



Independent Pricing and Regulatory Tribunal

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

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

Local Government — Determination
May 2015



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The Tribunal members for this review are:

Dr Peter J. Boxall AO, Chairman

Ms Catherine Jones

Mr Ed Willett

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

Nick Singer (02) 9290 8459

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box K95, Haymarket Post Shop NSW 1240

Level 15, 2-24 Rawson Place, Sydney NSW 2000

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

www.ipart.nsw.gov.au

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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.

Deniliquin Council applied for a special variation in 2015-16 of 4.49%, to remain in the rate base for three years.² We have assessed the council's application, and decided to approve the variation as requested. We made this decision under section 508(2) of the Act.

Our decision enables the council to fund the Deniliquin Promotion Fund and implement the Cooperative Promotion and Marketing Campaign Strategy, to promote Deniliquin as a tourism destination and centre for business development.³

Box 1.1 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.

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 Deniliquin Council, *Special Variation Application – Part A, 2015-16* (Deniliquin Council, *Application Part A*), Worksheets 1 and 4.

³ Deniliquin Council, *Special Variation Application – Part B, 2015-16* (Deniliquin Council, *Application Part B*), p 4.

1.1 Our decision

We determined that Deniliquin Council may increase its general income in 2015-16 by 4.49%, including the rate peg of 2.4% that is available to all councils (see Table 1.1). The special variation can be retained in the council's general income base for three years and is to be removed from the council's rate base after 2017-18.

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.

Table 1.1 sets out our decision and Box 1.2 summarises these conditions.

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

Component	%
Increase to fund the Deniliquin Promotion Fund	2.09
Rate peg	2.40
Total increase	4.49

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

IPART's approval of Deniliquin Council's application for a special variation in 2015-16 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes outlined in the council's application and listed in Appendix A.
 - ▼ The council reports in its annual report for each year from 2015-16 to 2017-18 on:
 - expenditure consistent with the council's application, and the reasons for any significant differences from the proposed expenditure, and
 - the outcomes achieved as a result of the actual program of expenditure.
 - ▼ On 1 July 2018, the council is to reduce its general income to what it would have been without the special variation.
 - ▼ The council reports in its financial statements (currently in Special Schedule 9) for each year from 2015-16 to 2017-18 on its compliance with the special variation and these conditions.
-

2 What did the council request and why?

Deniliquin Council has applied for the special variation to help the community address economic decline. The council proposes improving the level of business activity through tourism and investment. The council would use the increase in general income to fund the Deniliquin Promotion Fund. The fund will be used to implement the Cooperative Promotion and Marketing Campaign Strategy.⁴

The council application states that if the Cooperative Promotion and Marketing Campaign strategy is successful it will create 400 new jobs by 2018, double expenditure by overnight visitors by 2020, and it will help the local economy grow by \$37.7 million per annum.⁵

If the application is approved the council intends to apply for additional funding through the Regional Visitor Economy Fund (RVEF). Eligibility for funding from the RVEF requires that recipients have capacity to invest a minimum of \$50,000.⁶

Deniliquin Council requested a special variation of 4.49% in 2015-16 which would increase the council's permissible general income from \$4.3 million in 2014-15 to \$4.5 million in 2015-16. The increase would be removed from the rates base at 30 June 2018.⁷ The council estimates that its requested increase of 2.09% above the rate peg would generate \$89,899 in additional revenue in 2015-16 and \$277,868 over three years.⁸

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 Deniliquin 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 B.

⁴ Deniliquin Council, *Application Part B*, pp 3-4 and 7, and email from Deniliquin Council, 27 February 2015.

⁵ Deniliquin Council, *Application Part B*, p 4.

⁶ The Regional Visitor Economy Fund is an initiative of Destination NSW to promote regional tourism through funding to regional tourism organisations and for tourism product development and regional marketing promotions (See George Souris MP, Minister for Tourism, Major Events, Hospitality and Racing and Minister for the Arts, *Reform and Record Funding for Regional NSW Tourism*, Media Release 3 April 2013).

⁷ Deniliquin Council, *Application Part A, Worksheet 1 and Worksheet 4*.

⁸ Deniliquin Council, *Application Part A, Worksheet 6* and IPART calculations.

Deniliquin Council has applied on the basis of its adopted IP&R documents, in particular the *Deniliquin 2025 Community Strategic Plan*, *Deniliquin Council Delivery Program 2013-2017*, and *Deniliquin Council Long Term Financial Plan 2013-2023* (LTFP).

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

We note that the council proposes applying the increase as a special rate (as the Promotion Fund levy), on the business rate category only.⁹

Deniliquin Council's 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.¹⁰
2. The council provided evidence that the business community is aware of the need for and extent of the rate increases.
3. The impact of the proposed rate increases on business ratepayers is reasonable given the council's existing rate levels, its history of special variations, the purpose of the special variation and the council's consideration of ratepayers' willingness and capacity to pay.
4. The council provided evidence that 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. Sections 3.1 and 3.2 discuss our findings against criteria 2 and 3 in more detail.

⁹ Deniliquin Council, *Application Part A, Worksheet 3*.

¹⁰ We consider, on balance, the council has met this criteria, however we note that the council's Long Term Financial Plan (LTFP) did not include the increase from the special variation.

Table 3.1 Summary of IPART’s assessment of Deniliquin 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>	<ul style="list-style-type: none"> ▼ The council’s IP&R documentation clearly shows that tourism and business development are key strategies in the Community Strategic Plan and Delivery Program. ▼ All special variation funds will be used for the Cooperative Promotion and Marketing Campaign strategy. ▼ The main beneficiaries of the Promotions Fund spending would be the business community and the council decided to fund the spending through a special rate levied on the business category of ratepayers. ▼ On balance, we consider the council has met the criteria given: <ul style="list-style-type: none"> – the council included the special variation in its Delivery Program and financial modelling provided in the application – community consultation was wide and comprehensive, and – we note the council’s LTFP shows an increase that is larger and for a different purpose, however this is balanced by other IP&R documentation and the application. ▼ The council explored alternative revenue options such as loan funding and asking for voluntary contributions from businesses. The council concluded that: <ul style="list-style-type: none"> – it was not in a position to borrow to fund operational expenditure relating to the Promotions Fund, and – voluntary contributions schemes have not been successful in the past.
<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>Deniliquin Council used a variety of methods to engage with its community and clearly explained the purpose and extent of the increase in rates including:</p> <ul style="list-style-type: none"> ▼ strategy reviews with the Visitor Economy Advisory Board and the Economic and Business Development Advisory Board ▼ meetings with the Deniliquin Business Chamber ▼ six public meetings ▼ email to the council and Deniliquin Business Chambers’ contact lists ▼ media releases, advertisements, television coverage and radio interviews, and ▼ publication of a six page document outlining the proposed funding model and clearly explaining the purpose and extent of the increase in rates. <p>The council originally proposed including membership of the Deniliquin Business Chamber as part of the proposed special rate, however after considering</p>

Criterion	IPART findings
<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>feedback from the business community the council decided to remove this component and lowered the amount of the increase from \$295 to \$195 per year. We received two submissions, opposing the increase, including a petition with 122 signatures.</p> <p>We consider the impact on ratepayers is reasonable given:</p> <ul style="list-style-type: none"> ▼ The council has recognised the effect of the council area's socio-economic circumstances on the business community and has applied for the special variation as a way to help businesses address economic decline. ▼ We compared average business rates, past special variations and historical rate growth between the council and a selected group of similar and surrounding councils.^a We found that the council has comparable average rates, has not applied for an increase since 1997-98 and historically low levels of rate increases.
<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>	<ul style="list-style-type: none"> ▼ The council adopted the Community Strategic Plan on 26 April 2012, exhibited its Delivery Program during January and February 2015, and adopted it on 18 February 2015. ▼ The council's LTFP shows an increase that is larger and for a different purpose than the application percentage, however this is balanced by the Delivery Program and financial modelling in the application. The council is currently updating its LTFP.
<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>Since 2012, the council has realised \$1.0 million in productivity improvements and cost containment strategies per year by:</p> <ul style="list-style-type: none"> ▼ reducing council staffing levels from 86 in 2011-12 to 72 in 2013-14, and ▼ reviewing and updating expenditure limits in staff delegations to give a higher level of control on expenditure.

^a The group included similar and surrounding councils and comprised Orange City, Dubbo City, Armidale Dumaresq, Tamworth Regional, Wakool Shire, Murray Shire and Conargo Shire Councils.

Sources: Deniliquin Council, *Application Part B*, pp 6, 12-13 and 23; Deniliquin Council, *Application Part B, Attachment 1: Deniliquin 2025 Community Strategic Plan, 2012*, p 17; *Attachment 2: Deniliquin Council Delivery Program 2013-2017*, p 8; *Attachment 3: Deniliquin Council Long Term Financial plan 2013-2023*, pp 21-22; *Attachment 5, Economic and Business Development Funding Model*, December 2014, pp 3-7, and *Deniliquin Pastoral Times, Levy Change*, 12 December 2014; *Attachment 12: Resolution to adopt the Revised Delivery Program*, 18 February 2015; Deniliquin Council, *Minutes to Council Meeting*, 26 April 2012, email from Deniliquin Council, 12 March 2015; email from Deniliquin Council, 27 February 2015; Deniliquin Council, *Application Part A, Worksheet 7*; New South Wales Treasury Corporation (TCorp), *Financial Sustainability of the New South Wales Local Government Sector*, April 2013, p 17, TCorp, *Deniliquin Council, Financial Assessment, Sustainability and Benchmarking Report*, 1 May 2013, p 25; OLG, *Comparative Information on NSW Local Government*, June 2014, pp 43, 111, 125, 127, 227, 247 287 and 309; Deniliquin Council, *General Purpose Financial Statements for the year ended 30 June 2014*, Note 4(a) and Note 4(c), pp 35-36; and IPART calculations.

3.1 Community engagement and awareness

The council consulted thoroughly with the business community in preparation for the application.

Submissions

The council received one written submission, and a petition with 122 signatures from the business community (also submitted to IPART) opposing the application.¹¹ The council's application also provided a summary of issues raised during community meetings. The issues raised were:

- ▼ business ratepayers cannot afford the levy
- ▼ local economic conditions are poor, and businesses are already under financial pressure
- ▼ the levy should be voluntary
- ▼ the council can use its own resources to fund the expenditure
- ▼ not all businesses are in the tourism industry and will not benefit directly from the levy program
- ▼ home-based businesses will not pay the increase
- ▼ all ratepayers should pay the increase, and
- ▼ landlords of empty premises will have to pay, even though they will not receive a direct benefit.¹²

The council has considered its community's feedback by:

- ▼ responding to the concerns raised by reply to the letter and during community meetings
- ▼ replying to concerns in its application documents, and
- ▼ lowering the amount of the levy from \$295 to \$195 pa.¹³

¹¹ We note there are 461 assessments in the council's Business category.

¹² Deniliquin Council, *Application Part B, Attachment 6, Letter, Petition, Summary*.

¹³ Deniliquin Council, *Application Part B, Attachment 6, Letter*; Deniliquin Council, *Application Part B*, pp 13-14; Deniliquin Council, *Application Part B, Attachment 5, Deniliquin Pastoral Times, Levy Change*, 12 December 2014; and email from Deniliquin Council, 27 February 2015.

We received two submissions which opposed the special variation, and included the same petition that the council received with 122 signatures.¹⁴ Concerns raised in submissions were similar to those raised in the council’s consultation. Additional concerns include:

- ▼ some property owners were not consulted as they were out of town
- ▼ business rates are already high
- ▼ many of the businesses do not benefit from tourism, and
- ▼ the proposed rate structure (ie, same amount for each assessment, business only) is unfair.

3.2 Reasonable impact on ratepayers

We consider that the impact of the increases is modest, and reasonable, given the council’s existing business rate levels, history of previous special variations and the purpose of the application.

In Table 3.2 we compare the council’s 2012-13 average business rates against a selected group of similar and surrounding councils. Within this group Deniliquin Council has average business rates ranked around the median and below the group average.¹⁵

Table 3.2 Average Annual Business Rates for Deniliquin Council and similar and surrounding councils 2012-13 (\$)

Council	Average rate
Orange City Council	5,132
Dubbo City Council	4,829
Armidale Dumaresq Council	3,238
Tamworth Regional Council	2,704
Deniliquin Council	2,319
Wakool Shire Council	859
Murray Shire Council	746
Conargo Shire Council	383
Average	2,526

Source: OLG, *Comparative Information on NSW Local Government*, June 2014, pp 43, 111, 125, 127, 227, 247 287 and 309, and IPART calculations.

In assessing the reasonableness of the impact of the special variation on ratepayers, we also examined the council’s special variation history and the average annual growth of rates in various rating categories.

¹⁴ The signatures were from the business community. There are 461 assessments in the council’s Business category.

¹⁵ We also note that the council has average business rates lower than OLG Group 4 average (\$3,168) and below the NSW average (\$2,688). (Appendix B.)

We found that:

- ▼ the council has not applied for a special variation since 1997-98, when the council was granted an increase of 9.69%¹⁶
- ▼ since 2004-05 the average annual growth in business rates was 1.8%, which is 1.4% less than increases in the rate peg, and¹⁷
- ▼ average business rate levels are significantly lower than the Group 4 average.¹⁸

Deniliquin Council has applied for the special variation as a way to help the community address economic decline. The application refers to the effect of drought, general economic downturn, closure of local red gum forest related industry (a loss of 600 jobs) and reduced water allocations from the implementation of the Murray Darling Basin Plan (a loss of 600,000 tonnes of rice production, as well as expected further reductions in other agricultural activity). These circumstances are directly affecting the business community.¹⁹

The council's proposed spending program aims to increase the level of business activity by promoting Deniliquin as a tourism and business investment destination. The increase also allows the council to apply for additional external funding through the Regional Visitor Economy Fund.²⁰

The council does not have a hardship policy for business ratepayers.²¹ We suggest the council considers adopting a formal hardship policy to assist the business community manage the impact of the increase in rates.

¹⁶ OLG unpublished data.

¹⁷ Deniliquin Council, *Application Part A, Worksheet 2*, and IPART calculations.

¹⁸ We note average incomes were also below the Group 4 average, see Table B.2.

¹⁹ Deniliquin Council, *Application Part B*, pp 8, 19 and 21.

²⁰ Deniliquin Council, *Application Part B*, pp 13 and 19.

²¹ Deniliquin Council, *Application Part B*, p 20.

4 What does our decision mean for the council?

Our decision means that Deniliquin Council may increase its general income in 2015-16 by an estimated \$192,934 as indicated in Table 4.1. This increase will be removed from the council's rate base after 2017-18. After 2015-16, the council's general income will increase by the annual rate peg unless we approve further special variations.²²

Table 4.1 Permissible general income of Deniliquin Council in 2015-16 arising from the special variation approved by IPART

Notional general income 2014-15 (\$)	Increase approved (%)	Annual increase in general income (\$)	Adjustments: Catch-ups, valuations ^a (\$)	Permissible general income 2015-16 (\$)
4,293,157	4.49	192,934	-22,460	4,463,631

^a A prior catch-up of \$22,460 to be recouped in 2015-16 that had not been recouped by the time of the application was submitted to IPART.

Source: Deniliquin Council, *Application Part A, Worksheet 4*.

The council estimates that over the period 2015-16 to 2017-18, the additional rate revenue will accumulate to \$277,868 above the rate peg.²³

The council intends to use the increase for the Promotions Fund, which will fund the Cooperative Promotion and Marketing Campaign, a council strategy to address a declining local economy.²⁴

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.

In its application, Deniliquin Council stated that it intended to increase general rates across all categories by the rate peg, and to introduce a special rate to apply the increase above the rate peg in the Business category only.

The increase will remain in the council's general income base for three years and will be removed from the council's rate base after 2017-18.

²² 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.

²³ Deniliquin Council, *Application Part A, Worksheet 6*.

²⁴ Deniliquin Council, *Application Part B*, p 4.

IPART has calculated that:

- ▼ the average residential rate will increase by 2.3%, or \$21
- ▼ the average business rate will increase by 11.6%, or \$244
- ▼ the average farmland rate will increase by 2.4%, or \$40, and
- ▼ the minimum rate for the business category will not increase (other categories do not have a minimum).²⁵

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

Table 5.1 Indicative increases in average rates under Deniliquin Council's approved special variation for 2015-16

Category ^a	Average rate 2014-15 (\$)	Increase (%)	Increase (\$)	Average rate 2015-16 (\$)
Average residential rate	916	2.3	21	937
Average business rate	2,090	11.6	244	2,334
Average farmland rate	1,658	2.4	40	1,698

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

Source: Deniliquin Council, *Application Part A, Worksheet 5a*, email from Deniliquin Council, 31 March 2015 and IPART calculations.

²⁵ Deniliquin Council, *Application Part A, Worksheet 2, Worksheet 3 and Worksheet 5a*, and email from Deniliquin Council, 31 March 2015, and IPART calculations.



Appendices

A Expenditure to be funded from the special variation

Table A.1 shows Deniliquin Council's proposed expenditure of the special variation funds over the next three years.

The council will use the additional special variation revenue, above the rate peg, of \$277,869 over three years to 2017-18 for the Deniliquin Promotion Fund which will be used to promote Deniliquin as a tourism destination and a centre for business development.²⁶

As a condition of IPART's approval, the council is to indicate in its Annual Reports how its actual expenditure compares with this proposed program of expenditure.

Table A.1 Deniliquin Council – Income and proposed expenditure over three years related to the special variation

	2015-16	2016-17	2017-18	Total
Special variation income above rate peg	89,899	92,596	95,374	277,868
Funding for increased operating expenditures	89,895	92,595	95,370	277,860
Total expenditure	89,899	92,596	95,374	277,860

Note: Numbers may not add due to rounding.

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

²⁶ Deniliquin Council, *Application Part B*, p 7.

B 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 B.1 shows how selected performance indicators for Deniliquin Council have changed over the four years to 2012-13.

We also note, over the four years to 2012-13 a decrease in the average cost per full time equivalent of 4.6% per year, and decreasing employee costs as a percentage of operating expenditure from 40.1% to 36.7%.

These improvements are offset in part by a large increase in consultancy/contractor expenditure from \$45 million in 2009-10 to \$216 million in 2013-14.

Table B.1 Trends in selected indicators for Deniliquin Council, 2009-10 to 2012-13

Performance indicator	2009-10	2010-11	2011-12	2012-13	Average change (%)
FTE staff (number)	72	74	78	75	1.4
Ratio of population to FTE ^a	107	104	94	98	-3.0
Average cost per FTE (\$)	87,194	85,757	70,564	75,600	-4.6
Employee costs as % operating expenditure (General Fund only) (%)	40.1	44.0	37.3	36.7	
Consultancy/contractor expenses (\$m)	45	123	341	351	98.3
Consultancy/contractor expenses as % operating expenditure (%)	0.3	0.8	2.2	2.1	

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

Deniliquin Council is in OLG Group 4. Unless specified otherwise, the data refers to the 2012-13 financial year.

Table B.2 Select comparative indicators for Deniliquin Council, 2012-13

	Deniliquin Shire Council	OLG Group 4 average	NSW average
General profile			
Area (km ²)	143		
Population	7,327		
General Fund operating expenditure (\$m)	11.8		
General Fund operating revenue per capita (\$)	1,647	1,427	2,026
Rates revenue as % General Fund income (%)	39.2	41.3	46.8
Own-source revenue ratio (%)	54.7	66.1	71.1
Average rate indicators^a			
Average rate – residential (\$)	778	881	712
Average rate – business (\$)	2,319	3,168	2,688
Average rate – farmland (\$)	1,532	1,830	2,194
Socio-economic/capacity to pay indicators^b			
Average annual income for individuals, 2011 (\$)	39,332	44,351	49,070
Growth in average annual income, 2006-2011 (% pa)	5.2	4.5	5.2
Ratio of average residential rates 2012/13, to average annual income, 2011 (%)	2.0	2.0	1.5
SEIFA, 2011 (NSW rank: 153 is least disadvantaged)	31		
Outstanding rates and annual charges ratio (General Fund only) (%)	4.8	5.3	6.0
Productivity (labour input) indicators^c			
FTE staff (number)	75	317	294
Ratio of population to FTE	98	126	127
Average cost per FTE (\$)	75,600	76,263	75,736
Employee costs as % operating expenditure (General Fund only) (%)	36.7	37.1	37.1
Consultancy/contractor expenses (\$m)	0.4	6.1	7.8
Consultancy/contractor expenses as % operating expenditure (%)	2.1	7.6	10.3

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

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

c 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.

