



Independent Pricing and Regulatory Tribunal

Campbelltown City Council's application for a special variation for 2014/15

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

Local Government — Determination
June 2014



Independent Pricing and Regulatory Tribunal

Campbelltown City Council's application for a special variation for 2014/15

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

**Local Government — Determination
June 2014**

© Independent Pricing and Regulatory Tribunal of New South Wales 2014

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 978-1-925032-87-1

The Tribunal members for this review are:

Dr Peter J. Boxall AO, Chairman

Dr Paul Paterson

Ms Catherine Jones

Inquiries regarding this document should be directed to a staff member:

Michael Seery (02) 9290 8421

Tony Camenzuli (02) 9113 7706

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

www.ipart.nsw.gov.au

Contents

| | | |
|----------|-----------------------------------------------------|-----------|
| 1 | Determination | 1 |
| 1.1 | Our decision | 2 |
| 2 | What did the council request and why? | 3 |
| 3 | How did we reach our decision? | 3 |
| 3.1 | Community feedback | 6 |
| 4 | What does our decision mean for the council? | 8 |
| 5 | What does our decision mean for ratepayers? | 9 |
| | Appendices | 11 |
| A | Expenditure to be funded from the special variation | 13 |
| B | Comparative indicators | 15 |

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).

Campbelltown City Council applied for a special variation in 2014/15 of 11.0%, 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 Campbelltown City Council may increase its general income by 11.0% in 2014/15, including the rate peg of 2.3% that is available to all councils (see Table 1.1). The increase 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 these conditions.

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

| Component | % |
|------------------------------------------------|-------------|
| Increase to fund asset renewal and maintenance | 8.7 |
| Rate peg | 2.3 |
| Total increase | 11.0 |

Box 1.2 Conditions attached to the approved special variation

IPART's approval of Campbelltown City 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 asset renewal and maintenance, as 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?

Campbelltown City Council requested a special variation of 11.0% in 2014/15,² comprising 2 components:

- ▼ a 8.7% increase for asset renewal and maintenance
- ▼ the rate peg of 2.3%.

The council estimates that the 8.7% increase above the rate peg will generate \$5.9m in additional revenue in 2014/15, and \$67.6m over 10 years to 2023/24. The increase is to fund maintenance of buildings and public spaces, renewal of roads and buildings, related LIRS loan repayments and eliminate infrastructure backlogs.³

The council has indicated that the special variation will enable it to eliminate infrastructure backlogs by 2022/23.⁴ This will be achieved by the assistance of additional funds to be obtained by further (subsidised) borrowings of \$10m, and transfers from its reserve funds over the period to 2023/24. The council's full program of expenditure and its funding are set out in Appendix A.

3 How did we reach our decision?

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

Campbelltown City Council applied on the basis of its adopted Integrated Planning and Reporting (IP&R) documents, in particular its Community Strategic Plan (CSP), Delivery Program, Long Term Financial Plan (LTFFP) and Asset Management Plan (AMP) and Strategy.

² Campbelltown City Council, *Section 508(2) Special Variation Application - Part A, 2014/15*, Worksheet 1.

³ Campbelltown City Council, *Special Variation Application Part B, 2014/15*, p 13 and Part A, Worksheet(s) 4 and 6.

⁴ Campbelltown *Application Part B, 2014/15*, Attachment 2, *Long Term Financial Plan*, p 21.

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

1. The need for the proposed revenue is demonstrated in the council's IP&R documents, and reflects community priorities. The council considered a range of alternatives prior to deciding to apply for the rates increase.
2. The council provided evidence that residential ratepayers are aware of the need for, and extent of, the rates increase and that the council has considered residential ratepayers' capacity and willingness to pay the proposed rate rises. While the council did not analyse willingness/capacity of business and farms to pay the rates increase, the percentage increases for these rating categories are lower than proposed for residential ratepayers.
3. The impact of the proposed rates increase on ratepayers is moderate and reasonable given the purpose of and need for the special variation. The council has taken account of ratepayers' capacity to pay in regards to improving trends for outstanding rates and the council's recently increased pensioner rate rebates.
4. The council generally made realistic assumptions concerning its projected service delivery and long term financial plan.
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.

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 application is consistent with the priorities of the CSP. The council identified the need for extra revenue to improve asset maintenance and renewals:^a</p> <ul style="list-style-type: none"> ▼ TCorp found that the council’s financial outlook is negative; it is expected to (continue to) record operating deficits over 2014-2023.^b ▼ While the LTFP forecasts that the rate increase will enable backlogs to be eliminated by 2022/23, the asset renewals ratio will remain below benchmark.^c ▼ The council considered a range of alternatives prior to deciding to apply for the rates increase.^d |
| <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>Residential ratepayers’ awareness of the proposed 11% rates increase and its purpose was achieved through a variety of tools. This included the local media, community exhibitions, face to face questionnaires, facts sheets on council’s website, social media and community forums. However, the dollar impact on business/farm rates were not always communicated.^e</p> <p>While the guidelines do not require the council to obtain community support, the community was provided with opportunities to provide feedback. Council received 53 submissions of which 41 were opposed to the rates increase.^f We received 12 submissions also opposed to the increase including that of the Mayor who opposed the rates increase in favour of a review of the scope and level of services.^g</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 is moderate though reasonable given the purpose and need for the revenue:</p> <ul style="list-style-type: none"> ▼ Average residential rates will rise by 11.3% or an estimated \$112 to about \$1,103. Business rates are expected to increase by 10.3% or \$590 to \$6,301 and average farm rates by 10.1% or by \$625 to \$6,822.^h ▼ The council considered residential ratepayers’ willingness/capacity to pay primarily on the basis of a comparison of rates with those of neighbouring LGAs. This was reinforced by a view that increases of “\$1 to \$2 per week are widely accepted” and assisted by its recently increased pensioner rebate and its hardship policy. It did not analyse willingness/capacity of business to pay the rates increase.ⁱ |

| Criterion | IPART findings |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ▼ While the LGA has a relatively low SEIFA ranking of 58/153, the outstanding rates ratio of 4.8% in 2012/13 is not high and below that of the previous year (5.4%). As noted above, council has a hardship policy to assist ratepayers with difficulties paying their rates and has increased pensioner rate rebates.^j |
| 4. Delivery Program and LTFP must show evidence of realistic assumptions. | The assumptions within the Delivery Program for the proposed levels of service, revenues and expenditures are realistic, as is generally the case for the LTFP's assumptions. ^k |
| 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. | The council reported cost savings of \$9m since 2005. Future savings of \$1m pa are planned each year over 2014-23, through improved asset management, e-business and reduced energy use. ^l |

^a Campbelltown, *Application Part B, 2014/15*, pp 4-5, 12-19.

^b NSW Treasury Corporation, *Campbelltown City Council Financial Assessment and Benchmarking Report*, 5 April 2013, pp 4-5, letter to council dated 10 April 2013, Attachment 2, *Long Term Financial Plan*, p 45.

^c Campbelltown, *Application Part B, 2014/15*, Attachments 2, 8 and 9. The LTFP, Attachment 2, pp 40, 50, forecasts this ratio will rise to 62% by 2023 but remain below the 100% benchmark.

^d Campbelltown, *Application Part B, 2014/15*, Attachment 11, *Councillor SRV Scenario Briefing*.

^e Campbelltown, *Application Part B, 2014/15*, pp 21-30 and Attachments 7, 12. Councillors analysed alternative options to a rate increase prior to consulting the community on options. See Attachment 11, *Councillor SRV Scenario Briefing*.

^f Campbelltown, *Application Part B, 2014/15*, p 26. See http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Council_Portal/Applications/2014-2015/Campbelltown_City_Council?ot=LG_Special_Variation_Application#submission.

^g The council resolved on 4 February 2014 to apply for the special variation by a majority (8/15) of councillors with 4 (including the Mayor) opposed and 3 absent (email from council dated 18 March 2014).

^h Campbelltown, *Application Part A, 2014/15*, Worksheet 5, Application Part B, p 31, email from council on 10 March 2014 and IPART calculations. These increases include the council's infrastructure levy.

ⁱ Campbelltown, *Application Part B, 2014/15*, pp 26-33 and OLG, Unpublished data.

^j OLG, Unpublished data and Campbelltown City Council, also Application Part B, pp 26, 33 and Attachment 13, *Hardship Policy*. LGA refers to Local Government Area. SEIFA refers to Socio-Economic Indexes for Areas.

^k Campbelltown, *Application Part B*, pp 34-35. The council assumes that it can keep requirement for renewals funding below depreciation expenses. This may be difficult to achieve.

^l Campbelltown, *Application Part A, 2014-15*, Worksheet 6, Attachment 2, LTFP, p 9, *Part B, 2014/15*, pp 36-38.

3.1 Community feedback

In assessing the reasonableness of the impact of the special variation on ratepayers, see Table 3.1, we also examined submissions received from the community. Council received 53 submissions of which 41 were opposed to the rates increase. We received 12 submissions also opposed to the increase.

Key points in response to the issues raised in these submissions are:

- ▼ **Reference to the community not supporting the special variation.** The OLG's special variation guidelines do not require the council to obtain community support for the special variation. The guidelines do, however, require the council to provide evidence that the community is aware of the special variation, its purpose, the need and extent of the rates rise. Further, the council is required to have considered the community's willingness and capacity to pay. We consider the council's application has met this requirement.⁵
- ▼ **Reference to the special variation being a 'one-off' increase in the council's consultation material** was consistent with the OLG's guidelines for s508(2) special variation increases. The type of rates increase applied for by the council is described in the guidelines as "a one-off percentage increase under section 508(2)."⁶
- ▼ **Alternatives to a rates increase.** The Campbelltown City Council, including councillors, considered a range of options to address its asset maintenance and renewals backlog prior to deciding to apply for a rates increase. These options included: no change, 2 rates increases of 5%, an 8% rates increase, 2 rates increases of 5% and additional \$10m in borrowings, no rates increase combined with an additional \$2.5m in annual borrowings, no rates increase combined with an additional lump sum injection of \$20m by means of borrowings, and a 8% rates increase combined with additional loan borrowings of \$2.5m.⁷
- ▼ **Existing capacity to fund asset maintenance.** TCorp identified that the council's asset maintenance funding is below benchmark and the group average.⁸ Based on the council's application, the council has limited options at its disposal to increase funding for maintenance given that the LTFP forecasts operating deficits are to continue over each of the next 10 years. These options are either to increase revenue, such as the 2014/15 special variation increase, and/or cost savings (see below).

⁵ Office of Local Government, Department of Premier and Cabinet, *Guidelines for the preparation of an application for a special variation to general income*, September 2013 (the Guidelines), p 10.

⁶ Office of Local Government, Department of Premier and Cabinet, *Guidelines for the preparation of an application for a special variation to general income*, September 2013 (the Guidelines), pp 5, 6.

⁷ Campbelltown Application Part B, 2014/15, Attachment 11, Councillor SRV Scenario Briefing.

⁸ NSW Treasury Corporation, *Campbelltown City Council Financial Assessment and Benchmarking Report*, 5 April 2013, p 5.

- ▼ **Need to reduce operating expenses.** Table 3.1 refers to cost savings achieved and planned by the council. The council reports that it has an ongoing process to reduce costs, for example, it regularly assesses the condition of its buildings and has resolved recently to demolish 4 buildings due to the condition rating and (low) utilization. It has also recently withdrawn from joint agreements with Department of Education for the provision of a joint library service at the Sarah Redfern school based in Minto and also the James Meehan Hall at James Meehan High School at Macquarie Fields. The council reports that it has also reduced Long Day Care services over a number of years. Finally, the council in adopting the proposal for a special variation in 2014/15 resolved that a range of service reviews be independently conducted in 2014-2015.⁹
- ▼ **Affordability of the rate increase.** Based on the latest available data the council's average residential rates in 2011/12 were approximately 10.4% below that of comparable councils (OLG, Group 7). Average residential rates also account for 1.9% of household income, the same proportion as for the average of Group 7 councils. The council also reported in its application that residential rates were lower than neighbouring councils. Additionally, the council has recently (1 July 2013) increased its pensioner rebate to \$300 per applicable property and it has a hardship policy to assist ratepayers with difficulties paying their rates.¹⁰

4 What does our decision mean for the council?

Our decision means that Campbelltown City Council may increase its general income by an estimated \$7.4m in 2014/15 as indicated by Table 4.1.¹¹ 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.¹²

⁹ Campbelltown City Council, email 1 April 2014.

¹⁰ Campbelltown *Application Part B, 2014/15*, pp 29 and 33, also refer to Table B.2, below.

¹¹ Campbelltown *Application Part A, 2014/15*, calculated from Worksheet 4.

¹² 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 Campbelltown City Council income in 2014/15

| Notional general income 2013/14 (\$) | Adjustment: expiring special variation | Increase approved (%) | Increase approved (\$) | Adjustments: Catch-ups, valuations ^a | Permissible general income 2014/15 (\$) |
|--------------------------------------|----------------------------------------|-----------------------|------------------------|-------------------------------------------------|-----------------------------------------|
| 67,770,629 | - | 11.0 | 7,454,769 | -97,105 | 75,128,293 |

^a For Campbelltown City Council, these are a combination of a prior excess of \$3,773 and an upheld valuation objection of \$93,332 proposed to be recouped in 2014/15 but which had not been recouped by the time of the application to us.

Source: Campbelltown Application Part A, 2014/15, 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.

If the council changes its rates as indicated in its application, average rates including the new special rate for infrastructure, would increase in 2014/15 (including the rate peg) as follows:¹³

- ▼ average residential rates will increase by 11.3% or \$112
- ▼ average business rates will increase by 10.3% or \$590
- ▼ average farmland rates will increase by 10.1% or \$625
- ▼ average mining rates will increase by 9.8% or \$464.¹⁴

Table 5.1 sets out the proposed impact of rates increase 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 rates 2014/15 (\$) |
|----------------------------------|---------------------------|------------------------|-----------------------|----------------------------|
| Average residential rates | 991 | 112 | 11.3 | 1,103 |
| Average business rates | 5,711 | 590 | 10.3 | 6,301 |
| Average farmland rates | 6,196 | 625 | 10.1 | 6,822 |
| Average mining rates | 4,719 | 464 | 9.8 | 5,183 |

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

Source: Campbelltown Application Part A, 2014/15, Worksheet 5, additional rating information provided by council on 10 March 2014 and IPART calculations.

¹³ Campbelltown Application Part B, 2014/15, p 31.

¹⁴ Campbelltown Application Part A, 2014/15, Worksheet 5, additional rating information provided by the council on 10 March 2014 and IPART calculations.



Appendices

A Expenditure to be funded from the special variation

Tables A.1 and A.2 show how the council intends to spend the extra special variation income that it receives above the rate peg.

The Campbelltown City Council will spend \$88m over the next 10 years on additional infrastructure renewals, operational expenses and loan repayments related to this renewals program. This expenditure program will be funded through:

- ▼ \$68m in additional special variation revenue (above the rate peg)
- ▼ \$10m by means of a LIRS-assisted loan, and
- ▼ \$10m by means of transfers from reserves.

The council will indicate in its Annual Reports how its actual expenditure has evolved relative to its proposed program of expenditure.

Table A.1 Income and proposed expenditure related to the special variation (\$000)

| | 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 | 5,896 | 6,073 | 6,255 | 6,443 | 6,636 | 6,835 | 7,040 | 7,251 | 7,469 | 7,693 |
| Other additional funding - from loans and reserves | 10,790 | 620 | 790 | 723 | 1,135 | 1,180 | 1,236 | 1,312 | 1,405 | 1,677 |
| Total additional funding | 16,686 | 6,693 | 7,045 | 7,166 | 7,771 | 8,016 | 8,276 | 8,564 | 8,874 | 9,370 |
| Increased operating expenses (including maintenance) related to renewals program | 2,083 | 2,546 | 2,737 | 2,771 | 3,336 | 3,622 | 3,716 | 4,024 | 4,377 | 4,731 |
| Capital (renewals) expenditure | 14,603 | 4,147 | 4,308 | 4,395 | 4,435 | 4,393 | 4,561 | 4,540 | 4,497 | 4,639 |
| Total additional expenditure | 16,686 | 6,693 | 7,045 | 7,166 | 7,771 | 8,016 | 8,276 | 8,564 | 8,874 | 9,370 |
| Balance of funding | - | - | - | - | - | - | - | - | - | - |

Source: Campbelltown Application Part A, 2014/15, Version 3 (26 March 2014), Worksheet 6. Figures have been rounded to the nearest dollar.

Table A.2 Proposed capital program, maintenance and debt repayments related to the special variation (\$000)

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Roads | 8,652 | 1,907 | 1,988 | 2,070 | 2,156 | 2,245 | 2,337 | 2,432 | 2,530 | 2,632 | 28,949 |
| Footpaths | 400 | 225 | 231 | 236 | 242 | 248 | 255 | 261 | 268 | 274 | 2,640 |
| Kerb & gutter | 400 | 300 | 308 | 315 | 323 | 331 | 340 | 348 | 357 | 366 | 3,387 |
| Bridges | 300 | 175 | 179 | 184 | 189 | 193 | 198 | 203 | 208 | 213 | 2,042 |
| Car parks | 300 | 180 | 185 | 189 | 194 | 199 | 204 | 209 | 214 | 219 | 2,091 |
| Buildings (incl maintenance) | 5,000 | 2,000 | 2,050 | 2,101 | 2,154 | 2,208 | 2,263 | 2,319 | 2,377 | 2,437 | 24,909 |
| Public spaces (incl maintenance) | 550 | 360 | 369 | 378 | 388 | 397 | 407 | 418 | 428 | 439 | 4,134 |
| Other maintenance | 682 | 703 | 724 | 745 | 768 | 791 | 815 | 839 | 864 | 890 | 7,820 |
| Debt repayment – principal & interest | 612 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 | 11,619 |
| Total | 16,896 | 7,073 | 7,255 | 7,443 | 7,636 | 7,835 | 8,040 | 8,251 | 8,469 | 8,693 | 87,592 |

Source: Campbelltown Application Part A, 2014/15, Version 3 (26 March 2014), Worksheet 6 and detailed expenditure program. Figures have been rounded to the nearest dollar.

B Comparative 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.

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

Table B.1 Trends in selected indicators for Campbelltown City Council, 2009/10 to 2011/12

| | 2009/10 | 2010/11 | 2011/12 |
|-------------------------------------------------------------------|----------|----------|----------|
| Productivity (labour input) indicators^a | | | |
| FTE staff (number) | 608 | 630 | 645 |
| Ratio of population to FTE | 250 | 241 | 234 |
| Average cost per FTE (\$) | \$78,298 | \$79,651 | \$80,998 |
| Employee costs as % operating expenditure (General Fund only) (%) | 41.1 | 40.3 | 40.0 |
| Consultancy/contractor expenses (\$m) | \$18.566 | \$15.517 | \$15.878 |
| Consultancy/contractor expenses as % operating expenditure (%) | 16.0 | 12.5 | 12.2 |

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

Source: OLG, *Comparative Information on NSW Local Government, Measuring Local Government OLG Performance 2011/12*, October 2013.

In Table B.1 we see that:

- ▼ FTE numbers increased from 608 in 2009/10 to 645 in 2011/12 ie, a significant 6.1% rise over a 2-year period. However, more recent data received from the council indicates that FTE numbers were reduced to 618 by December 2013 ie, a modest increase of 1.6% over a 3.5-year period.¹⁵
- ▼ The average population serviced by each FTE has declined to 234, over this period. However, as the Table B.2 illustrates, this is above than the average (222) for Group 7 and is almost double the average of 126 across NSW.
- ▼ Similarly, consultancy and contractor expenses were relatively large at 16% of council's expenditure in 2009/10. This has been progressively reduced to 12.5% in 2010/11 and 12.2% in 2011/12. This compares well with the average of 15% of expenditure for comparator councils (Group 7). The Garbage Collection contract accounted for \$5.4m or 35% of expenditure on consultants and contractors in 2010/11 and \$5.8m or 37% in 2011/12.¹⁶

¹⁵ Campbelltown Council email dated 26 March 2014.

¹⁶ Campbelltown Council email dated 26 March 2014.

In Table B.2 we compare the latest selected published data on Campbelltown City Council with the average of the councils in the OLG Group 7 and with NSW councils as a whole.

Table B.2 Select comparative indicators for Campbelltown City Council, 2011/12

| | Council | OLG Group 7 average ^a | NSW average |
|----------------------------------------------------------------------------------|---------|----------------------------------|-------------|
| General profile indicators | | | |
| Area (km ²) | 312 | | |
| Population | 151,221 | | |
| General Fund operating expenditure (\$m) | 130.7 | | |
| General Fund operating revenue per capita (\$) | 836 | 897 | 2,011 |
| Rates revenue as % total General Fund income (%) | 57.7 | 51.9 | 45.7 |
| Average rate indicators^b | | | |
| Average rate – residential (\$) | 817 | 912 | 685 |
| Average rate – business (\$) | 5,209 | 3,591 | 2,552 |
| Average rate – farmland (\$) | 5,567 | 2,407 | 2,123 |
| Socio-economic/capacity to pay indicators^c | | | |
| Average annual income for individuals, 2010 (\$) | 43,670 | 47,762 | 44,140 |
| Growth in average annual income, 2006-2010 (% pa) | 3.1 | 3.1 | 3.0 |
| Ratio of average residential rates 2011/12, to average annual income, 2010 (%) | 1.9 | 1.9 | 1.6 |
| SEIFA, 2011 (NSW rank; 153 is least disadvantaged) | 58 | | |
| Outstanding rates and annual charges ratio (incl water and sewerage charges) (%) | 5.4 | 4.5 | 7.0 |
| Productivity indicators^d | | | |
| FTE staff (number) | 645 | 754 | 293 |
| Ratio of population to FTE | 234 | 222 | 126 |
| Average cost per FTE (\$) | 80,998 | 78,420 | 74,438 |
| Employee costs as % operating expenditure (General Fund only) (%) | 40.0 | 39.3 | 36.8 |
| Consultancy/contractor expenses (\$m) | 15.9 | 24.0 | 6.9 |
| Consultancy/contractor expenses as % operating expenditure (%) | 12.2 | 15.0 | 9.3 |

^a OLG Group 7 is classified 'large urban fringe' with a population of more than 70,000. The group comprises 8 councils of which the most comparable to Campbelltown are Penrith and Liverpool City.

^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, Comparative Information 2011/12, October 2013; 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.