



Independent Pricing and Regulatory Tribunal

Bellingen Shire Council's application for a special variation for 2014/15

under section 508(2) of *Local Government Act 1993*

Local Government — Determination
June 2014

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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.

Councils may apply to us for a special variation that allows them to increase their general income by more than the rate peg. We are required to assess these applications against criteria in the Guidelines set by the Office of Local Government (OLG),¹ and may allow special variations under either section 508A or 508(2) of the *Local Government Act 1993* (the Act).

Bellingen Shire Council applied for a special variation in 2014/15 of 11.8%, to remain permanently in the rate base. After assessing the council's application, we decided to allow the special variation as requested. We have made this decision under section 508(2) of the Act.

Box 1.1 The Guidelines for 2014/15

We assess applications for special variations using criteria in the *Guidelines for the preparation of an application for a special variation to general income*, issued by the Office of Local Government.

The Guidelines adopt the same criteria for applications for a special variation under either section 508A or 508(2) of the *Local Government Act 1993*.

The Guidelines emphasise the importance of the council's Integrated Planning and Reporting (IP&R) 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. As a result, for most criteria, 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.

¹ Division of Local Government, Department of Premier and Cabinet, *Guidelines for the preparation of an application for a special variation to general income for 2014/15*, September 2013 (the Guidelines). Effective 24 February 2014 the Division of Local Government became the Office of Local Government.

1.1 Our decision

We determined that Bellingen Shire Council may increase its general income by 11.8% in 2014/15, including the rate peg of 2.3% that is available to all councils (see Table 1.1). The increase above the rate peg can be retained in the council's general income base permanently.

We have attached conditions to this decision, including that the council uses the income raised from the special variation for the purposes set out in its application.

Table 1.1 sets out our decision and Box 1.2 summarises the conditions attached to it.

Table 1.1 IPART's decision on Bellingen Shire Council's application for a special variation in 2014/15

Component	%
Increase to help service loan to address transport infrastructure backlog, and additional maintenance expenditure	9.5
Rate peg	2.3
Total increase	11.8

Box 1.2 Conditions attached to the approved special variation

IPART's approval of Bellingen Shire Council's application for a special variation in 2014/15 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes of funding the program of expenditure outlined in the council's application and listed in Appendix A.
 - ▼ The council reports in its annual report for each year from 2014/15 to 2023/24 on:
 - expenditure consistent with the council's application, and the reasons for any significant differences from the proposed expenditure
 - the outcomes achieved as a result of the actual program of expenditure.
 - ▼ The council reports to the Office of Local Government by 30 November each year on its compliance with these conditions.
-

2 What did the council request and why?

Bellingen Shire Council requested a special variation of 11.8% in 2014/15,² comprising 2 components:

- ▼ a 9.5% increase to service a loan to address transport infrastructure backlogs, and for additional maintenance expenditure
- ▼ the rate peg of 2.3%.³

The council estimates that the 9.5% increase above the rate peg will generate \$0.56m in additional revenue in 2014/15, and \$6.42m over 10 years.⁴ The increase is to fund, and service a loan, for the council's capital works program to address its transport infrastructure backlog, and additional maintenance expenditure on the road network.⁵

The council has applied for an interest subsidy from the Local Infrastructure Renewal Scheme (LIRS) for a loan of \$4.85m. If successful, the council intends to allocate the \$6.42m in the following ways:

- ▼ \$0.75m to meet the balance of interest on a loan for which it has applied for an interest subsidy under LIRS
- ▼ \$4.85m to repay the principal of the loan
- ▼ \$0.82m additional expenditure in the capital works program and reserves.⁶

If the council does not receive the LIRS subsidy, it will undertake a modified works program. The council's full programs of expenditure and funding are set out in Appendix A.⁷

3 How did we reach our decision?

We assessed Bellingen Shire Council's application against the criteria in the Guidelines. In making our assessment we also considered a range of comparative data about the council.

² Bellingen Shire Council, *Section 508(2) Special Variation Application - Part A* (Bellingen Application Part A), Worksheet 1.

³ Bellingen Shire Council, *Section 508(2) Special Variation Application - Part B* (Bellingen Application Part B), p 21.

⁴ Bellingen Application Part A, Worksheet 6.

⁵ Bellingen Application Part A, Worksheet 6 and Bellingen Shire Council *Delivery Program Sept 2012 - Sept 2016* (Bellingen Delivery Program), pp 26-31.

⁶ Bellingen Application Part A, Worksheet 6.

⁷ The council has provided 2 programs of expenditure in its Delivery Program. The relevant program of expenditure that the council will pursue will depend on the outcome of its Local Infrastructure Renewal Subsidy to reduce interest on the loan for its transport infrastructure backlog.

Bellinghen Shire Council has applied on the basis of its adopted Integrated and Reporting (IP&R) documents, in particular the Delivery Program, Long Term Financial Plan (LTFP) and Asset Management Plan (AMP).

We found that the application met the criteria. In particular, we found:

1. The need for the proposed revenue is demonstrated in the council's IP&R documents, and reflects community priorities.
2. The council provided evidence that the community is aware of the need for, and extent of, the rate rise and that it has considered the community's capacity and willingness to pay the proposed rate rises.
3. The impact of the proposed rate rises on ratepayers is moderate, and the council has provided some evidence indicating capacity to pay.
4. The assumptions in its LTFP and the program of works in the Delivery Program appears realistic.
5. The council reported some productivity savings in past years, but could further demonstrate and quantify future cost-containment strategies and productivity initiatives.

Table 3.1 summarises our assessment against the criteria. Sections 3.1 and 3.2 discuss our findings against criteria 3 and 5 in more detail.

Table 3.1 IPART’s assessment against the criteria in the Guidelines

Criterion	IPART findings
<p>1. Need for and purpose of the special variation must be clearly articulated in the council’s IP&R documents. Evidence could include community need/desire for service levels/projects and limited council resourcing alternatives, and the assessment of the council’s financial sustainability made by the NSW Treasury Corporation (TCorp). LTFP must include scenarios both with and without the special variation.</p>	<p>The IP&R documents demonstrate that the council needs the special variation to fund additional expenditure to address the transport (road and bridges) infrastructure backlog, as well as extra maintenance. This purpose is consistent with community priorities,^a informed by the council’s asset planning^b and the works program is detailed in the Delivery Program.^c TCorp’s report indicates limited resourcing alternatives to address the growing infrastructure backlog (nearly all relates to transport).^d</p> <p>The LTFP indicates that the council:</p> <ul style="list-style-type: none"> ▼ projects its large operating deficits (37% to 30%) will continue for the next 10 years ▼ relies significantly on operating grants and contributions (25% of operating revenue) ▼ has experienced major flood events in recent years which required significant diversion of funding for flood-affected assets.^e
<p>2. Evidence that the community is aware of need for, and extent of, the proposed rate rises. The IP&R documents should clearly explain the rate rise, canvas alternatives to the rate rise, the impact of any rises on the community, and the council’s consideration of community capacity and willingness to pay higher rates. The council should demonstrate use of an appropriate variety of engagement methods to raise community awareness and provide opportunities for input.</p>	<p>The council engaged the community about 3 options for a special variation through a variety of methods in December 2013.^f It conducted an online survey, made letterbox drops directing ratepayers to FAQs and factsheets, and held 3 community forums attended by around 150 ratepayers.^g</p> <p>Just over half of respondents to the opt-in survey supported an increase of 8.4% or more. The council received 7 submissions on the SV options, and 20 submissions for the IP&R consultation in January 2014.^h IPART received 18 submissions from ratepayers. Although some supported a SV, most feedback raised concerns about affordability and council efficiency.</p> <p>The council took the feedback into consideration when determining to apply for a SV.ⁱ The LTFP sets out how the council assessed affordability of the SV, as well as how the council is progressing with productivity improvements.^j</p>
<p>3. Impact on affected ratepayers must be reasonable, having regard to current rate levels, existing ratepayer base and proposed purpose of the variation. The council’s IP&R process should establish that proposed rate rises are affordable, having regard to the community’s capacity to pay.</p>	<p>The impact of the SV is moderate, but reasonable. We note that the council considered a range of indicators of capacity to pay, in particular:</p> <ul style="list-style-type: none"> ▼ that household income levels are similar to those in neighbouring councils ▼ the SEIFA index indicates a relatively good capacity to compared with neighbouring councils

Criterion	IPART findings
4. Delivery Program and LTFP must show evidence of realistic assumptions.	<p>▼ the statutory hardship policy assistance provisions would be sufficient.</p> <p>LTFP assumptions are based on the latest information and forecasts, and appear realistic.^k The council's rolling program of works in the Delivery Program is based on its asset management planning and community feedback, and appears realistic.^l The council has provided 2 programs of works to reflect the outcome of its LIRS application.</p>
5. Productivity improvements and cost containment strategies realised in past years must be explained, as well as plans to realise savings over the proposed special variation period.	<p>The council has provided evidence of past and future cost containment and productivity initiatives, quantifying gains in relation to staffing costs and procurement.</p> <p>Although the council has relatively more FTEs than neighbouring councils, total employee and contractor costs are comparable when accounting for flood remediation and RMS-related contracts.</p> <p>In response to community feedback, it has committed to investigate future cost-saving initiatives, but to date only 1 has been quantified. We consider that the council could further articulate and quantify future cost containment and productivity initiatives.</p>
6. IPART's assessment of the size and resources of the council, the size of the increase, current rate levels and previous increases, the purpose of the special variation and other relevant matters.	<p>The council has very limited resources, is projecting large operating deficits and relies significantly on external grants. The special variation will improve the council's financial and capital sustainability and will fund maintenance and renewal of transport infrastructure that has been underfunded in recent years</p>

^a Jetty Research, *Bellingen Shire Council 2012 Customer Satisfaction Survey*, p 20-22; Bellingen Application Part B, p 8.

^b Bellingen Shire Council, *Road Asset Management Plan - Revision February 2014*, Appendix B. Bellingen Application Part B, pp 22-24 and 65.

^c Bellingen Delivery Program, pp 26-31.

^d *Bellingen Shire Council Financial Assessment, Sustainability and Benchmarking Report*, NSW Treasury Corporation, 12 March 2013, p 30.

^e Bellingen Shire Council, *Long Term Financial Plan 2014/15 – 2023/24* (Bellingen LTFP), pp 45, 54 and 56; Bellingen Application Part B, pp 22-24, 65.

^f Bellingen Application Part B, p 28.

^g Bellingen Delivery Program, p 5; Bellingen Application Part B, pp 28, 37-38.

^h Bellingen Application Part B, pp 40-48.

ⁱ Bellingen Application Part B, pp 40-44, 48; Bellingen Shire Council – Extraordinary Meeting Wednesday 19 February 2014, pp 14-34.

^j Bellingen Delivery Program, p 5; Bellingen LTFP, pp 18-23.

^k Bellingen Application Part B, pp 64-65.

^l Bellingen Delivery Program, p 26-31; Bellingen Application Part B, pp 9-10.

Nearly all of the 27 submissions to council and 18 submissions to IPART have raised similar concerns about the impact on ratepayers, and the council's productivity and cost-containment strategies.

3.1 Reasonable impact on ratepayers

We consider that the impact of the 11.8% increase, applying to all categories of council rates will be moderate but reasonable. The increase will be between \$79 to \$124 for average residential rates, \$81 to \$167 for average business rates and \$218 for average farmland rates.⁸ In making this assessment we note that:

- ▼ Rates in Bellingen have largely been subject to the rate peg over the past 15 years. Since 1997/98, the council has been granted 2 of 3 special variation applications, for permanent increases of 8.1% in 1997/98 (roads levy) and 6.68% in 2005/06 (environment levy).⁹
- ▼ Average residential rates in Bellingen in 2011/12 are higher than the Group 11¹⁰ average, but average business and farmland rates are considerably lower. Compared with councils in the Mid North Coast Region, we estimate that in 2013/14 average residential rates are similar, and average business rates are significantly lower.¹¹
- ▼ Average household income in Bellingen is lower than the average of OLG Group 11 councils, but broadly similar to average household income in the Mid North Coast Region generally.¹²
- ▼ The outstanding rates and annual charges ratio is lower than the Group 11 average but is similar to that for councils in the Mid North Coast Region.¹³
- ▼ The council's SEIFA rank (55) is relatively low but similar to that of neighbouring councils in the Mid North Coast Region. The council considers that its SEIFA score (950) is higher than neighbouring councils, indicating a relatively good capacity to pay.¹⁴

⁸ Bellingen Application Part A, Worksheet 5.

⁹ IPART calculations.

¹⁰ OLG Group11 is classified 'Rural Very Large Agricultural' with a population of 10,001 to 20,000. The group comprises 20 councils: Bellingen Shire Council, Cabonne Shire Council, Cowra Shire Council, Forbes Shire Council, Gunnedah Shire Council, Inverell Shire Council, Leeton Shire Council, Moree Plains Shire Council, Muswellbrook Shire Council, Nambucca Shire Council, Narrabri Shire Council, Parkes Shire Council, Young Shire Council, Cooma-Monaro Shire Council, Palerang Council, Tumut Shire Council, Yass Valley Council, Upper Hunter Shire Council, Corowa Shire Council, Greater Hume Shire Council and Warrumbungle Shire Council.

¹¹ See Table B.2. In 2011/12 average residential rates in Bellingen were higher than some nearby councils and the OLG Group 11 average, see Bellingen Shire Council, *Long Term Financial Plan 2014/15 - 2023/24*, p 11. Councils in the Mid North Coast Region include Bellingen, Greater Taree City, Clarence Valley, Kempsey Shire, Coffs Harbour City, Port-Macquarie Hastings, Gloucester Shire and Nambucca Shire Councils. We note that 4 neighbouring councils with lower or similar rates have received and/or applied for special variations since 2011/12.

¹² See Appendix B, Table B.2.

¹³ IPART calculations.

¹⁴ Bellingen Application Part B, p 54 and IPART calculations.

We also note that the council has considered various socioeconomic indicators for its community, and responded in detail to affordability concerns raised during the IP&R consultation process. In particular, the council considered the submissions during 2 separate council meetings,¹⁵ as well as provided further analysis in the IP&R documents about:

- ▼ its assessment of the community's capacity to pay and why it considers the impact of the SV is reasonable¹⁶
- ▼ productivity, efficiency and cost-containment gains already achieved, and initiatives it will implement in the future.¹⁷

For financially vulnerable ratepayers, the council considers that its hardship assistance measures that include the statutory provisions for annual pensioner concessions, payment plans and write-offs for interest accrued on overdue rates, will be sufficient.¹⁸

3.2 Productivity and cost-containment strategies

Even though productivity data suggests Bellingen is not as efficient as neighbouring councils, we consider that overall, its employee and contractor costs are similar. Over the past few years, the council has achieved some efficiency gains, especially in relation to staff and employee costs. We also note that the council is addressing community concerns about efficiency and good governance, particularly in relation to delivering the programs to be funded by the special variation.

In assessing the council's efficiency, we have compared council's employee data with OLG Group 11 averages, and with data for other councils in the Mid North Coast Region. Bellingen compares favourably with OLG Group 11 councils, except for consultancy/contractor expenses (see Table B.1). Table 3.2 below shows that compared with Mid North Coast councils, Bellingen's FTE numbers (on a population basis) and consultancy/contractor expenses are relatively high.

However, we consider total employee and contractor costs are similar to those in neighbouring councils. The council stated that around 65% of its contractor and consultancy expenses over the past 3 years were driven by major flood remediation expenditure and road works on behalf of Roads and Maritime Services.¹⁹

¹⁵ Bellingen Shire Council – Extraordinary Meeting 13 January 2014, pp 22-25; Bellingen Shire Council – Extraordinary Meeting 19 February 2014, pp 14-34.

¹⁶ Bellingen LTFP, pp 10-14.

¹⁷ Bellingen LTFP, pp 18-22; Bellingen Delivery Program, pp 8-10.

¹⁸ Bellingen Shire Council – Extraordinary Meeting Wednesday 19 February 2014, p 13; Bellingen Application Part B, pp 62-63.

¹⁹ Bellingen Application Part B, p 65.

Table 3.2 Comparison of selected productivity indicators for Bellingen Shire Council and the Mid North Coast Region (2011/12)

Council	FTE	Ratio of population to FTEs	Employee cost per FTE (\$)	Employee costs as % of operating expenditure for General Fund	Consultancy and contractor costs as % of operating expenditure for General Fund
Greater Taree City	254	189	69,787	24.7	23.6
Kempsey Shire	287	102	67,530	30.2	-
Port Macquarie-Hastings	444	169	81,360	31.7	10.3
Nambucca Shire	118	163	72,983	24.1	10.4
Coffs Harbour City	509	139	72,083	32.5	18.7
Clarence Valley	512	100	68,428	30.6	15.6
Gloucester Shire	86	58	64,221	36.8	7.4
Bellingen Shire	142	91	68,739	27.1	24.1

Note: Employee FTE and costs include water and sewer functions.

Source: OLG, unpublished data.

We also note that the council has undertaken a major organisational review in the past 2 years to improve service delivery and contain costs. Not all of the initiatives the council refers to in its application have been quantified, but the council stated that it:

- ▼ reduced workers compensation claims by 43% over the past 3 years from around \$144,000 in 2010/11 to \$66,000 in 2012/13, and reduced days lost to injury by 55% since 2010
- ▼ reduced temporary and day labour staff costs by \$128,000 (around 12%) in 2012/13
- ▼ reduced overtime costs by around 46%, from \$175,000 in 2010/11 to \$95,000 in 2012/13
- ▼ reduced recruitment costs in 2012/13 by \$95,000
- ▼ will achieve procurement cost-savings of around \$285,000 in the next 3 years through using the Mid-North Coast Regional Organisation of Councils scrap metal collection contract.²⁰

²⁰ Bellingen Application Part B, pp 68-69.

The council plans to further reduce employee-related costs in future years, but could further articulate and quantify cost saving strategies and productivity initiatives:

- ▼ The LTFP forecasts employee benefits and on-costs will increase by around 2.3% per annum on average, despite assumed increases of 3.25% in wages. Materials and contracts expenses are also expected to increase by around 2.3% per annum on average for the next 10 years.²¹ In both cases, the assumed increases are fairly low, but the council has not specified strategies that will contain these costs.²²
- ▼ The council stated its intention to reduce its annual leave liability (which has risen from around \$617,000 to \$747,000 in the past 2 years) but does not indicate how this will be achieved or the targeted savings.²³

In response to community concerns expressed in relation to the proposed special variation, the council has committed to reducing costs and spending more prudently to fund works associated with the special variation.²⁴ It will establish a Transport (Road and Bridge) Infrastructure Sustainability Program to improve service delivery, and a Financial Sustainability Program which aims to identify savings of \$150,000 pa for 3 years and address the long term operating deficit.

On balance, we consider that the council has realised some cost containment and productivity strategies over the past 3 years, but could further articulate and quantify future strategies.

4 What does our decision mean for the council?

Our decision means that Bellingen Shire Council may increase its general income by an estimated \$0.70m in 2014/15 as indicated by Table 4.1. This will be permanently incorporated into the council's revenue base. After 2014/15, general income will increase by the annual rate peg unless we approve further special variations.²⁵

²¹ IPART Calculations.

²² The council stated that the low percentage increases for employee costs are largely due to apportionment of some employee-related costs to grant capital funded works in future years.

²³ Bellingen Application Part B, p 72.

²⁴ Bellingen Application Part B, pp 49-51 and 74-76.

²⁵ 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 OLG is responsible for monitoring and ensuring compliance.

Table 4.1 Impact of approved special variation on Bellingen Shire Council general income in 2014/15

Notional general income 2013/14 (\$)	Increase approved (%)	Increase approved (\$)	Adjustment for Catch-ups	Permissible general income 2014/15 (\$)
5,890,192	11.8	695,042	7,107	6,592,341

Source: Bellingen Application Part A, Worksheet 4.

5 What does our decision mean for ratepayers?

We set 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 subcategories in both residential and business rates. If the council changes its rates as indicated in its application, average ordinary rates would increase in 2014/15 (including the rate peg) as follows:

- ▼ average residential rates will increase by 11.8% or between \$79 and \$124
- ▼ average business rates will increase by 11.8% or between \$81 and \$167
- ▼ average farmland rates will increase by 11.8% or \$218.

Table 5.1 sets out the proposed impact of rate increases on all affected ratepayer categories.

Table 5.1 Indicative rate increases under the approved special variation

Category ^a	Average rate 2013/14 (\$)	Approved increase (\$)	Approved increase (%)	Average rate 2014/15 (\$)
Residential – Rural	1,050	124	11.8	1,173
Residential – Dorrigo	668	79	11.8	747
Residential – Bellingen	775	91	11.8	866
Residential – Urunga	878	104	11.8	982
Residential – Mylestom	901	106	11.8	1,008
Business	817	96	11.8	914
Business – Dorrigo	688	81	11.8	769
Business – Bellingen	1,105	130	11.8	1,236
Businesses – Urunga	1,418	167	11.8	1,585
Farmland	1,847	218	11.8	2,065

^a Average rates include all applicable ordinary and special rates rounded to the nearest dollar.

Source: Bellingen Application Part A, Worksheet 5.



Appendices

A Expenditure to be funded from the special variation

As part of the conditions of approval, the council will indicate in its Annual Reports how its actual expenditure has evolved relative to its proposed program of expenditure.

The council will use the additional special variation revenue of \$6.42m over 10 years to service a loan that will reduce the transport infrastructure backlog, and the balance will be used to fund the council's capital works program (Table A.1).

If the council receives a LIRS subsidy, \$0.75m will be used for the interest payments, and \$4.85m to repay the principal of the loan, with the residual \$0.82m allocated to the capital works program and reserves.²⁶

As summarised in Table A.2, the council's *Delivery Program Sept 2012 – Sept 2016* indicates that the 10 Year Road Capital Works Program (assuming a LIRS subsidy) allocates:

- ▼ \$2.0m to additional road maintenance
- ▼ \$6.03m to shire road resurfacing
- ▼ \$1.82m to bridge restoration
- ▼ \$0.54m to bridge decking
- ▼ \$0.58m to pavement rehabilitation
- ▼ \$2.57m to road improvement.

We note that this works program assumes the council's LIRS application is successful. In the event it is not successful, the council will pursue a slightly different works program in its Delivery Program (Table A.3).

²⁶ Bellingen Application Part A, Worksheet 6.

Table A.1 Income and proposed expenditure related to the special variation (\$)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Special variation income above rate peg	559,568	576,723	594,024	611,845	630,201	649,107	668,580	688,637	709,296	730,932
Interest expense on LIRS loan	134,883	122,536	109,829	96,752	83,296	69,448	55,199	40,535	25,444	9,916
Repayment of LIRS loan	424,900	437,248	449,955	463,031	476,488	490,335	504,585	519,249	534,339	550,196
Residual monies added to capital works program and reserves		16,724	34,240	52,062	70,417	89,324	108,796	128,853	149,513	170,820

Source: Bellingen Application Part A, Worksheet 6.

Table A.2 Proposed capital works program related to the special variation with LIRS subsidy (\$000s)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Additional road maintenance	200	200	200	200	200	200	200	200	200	200	2,000
Shire road resurfacing program	550	200	700	780	750	680	400	720	500	750	6,030
Bridge program	978	500	-	-	-	-	-	-	350	-	1,828
Bridge decking program	-	-	275	210	-	-	-	50	-	-	535
Repair program for pavement rehabilitations	580	-	-	-	-	-	-	-	-	-	580
Road improvement program	200	447	250	200	400	436	640	-	-	-	2,573
Total New Assets	2,508	1,347	1,425	1,390	1,350	1,316	1,240	970	1,050	950	13,546

Source: Bellingen Delivery Program, pp 26-28.

Table A.3 Proposed capital works program related to the special variation without LIRS subsidy (\$000s)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Additional road maintenance	200	200	200	200	200	200	200	200	200	200	2,000
Shire road resurfacing program	550	200	700	780	750	680	250	670	450	370	5,400
Bridge program	978	500	-	-	-	-	-	-	350	-	1,828
Bridge decking program	-	-	275	210	-	-	-	50	-	-	535
Repair program for pavement rehabilitations	580	-	-	-	-	-	-	-	-	-	580
Road improvement program	200	447	250	200	400	-	500	140	-	436	2,573
Total New Assets	2,508	1,347	1,425	1,390	1,350	880	950	1,060	1,000	1,006	12,916

Source: Bellingden Delivery Program, pp 29-31.

B Comparative indicators

Indicators of council performance may be considered across time, either for 1 council or across similar councils, or by comparing similar councils at a point in time.

In Table B.1 we show how selected indicators for Bellingen Shire Council changed over the 3 years to 2011/12.

Table B.1 Trends in selected indicators for Bellingen Shire Council and its OLG Group 11 average 2009/10 to 2011/12

	2009/10	2010/11	2011/12
Productivity (labour input) indicators^a			
FTE staff (number)	142	140	142
Ratio of population to FTE	94	95	91
Average cost per FTE (\$)	60,852	68,243	68,739
Employee costs as % operating expenditure (General Fund only) (%)	33.4	31.9	27.1
Consultancy/contractor expenses (\$m)	\$3.88	\$0.78	\$8.00
Consultancy/contractor expenses as % operating expenditure (%)	15.0	2.7	24.1

^a Based upon total council operations that include General Fund, Water & Sewer and other funds, if applicable.

Source: OLG, unpublished data.

In Table B.2 we compare the latest selected data on Bellingen Shire Council with the average of the councils in OLG Group 11 and with NSW councils as a whole.

Table B.2 Select comparative indicators for Bellingen Shire Council, 2011/12

	Bellingen Shire Council	OLG Group 11 average ^a	NSW average
General profile indicators			
Area (km ²)	1,611		
Population	12,886		
General Fund operating expenditure (\$m)	28.3		
General Fund operating revenue per capita (\$)	1,736	2,011	2,011
Rates revenue as % total General Fund income (%)	27.9	31.3	45.7
Average rate indicators^b			
Average rate – residential (\$)	779	632	685
Average rate – business (\$)	900	1,781	2,552
Average rate – farmland (\$)	1,694	2,307	2,123
Socio-economic/capacity to pay indicators^c			
Average annual income for individuals, 2010 (\$)	32,648	38,968	44,140
Growth in average annual income, 2006-2010 (% pa)	3.1	2.9	3.0
Ratio of average residential rates 2011/12, to average annual income, 2010 (%)	2.4	1.7	1.6
SEIFA, 2011 (NSW rank; 153 is least disadvantaged)	55		
Outstanding rates and annual charges ratio (incl water and sewerage charges) (%)	6.5	7.7	7.0
Productivity indicators^d			
FTE staff (number)	142	150	293
Ratio of population to FTE	91	91	126
Average cost per FTE (\$)	68,739	71,545	74,438
Employee costs as % operating expenditure (General Fund only) (%)	27.1	34.6	36.8
Consultancy/contractor expenses (\$m)	8.0	2.1	6.9
Consultancy/contractor expenses as % operating expenditure (%)	24.1	6.3	9.3

^a OLG Group11 is classified 'Rural Very Large Agricultural' with a population of 10,001 to 20,000. The group comprises 20 councils: Bellingen Shire Council, Cabonne Shire Council, Cowra Shire Council, Forbes Shire Council, Gunnedah Shire Council, Inverell Shire Council, Leeton Shire Council, Moree Plains Shire Council, Muswellbrook Shire Council, Nambucca Shire Council, Narrabri Shire Council, Parkes Shire Council, Young Shire Council, Cooma-Monaro Shire Council, Palerang Council, Tumut Shire Council, Yass Valley Council, Upper Hunter Shire Council, Corowa Shire Council, Greater Hume Shire Council and Warrumbungle Shire Council.

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

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

^d 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, *National Regional Profiles, NSW*, November 2011; ABS, *Regional Population Growth*, July 2012; ABS, *Estimates of Personal Income for Small Areas, 2005-06 to 2009-10*, February 2013, ABS, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013.

