



Independent Pricing and Regulatory Tribunal

Ashfield Council's application for a special variation for 2015-16

under section 508A of *Local Government Act 1993*

Local Government — Determination
May 2015



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1 Determination

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which councils may increase their general income, which mainly comprises rates income. Each year, we determine a standard increase that applies to all NSW councils, based on our assessment of the annual change in their costs and other factors. This increase is known as the rate peg.

Under the *Local Government Act 1993* (the Act) councils may apply to us for a special variation that allows them to increase their general income by more than the rate peg. These increases may be for either an increase in a single year (section 508(2)) or successive increases for up to seven years (section 508A).

IPART assesses these applications against criteria in Guidelines set by the Office of Local Government (OLG).¹ Box 1.1 explains the Guidelines for 2015-16.

Ashfield Council applied for a multi-year special variation under section 508A. The council requested increases of 7.5% in 2015-16, 8.2% in 2016-17, 8.9% in 2017-18 and 9.3% in 2018-19 or a cumulative increase of 38.4% over the next four years, and for the increase to remain in the rate base permanently.² We have assessed the council's application, and decided to allow the special variation as requested.

Box 1.1 The Special Variation Guidelines for 2015-16

IPART assesses applications for special variations using criteria in the *Guidelines for the preparation of an application for a special variation to general income for 2015/2016*, issued by the Office of Local Government.

The Guidelines emphasise the importance of the council's Integrated Planning and Reporting (IP&R) processes and documents to the special variation process. Councils are expected to engage with the community about service levels and funding when preparing their strategic planning documents. The IP&R documents (eg, Delivery Program and Long Term Financial Plan) must contain evidence that supports a council's application for a special variation.

Our decision enables the council to improve its financial sustainability, bring forward a program of expenditure for the upgrade of the Aquatic Centre and to offset the associated loan expenses. The council will also undertake renewal of key infrastructure.

¹ Office of Local Government, *Guidelines for the preparation of an application for a special variation to general income for 2015/2016*, October 2014 (the Guidelines).

² Ashfield Council, *Special Variation Application – Part A, 2015-16* (Ashfield, Application Part A), Worksheet 1.

The council consulted its community extensively to address these issues, both in reviewing its Integrated Planning and Reporting (IP&R) documents and in preparing its special variation application.

1.1 Our decision

We determined that Ashfield Council may increase its general income from 2015-16 to 2018-19 by the annual percentages shown in Table 1.1. The annual increases incorporate the rate peg to which the council would otherwise be entitled (2.4% in 2015-16).³ The cumulative increase of 38.4% is 26.6% more than the assumed cumulative rate peg increase over these years.

After the last year of the special variation (2018-19), the increase will remain permanently the council's rate base.

Table 1.1 sets out our decision.

Table 1.1 IPART's decision on Ashfield Council's application for a special variation in 2015-16

	2015-16	2016-17	2017-18	2018-19
Percentage increase approved	7.5%	8.2%	8.9%	9.3%

Note: The rate peg in 2015-16 is 2.4%. In later years, the council has assumed a rate peg of 3%.

Source: Ashfield Council, *Section 508A Special Variation Application 2015-16 – Part A* (Ashfield, *Application Part A*), Worksheet 1 and IPART calculations.

We have attached conditions to this decision, including that the council uses the income raised from the special variation for purposes consistent with those set out in its application. Box 1.2 summarises these conditions.

³ The council has assumed a rate peg of 3% in future years. The special variation percentage approved will not change to reflect the actual rate peg in those years.

Box 1.2 Conditions attached to Ashfield Council's approved special variation

IPART's approval of Ashfield Council's application for a special variation over the period from 2015-16 to 2018-19 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation to improve its financial sustainability fund the program of expenditure outlined in its application and listed in Appendix A.
 - ▼ The council reports in its annual report for 2015-16 to 2024-25 on:
 - the actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance, as outlined in the Long Term Financial Plan provided in the council's application, and summarised in Appendix B
 - any significant variations from its proposed expenditure as forecast in the current Long Term Financial Plan and any corrective action taken or to be taken to address any such variation
 - expenditure consistent with the council's application and listed in Appendix A, and the reasons for any significant differences from the proposed expenditure, and
 - the outcomes achieved as a result of the actual program of expenditure.
 - ▼ The council reports in its financial statements (currently in Special Schedule 9) each year from 2015-16 to 2024-25 on its compliance with the special variation and these conditions.
-

2 What did the council request and why?

Ashfield Council applied to increase its general income by a cumulative 38.4% over the 4-year period from 2015-16 to 2018-19, and to permanently incorporate this increase into its general income base.⁴

The council estimated that if the requested special variation is approved, its permissible general income would increase from \$19.6 million in 2014-15 to \$27.1 million in 2018-19. This would generate additional revenue of \$11.9 million above the rate peg increases assumed by council over the four years.

The council intends to use the additional revenue from the special variation to fund the expenditure associated with loan repayments and for the renewal of key infrastructure.

The council has proposed to apply for a \$14 million loan to accelerate the scheduling of its capital works program for the redevelopment of the Aquatic Centre. Ashfield Council will use the additional special variation income to offset interest and principal payments on the loan.

⁴ Ashfield Council, *Application Part A*, Worksheet 1.

Over 10 years, the special variation would generate revenue of \$46.5 million above the rate peg. The council indicated that over the 10 years it proposes to:

- ▼ offset interest expenses and principal repayments on the Aquatic Centre loan totalling \$18 million, and
- ▼ undertake capital renewals expenditure of \$27 million.⁵

More detail on the council's proposed program of expenditure to 2024-25 is provided in Appendix A.

3 How did we reach our decision?

We assessed Ashfield Council's application against the criteria in the Guidelines. In making our assessment we also considered the council's most recent IP&R documents, as well as a range of comparative data about the council, set out in Appendix C.⁶

Ashfield Council has applied on the basis of its adopted IP&R documents, in particular the Community Strategic Plan – *Ashfield 2023 - Our Place our Future*, Four Year Delivery Program – *Council Plan 2015-2019*, Long Term Financial Plan 2016- 2025 and Asset Management Plans.

The rate increases for which the council has applied are significant, and we considered, among other things, the council's need for the increase, its consideration of the community's priorities and capacity and willingness to pay, and the impact of the rate increase on ratepayers.

On balance, we found that Ashfield Council's application met the criteria. In particular, we found that:

1. The need for the proposed revenue is demonstrated in the council's Community Strategic Plan (CSP), and reflects community priorities, and is supported by TCorp's assessment of the council's financial sustainability.
2. The council provided evidence that it has considered the community's capacity and willingness to pay the proposed rate rises. Council demonstrated community awareness of need, however the extent of the yearly and total percentage increases could have been better communicated in council's consultation material to ratepayers.

⁵ Ashfield Council, *Application Part A*, Worksheet 6.

⁶ See Appendix C. Ashfield Council is in OLG Group 2, which is classified as Urban Small/Medium Metropolitan Developed (population up to 70,000). The group comprises 14 councils, including similar councils such as Burwood, Leichhardt and Strathfield.

3. The impact of the proposed rate increases on ratepayers is significant based on the council's existing rate levels, but reasonable given the purpose of the special variation and the council's consideration of ratepayers' willingness and capacity to pay.
4. The relevant IP&R documents have been exhibited and adopted.
5. The council reported productivity savings in past years, and indicated its intention to realise further savings during the period of the special variation.

Table 3.1 summarises our assessment against the criteria.

3.1 Community engagement and awareness

Councils are required to ensure the community is aware of the extent of the rate rises. On balance, we consider Ashfield Council has met this criterion, but we note that it did not clearly communicate the full extent of the special variation rates impact over the period.

Council's key communication methods such as advertising and mailed brochures excluded reference to the yearly individual percentage increases and the effective cumulative percentage change in rates over the special variation period. However, the dollar value of cumulative increase was reported. Council reported a number of individuals made telephone inquiries seeking clarification about the impact.

On balance, however, we believe council sufficiently made the community aware of size of the increases using a variety of communication tools. Further information about the size of the impact was available on council's website and at public display events. Outcomes from the consultation process indicated sufficient support was shown for the purpose of the special variation and identified improvements in infrastructure as a key priority.

Table 3.1 Summary of IPART’s assessment of Ashfield Council’s application for a special variation against the criteria in the Guidelines

Criterion	IPART findings
<p>1. The need for and purpose of a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents, including its Delivery Program, Long Term Financial Plan and Asset Management Plan where appropriate. In establishing need for the special variation, the relevant IP&R documents should canvas alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan by including scenarios both with and without the special variation.</p>	<p>The council's IP&R documents clearly explain the need for and purpose of the special variation and show that:</p> <ul style="list-style-type: none"> ▼ It is consistent with community priorities. ▼ It will improve asset renewals ratio in 2024-25 to 137% compared to 70% with and without the special variation respectively. ▼ It will fund repayment of loans for the development of the Aquatic Centre. ▼ It will improve operating balance from recent deficits to 13% surplus in 2024-25. <p>The council also applied to enhance financial sustainability on the basis of the TCorp's recent financial assessment. TCorp observed in 2012 that the council's financial position was 'sound' and outlook 'neutral'. The report indicated that the council faces risk of deteriorating asset condition and weakening operating balances.</p> <p>However, we note financial sustainability is not a primary purpose of the special variation given council's financial position in the long term financial plan. The base case scenario (without special variation), indicates the council's will achieve a balanced operating result on average from 2017-18.</p> <p>The council considered alternatives to a rate rise such as increased fees and charges or efficiency improvements but concluded that a permanent increase to the rate base is required for key infrastructure renewal.</p>
<p>2. Evidence that the community is aware of the need for and extent of a rate rise. The IP&R documentation should clearly set out the extent of the General Fund rate rise under the special variation. The council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure an opportunity for community awareness and input to occur.</p>	<p>The council demonstrated that it had made the community aware of the need for the special variation. However, it could have better communicated the extent of the rate increase. The council did not always communicate the annual percentage increases in average rates that are to be applied each year of the special variation or the cumulative percentage increase over the four years.</p> <p>However, the council clearly reported the cumulative dollar increase and produced a rates table for various land values on display online and at public events. We consider that the community was sufficiently engaged as a variety of tools were used including online portals, letters, brochures, survey, public displays and advertisements.</p> <p>Council presented four options including one without a special variation, and three with effective cumulative increases of 30%, 38% or 44%. The consultation produced a large community response. The outcomes were:</p> <ul style="list-style-type: none"> ▼ Results from the postal voting cards showed that of the 840/1702 (49%) indicated preference for a special variation of some size.

Criterion	IPART findings
	<ul style="list-style-type: none"> ▼ Results from a statistically valid random survey indicate 59% of residents selected option 3 (38% cumulative increase) as their first or second preference. ▼ The council received 152 form letters objecting. The council received 58 submissions and 37 community circulated form letters. Of both those which clearly marked a preferred option, 51 opposed the special variation. ▼ We received 310 submissions with 184 form letters against the special variation. Of the remaining 126 written submissions, 98 showed support. <p>Positive feedback from the community (eg, in survey and submissions) supported the increase to maintain infrastructure while negative feedback generally related to other service priorities and efficiency of council.</p>
<p>3. The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The IP&R processes should:</p> <ul style="list-style-type: none"> ▼ clearly show the impact of any rises upon the community ▼ include the council's consideration of the community's capacity and willingness to pay rates and ▼ establish that the proposed rate increases are affordable having regard to the local community's capacity to pay. 	<p>The size of the rates increase is large, however we consider the impact on ratepayers will be reasonable. Over four years:</p> <ul style="list-style-type: none"> ▼ Average residential rates will rise from \$1,029 to \$1,424 (\$395 or 38.4% increase). ▼ Average business rates will rise by from \$4,589 to \$6,354 (\$1,765 or 38.4% increase). <p>The Council has a high ranking in the socio-economic indexes (SEIFA 122/153) which indicates a low level of relative disadvantage. Personal incomes are 12% higher than the state average (2011). Council's outstanding rates ratio is below the Group 2 and state average.</p> <p>The council considers that the community has the capacity to pay the higher rates with affordability supported by a revised hardship policy and an increase in pensioner rebate from \$25 to \$75.</p>
<p>4. The relevant IP&R documents must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.</p>	<p>The council adopted the CSP in April 2012 and the revised delivery program in February 2015. The documents were exhibited as required.</p> <p>The council adopted the revised LTFP setting out the SV scenario in February 2015.</p>
<p>5. The IP&R documents or the council's application must explain the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.</p>	<p>In recent years, the council has realised expenditure savings of \$3.8m through productivity improvements and cost containment strategies such as administrative efficiencies and internal process reviews. The council estimates further productivity and cost savings of \$1.1m in the future</p>

Note: SEIFA is the Socio-Economic Indexes for Areas: refer to Appendix B, Table B.2.

Sources: Ashfield Council, *Application Part A*, and *Application Part B*; OLG, Unpublished data; NSW Treasury Corporation (TCorp); *Ashfield Council Financial Assessment, Sustainability and Benchmarking Report*, March 2013; Ashfield Council, *Delivery Program 2015-19*, pp 11-12; Ashfield Council, *Long Term Financial Plan 2016-25*, Ashfield Council, Financial Statements, 2013-14.

4 What does our decision mean for the council?

Our decision means that Ashfield Council may increase its general income over the 4-year special variation period from \$19.6 million in 2014-15 to \$27.1 million in 2018-19. Table 4.1 shows the annual increases in the dollar amounts to the council's general income. These amounts reflect the percentage increases we have approved and, in 2015-16, adjustments that occur as a result of various catch-up and valuation adjustments.

These increases will be permanently incorporated into the council's revenue base. After 2018-19, the council's permissible general income will increase by the annual rate peg unless we approve a further special variation.⁷

Table 4.1 Permissible general income of Ashfield Council from 2015-16 to 2018-19 arising from the special variation approved by IPART

Year	Increase approved (%)	Cumulative increase approved (%)	Annual increase in general income (\$)	Permissible general income (\$)
Adjusted notional income 30 June 2015				19,584,822
2015-16	7.5	7.5	1,463,284	21,048,106 ^a
2016-17	8.2	16.3	1,725,945	22,774,051
2017-18	8.9	26.7	2,026,891	24,800,941
2018-19	9.3	38.4	2,306,488	27,107,429

^a A prior excess of \$5,578 was submitted to IPART and is to be adjusted in 2015-16.

Source: Ashfield Council, *Application Part A*, Worksheets 1 and 4 and IPART calculations.

The council estimates that over these four years, the additional rates revenue will accumulate to \$11.9 million above the rate peg.

⁷ General income in future years cannot be determined with precision, as it will be influenced by several factors apart from the rate peg. These factors include changes in the number of rateable properties and adjustments for previous under- or over-collection of rates. The Office of Local Government is responsible for monitoring and ensuring compliance.

5 What does our decision mean for ratepayers?

IPART sets the allowable increase in general income, but it is a matter for each individual council to determine how it allocates any increase across different categories of ratepayer, consistent with our determination.

The council has calculated over the special variation period:

- ▼ the average residential rates will increase by a cumulative 38.4%, or by \$77 in the first year and by \$395 over four years
- ▼ the average business rates will increase by a cumulative 38.4%, or by \$344 in the first year and by \$1,765 over four years, and
- ▼ the minimum rates for business category will increase by a cumulative 38.4%, or by \$40 in the first year and by \$204 over four years.

Table 5.1 sets out Ashfield Council's estimates of the expected increase in average rates in each of the main ratepayer categories.

Table 5.1 Indicative annual increases in average rates under Ashfield Council's approved special variation 2015-16 to 2018-19

Year	Residential			Business		
	Increase %	Increase \$	Rate \$	Increase %	Increase \$	Rate \$
2014-15 ^a			1,029			4,589
2015-16	7.5	77	1,105	7.5	344	4,934
2016-17	8.2	91	1,196	8.2	405	5,338
2017-18	8.9	106	1,303	8.9	475	5,813
2018-19	9.3	121	1,424	9.3	541	6,354
Cumulative	38.4	395		38.4	1765	

^a 2014-15 is included for comparison.

Note: The average rate is calculated and includes the ordinary and special rate rates applying to the rating category. The residential and business categories include an environmental levy of \$11 and \$18 as at 2014-15 respectively. Both levies will rise in line with the special variation increases.

Note: Some numbers may not add due to rounding.

Source: Ashfield Council, *Application Part A, Worksheet 5a*.



Appendices

A Expenditures to be funded from the special variation above the rate peg

Table A.1 and Table A.2 show Ashfield Council's proposed expenditure of the special variation funds over the next 10 years.

The council will use the special variation revenue above the rate peg of \$46.5 million over 10 years to fund:⁸

- ▼ loan repayments of \$18 million to bring forward the associated redevelopment of the Aquatic Centre
- ▼ \$9.6 million for roads and streetscape
- ▼ \$1.4 million for traffic facilities
- ▼ \$1.0 million for stormwater
- ▼ \$10.0 million for buildings, and
- ▼ \$5.0 million for parks.⁹

As a condition of IPART's approval, the council will indicate in its Annual Reports over the next 10 years how its actual expenditure compares with this proposed program of expenditure.

⁸ The council's application includes \$1.5 million of unutilised special variation income over 10 years.

⁹ Source: Ashfield Council, *Application Part A*, Worksheet 6.

Table A.1 Ashfield Council – Income and proposed expenditure over 10 years related to the special variation (\$000)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Special variation income above rate peg	999	2,123	3,531	5,199	5,355	5,516	5,681	5,852	6,027	6,208	46,490
Additional funding from loan	14,000	-	-	-	-	-	-	-	-	-	14,000
Total Additional funding	14,999	2,123	3,531	5,199	5,355	5,516	5,681	5,852	6,027	6,208	60,490
Funding for increased operating expenditures (including interest repayments)	704	646	585	521	453	382	307	228	144	57	4,026
Funding for capital expenditure	9,700	9,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	41,000
Loan principal repayments	1,099	1,157	1,218	1,282	1,350	1,421	1,496	1,575	1,658	1,746	14,000
Total additional expenditure	11,503	11,503	4,503	59,026							
Funding to reduce operating deficits (or increase surpluses)	295	1,477	2,946	4,678	4,902	5,134	5,374	5,624	5,883	6,151	42,464
Difference between special variation funding and its use	3,496	-9,379	-972	696	852	1,013	1,179	1,349	1,524	1,705	1,464

Note: Numbers may not add due to rounding. The council's application includes \$1.5 million of unutilised special variation income over 10 years.

Source: Ashfield Council, *Application Part A*, Worksheet 6, and figures provided by Ashfield Council, February 2015.

Table A.2 Ashfield Council – Proposed 10-year capital expenditure program related to the special variation (\$000)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Roads & Streetscape	970	1,030	930	1,050	1,100	975	1,035	1,005	765	710	9,570
Traffic Facilities	130	70	170	50	-	125	65	95	335	390	1,430
Stormwater	100	100	100	100	100	100	100	100	100	100	1,000
Aquatic Centre	7,000	7,000	-	-	-	-	-	-	-	-	14,000
Buildings	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
Parks	500	500	500	500	500	500	500	500	500	500	5,000
Total Capital Expenditure	9,700	9,700	2,700	41,000							

Note: Numbers may not add due to rounding.

Source: Ashfield Council, *Application Part A*, Worksheet 6.

B Ashfield Council's projected revenue, expenses and operating balance

As a condition of IPART's approval, Ashfield Council is to report annually against its projected revenue, expenses and operating balance as set out in its LTFP (shown in Table B.1).

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capitals and contributions. In order to isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

Table B.1 Summary of projected operating statement for Ashfield Council, 2015-16 to 2024-25 (\$000)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total revenue	37,624	39,717	42,141	44,992	46,711	48,112	49,554	51,040	52,570	54,148
Total expenses	39,440	39,938	40,115	40,704	41,389	42,363	43,626	44,485	45,648	46,849
Operating result from continuing operations	-1,816	-221	2,026	4,288	5,322	5,749	5,928	6,555	6,922	7,299
Net operating result before capital grants and contributions	-1,970	-381	1,860	4,115	5,144	5,565	5,739	6,360	6,721	7,092

Note: Numbers may not add due to rounding.

Source: Ashfield Council, *Application Part A*, Worksheet 7.

C Comparative indicators

Performance indicators

Indicators of council performance may be considered across time, either for one council or across similar councils, or by comparing similar councils at a point in time.

Table C.1 shows how selected performance indicators for Ashfield Council have changed over the four years to 2012-13. Since 2009-10, employee numbers and costs have remained stable. Consultancy and contractor expenses have fallen over the period following the commencement of Civic Centre Redevelopment.

Table C.1 Trends in selected performance indicators for Ashfield Council, 2009-10 to 2012-13

Performance indicator	2009-10	2010-11	2011-12	2012-13	Average change (%)
FTE staff (number)	177	176	174	172	-1.0
Ratio of population to FTE	240	242	251	254	1.9
Average cost per FTE (\$)	76,068	72,551	76,149	79,244	1.4
Employee costs as % operating expenditure (General Fund only) (%)	45.7	38.1	38.9	40.1	
Consultancy/contractor expenses (\$m)	0.9	0.5	0.3	0.1	-54.4
Consultancy/contractor expenses as % operating expenditure (%)	2.9	1.6	1.0	0.2	

Note: Except as noted, data is based upon total council operations that include General Fund, Water & Sewer and other funds, if applicable.

Source: OLG, unpublished data.

General comparative indicators

Table C.2 compares selected published and unpublished data about Ashfield Council with the averages for the councils in its OLG Group, and for NSW councils as a whole.

As indicated in section 3, Ashfield Council is in OLG Group 2. Unless specified otherwise, the data refers to the 2012-13 financial year.

In 2011, average income for individuals were 12% higher than the state average but 34% below the group average. Ashfield is placed in the highest quartile of relative socio-economic advantage and disadvantage indexes with a SEIFA ranking of 122/153 for councils.

The data suggest ratepayers in Ashfield Council have sufficient capacity to pay, as we note the outstanding rates and annual charges ratio has remained low from 2.9% in 2012-13 to 3.3% in most recent 2013-14 Financial Statements. This was lower than both the NSW and Group 2 averages.

Table C.2 Select comparative indicators: Ashfield Council, 2012-13

	Ashfield Council	OLG Group 2 average	NSW average
General profile			
Area (km ²)	8	-	-
Population	43,661	-	-
General Fund operating expenditure (\$m)	33.9	-	-
General Fund operating revenue per capita (\$)	784	1,184	2,026
Rates revenue as % General Fund income (%)	70.2	51.5	46.8
Own-source revenue ratio (%)	85.5	85.2	71.1
Average rate indicators^a			
Average rate – residential (\$)	980	991	712
Average rate – business (\$) ^b	4,443	4,147	2,688
Average rate – farmland (\$)		2,462	2,194
Socio-economic/capacity to pay indicators^c			
Average annual income for individuals, 2011 (\$)	55,015	83,819	49,070
Growth in average annual income, 2006-2011 (% pa)	4.6	4.5	5.2
Average residential rates 2012-13 to average annual income, 2011 (%)	1.8	1.3	1.5
SEIFA, 2011 (NSW rank: 153 is least disadvantaged)	122		
Outstanding rates and annual charges ratio (General Fund only) (%)	2.9	3.7	6.0
Productivity (labour input) indicators^d			
FTE staff (number)	172	291	294
Ratio of population to FTE	254	182	127
Average cost per FTE (\$)	79,244	84,023	75,736
Employee costs as % operating expenditure (General Fund only) (%)	40.1	42.0	37.1
Consultancy/contractor expenses (\$m)	0.1	9.1	7.8
Consultancy/contractor expenses as % operating expenditure (%)	0.2	15.1	10.3

^a Average rates equal total ordinary rates revenue divided by the number of assessments in each category.

^b Email to IPART, General Manager Vanessa Chan, Ashfield Council, 14 May 2015.

^c Average annual income includes income from all sources excluding government pensions and allowances.

^d Except as noted, data is based upon total council operations, including General Fund, Water & Sewer and other funds, if applicable. There are difficulties in comparing councils using this data because councils' activities differ widely in scope and they may be defined and measured differently between councils.

Source: OLG, unpublished data; ABS, *Regional Population Growth, Australia*, August 2013; ABS, *Estimates of Personal Income for Small Areas, 2005-06 to 2010-11*, October 2013; ABS, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013 and IPART calculations.

