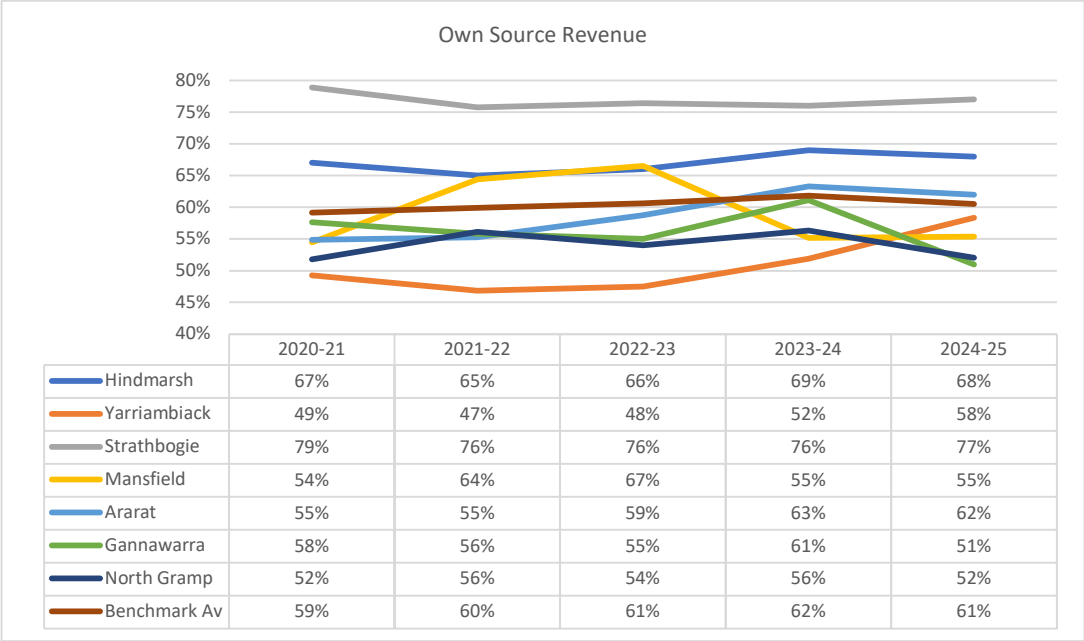
Overall performance



	2020-21	2021-22	2022-23	2023-24	2024-25
Hindmarsh	-2.7%	-0.7%	3.0%	-0.1%	-19.8%
Yarriambiack	4.9%	-4.6%	-12.8%	-3.5%	-15.7%
Strathbogie	6.3%	8.2%	2.3%	3.9%	4.5%
Mansfield	1.4%	1.4%	2.1%	6.6%	1.1%
Gannawarra	0.0%	-1.5%	7.1%	1.8%	2.0%
Ararat	7.6%	1.3%	-3.8%	-13.8%	-20.4%
North Gramp	-18.6%	-22.7%	-20.9%	-25.6%	-30.0%
Benchmark Av	-0.2%	-2.7%	-3.3%	-4.4%	-11.2%

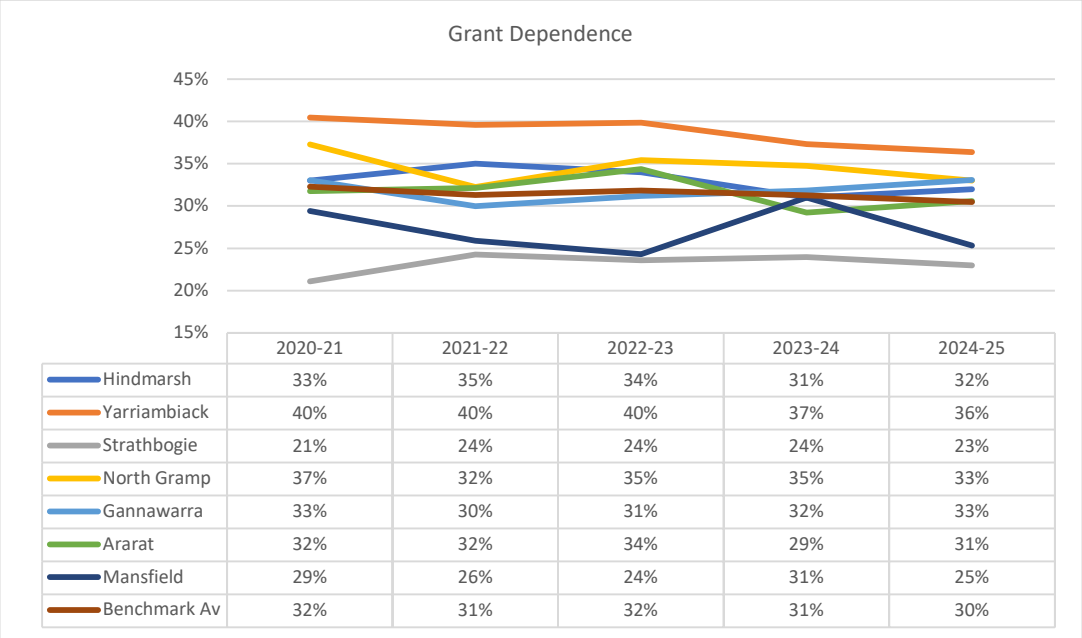
The above graph shows the LGPRF indicator, 'underlying result' for Hindmarsh and each of the comparison councils for the 2020/2021 to 2024/2025 years. For the 2024/2025 year, Strathbogie, Mansfield and Gannawarra achieved positive results at the end of the five year period, while the remaining councils had underlying

Revenue



	2020-21	2021-22	2022-23	2023-24	2024-25
Hindmarsh	67%	65%	66%	69%	68%
Yarriambiack	49%	47%	48%	52%	58%
Strathbogie	79%	76%	76%	76%	77%
Mansfield	54%	64%	67%	55%	55%
Ararat	55%	55%	59%	63%	62%
Gannawarra	58%	56%	55%	61%	51%
North Gramp	52%	56%	54%	56%	52%
Benchmark Av	59%	60%	61%	62%	61%

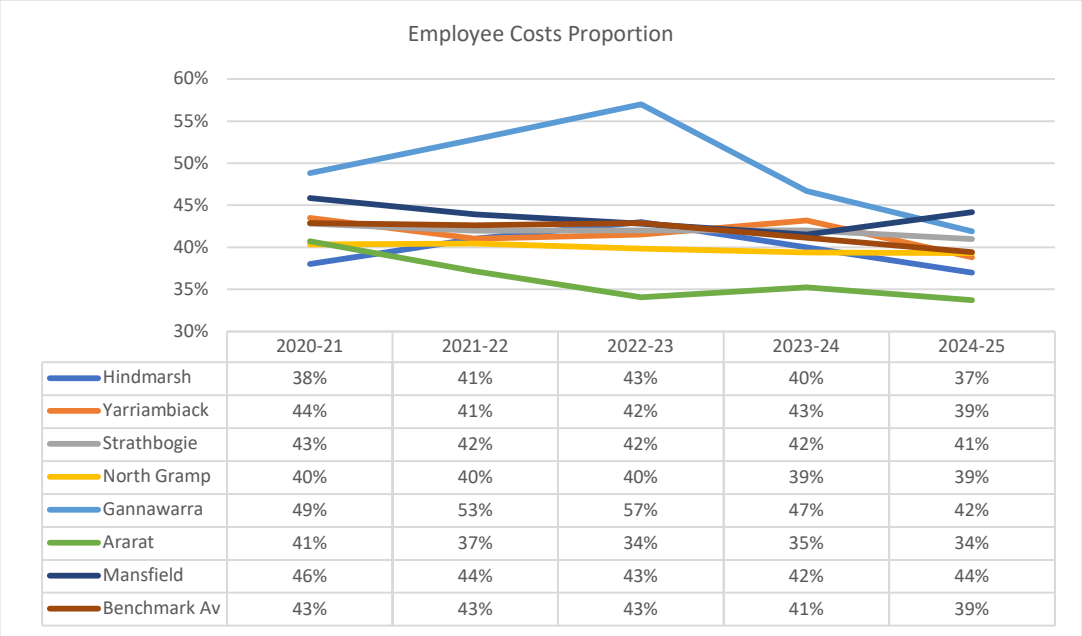
The above graph shows the own source revenue as a proportion of total revenue for Hindmarsh and each of the comparison councils for the 2020/2021 to 2024/2025 years. For the 2024/2025 year, Strathbogie had the highest own source revenue percentage with Northern Grampians and Gannawarra the lowest. Hindmarsh was the second highest.



	2020-21	2021-22	2022-23	2023-24	2024-25
Hindmarsh	33%	35%	34%	31%	32%
Yarriambiack	40%	40%	40%	37%	36%
Strathbogie	21%	24%	24%	24%	23%
North Gramp	37%	32%	35%	35%	33%
Gannawarra	33%	30%	31%	32%	33%
Ararat	32%	32%	34%	29%	31%
Mansfield	29%	26%	24%	31%	25%
Benchmark Av	32%	31%	32%	31%	30%

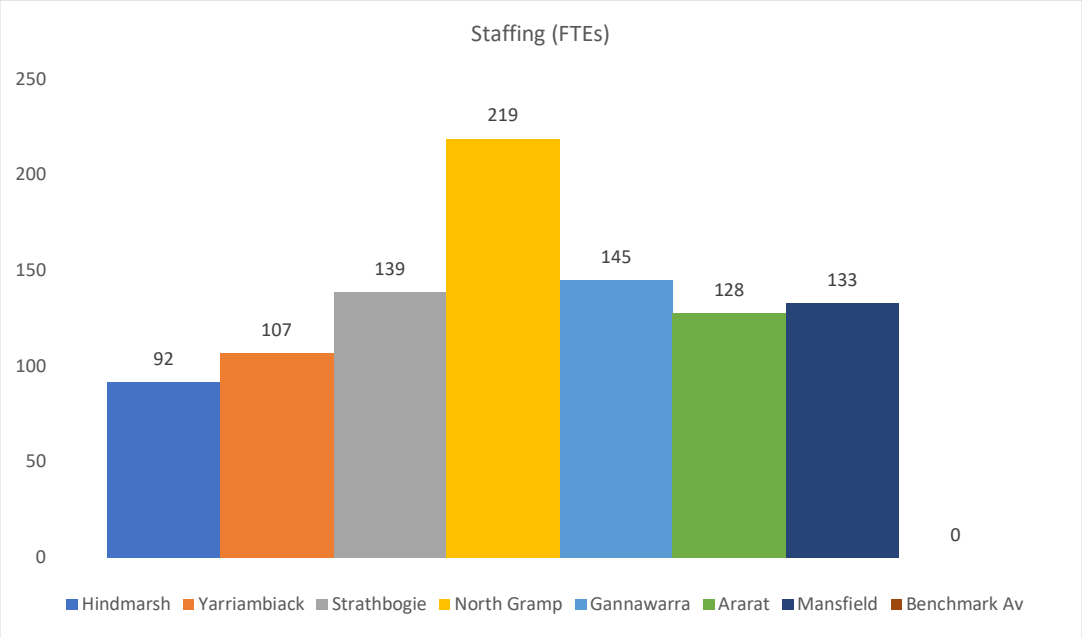
The above graph shows grant dependence which measures the proportion that operating grants makes up of total revenue for Hindmarsh and each of the comparison councils for the 2020/2021 to 2024/2025 years. For the 2024/2025 year, Yarriambiack had the highest grant dependence and Strathbogie the lowest. Hindmarsh was the third highest.

Expenditure



	2020-21	2021-22	2022-23	2023-24	2024-25
Hindmarsh	38%	41%	43%	40%	37%
Yarriambiack	44%	41%	42%	43%	39%
Strathbogie	43%	42%	42%	42%	41%
North Gramp	40%	40%	40%	39%	39%
Gannawarra	49%	53%	57%	47%	42%
Ararat	41%	37%	34%	35%	34%
Mansfield	46%	44%	43%	42%	44%
Benchmark Av	43%	43%	43%	41%	39%

The above graph shows the employee cost proportion which measures the proportion that employee costs makes up of total expenses for Hindmarsh and each of the comparison councils for the 2020/2021 to 2024/2025 years. This measure is often used as an indicator of the level service outsourcing. For the 2024/2025 year, Gannawarra had the highest employee cost proportion and Ararat the lowest. Hindmarsh was second lowest.



The above graph shows the level of staffing for Hindmarsh and each of the comparison councils for the 2024/2025 year. The level of staffing can be impacted by several factors including: the number and level of services provided; the type of services provided e.g. staff intensive services such aged care; and the proportion of in-house versus outsourced services. Northern Grampians had the highest number of staff and Hindmarsh the lowest.

APPENDIX D: Financial indicators – Definitions

Adjusted underlying result

The adjusted underlying result measures whether a council can generate sufficient operating revenue to meet operating expenses including depreciation. It is measured by comparing the adjusted underlying result to adjusted underlying revenue, expressed as a percentage. An adjusted underlying surplus indicates that a council can generate sufficient operating revenue to meet its operating expenses including depreciation.

Working capital

Working capital measures whether a council can generate sufficient cash to pay its bills on time. It is measured by comparing current assets to current liabilities, expressed as a percentage. Higher current assets relative to current liabilities suggest that a council is in a strong financial position.

Unrestricted cash

Unrestricted cash measures whether a council can generate sufficient cash to pay its bills on time. It is measured by comparing unrestricted cash to current liabilities, expressed as a percentage. Unrestricted cash is cash and cash equivalents that are available for use and free of obligations. Higher unrestricted cash relative to current liabilities suggest that a council has a greater capacity to pay its bills on time.

Debt level

Debt level measures whether the level of debt and other long term obligations is appropriate to the size and nature of a council's activities. It is measured by comparing loans and borrowings to rates, expressed as a percentage. The level of debt should reflect the adopted borrowing strategy of a council and be appropriate to its size.

Asset renewal

Asset renewal measures whether a council is renewing its assets as set out in its Asset Plan. It is measured by comparing asset renewal and upgrade expense to depreciation, expressed as a percentage. Higher levels of asset renewal compared to depreciation indicate that council assets are being renewed or upgraded as planned.



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