



Independent Pricing and Regulatory Tribunal

Kogarah City Council's application for a special variation for 2013/14

**Local Government — Determination
June 2013**

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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.

However, 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 issued by the Division of Local Government (DLG) (see Box 1.1). We may allow special variations under either section 508A or 508(2) of the *Local Government Act 1993* (the Act).

Kogarah City Council has applied for a multi-year special variation from 2013/14 under section 508A. The council requested annual increases of 5.8% in 2013/14, 4.8% in 2014/15, 4.8% in 2015/16 and 4.8% in 2016/17, amounting to a cumulative increase of 21.78% over the 4 years.

After assessing the application, we decided to approve the special variation as requested. We made this decision under section 508A of the Act.

Box 1.1 The Revised Guidelines for 2013/14

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 Division of Local Government, Department of Premier and Cabinet.

Revised Guidelines were issued in October 2012. These 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 new Guidelines have a stronger emphasis on how councils have undertaken their Integrated Planning and Reporting (IP&R), where councils are expected to engage with the community about service levels and funding priorities in preparing their strategic planning documents. A major change in the Guidelines is that, for most criteria, evidence to support an application must be in the council's IP&R documents.

Another major change is that councils no longer need to demonstrate community support for the special variation. Instead, they must show that the community is aware of the need for, and extent, of the proposed rate rise, and that the council has considered the community's capacity and willingness to pay higher rates. In addition, in assessing applications against the criteria, we are now required to consider the size and resources of a council, the size of the rate increase, current and previous rate levels, the purpose of the special variation and any other matter we consider relevant.

1.1 Our decision

We determined that Kogarah City Council may increase its general income by the annual percentages shown in Table 1.1, which represents a cumulative increase of 21.78% over the next 4 years.

The annual increases include the rate peg increases the council would otherwise be entitled to in these years (3.4% in 2013/14 and an assumed 3.0% in each of the subsequent years). On average, these annual increases are 2.2% above the annual rate peg increases. The cumulative increase is 8.79% above the rate peg increase for the 4 years.

The council has a previously approved section 508A special variation for the council which includes a 5.8% increase for 2013/14. This new special variation replaces that increase with one for an identical amount, and approves further increases of 4.8% in each of the following 3 years.

The council also has a previously approved a section 508(2) special variation of 3.0% for an Environmental Levy, which will expire on 30 June 2013. This means that at the end of 2012/13, the council's general income will be reduced by the current value of this variation. As a result, the effective annual increase in the council's general income due to the new special variation is 2.84% in 2013/14, and 4.8% in the following 3 years. The effective cumulative increase is 18.37%. After the last year of the special variation (2016/17), the increase will remain permanently in the council's rate base.

We have attached conditions to our decision, including that the council use the income raised through the special variation for purposes consistent with those set out in its application. Box 1.2 lists these conditions.

Table 1.1 IPART's determination on Kogarah City Council's special variation for 2013/14 to 2016/17

Year	Increase in general income approved (%)	Cumulative increase in general income approved (%)	Annual increase in general income (\$)	Total permissible general income ^a (\$)
2012/13			-640,824 ^c	22,924,669 ^b
2013/14	5.80	5.80	1,292,463	23,576,339
2014/15	4.80	10.88	1,131,664	24,708,003
2015/16	4.80	16.20	1,185,984	25,893,988
2016/17	4.80	21.78	1,242,912	27,136,899

a Permissible general income refers to the maximum general income that the council can generate in the year. It equals the previous year's notional general income level adjusted for any expiring special variation, other adjustments (prior year catch ups, excesses, valuation objections and income adjustments for Crown land) plus the annual dollar increase permitted by the proposed special variation percentage.

b This is the 2012/13 notional general income level, not the permissible general income level, and is not part of the council's application for 2013/14.

c This is the effect of the expiry of the Environmental Levy on 30 June 2013.

Source: Kogarah City Council, *Section 508A Special Variation Application, Part A, Worksheet 1*; and IPART calculations.

Box 1.2 Conditions attached to the approved special variation for Kogarah City Council

IPART's approval of Kogarah City Council's application for a special variation over the period from 2013/14 to 2016/17 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes of improving financial sustainability and to fund service levels and community infrastructure consistent with the council's application and the program of expenditure listed in Appendix A.
- ▼ The council reports in its annual report for each year from 2013/14 to 2022/23 on:
 - the actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance, as outlined in the Long Term Financial Plan provided by the council and summarised in Appendix B
 - any significant variations from its proposed expenditure as forecast in the current Long Term Financial Plan and any corrective action taken or to be taken to address any such variation
 - expenditure consistent with the council's application and listed in Appendix A, and the reasons for any significant differences from the proposed expenditure
 - the outcomes achieved as a result of the actual program of expenditure.
- ▼ The council's current approval for a section 508A special variation in 2013/14 is revoked and replaced with the new approval for a section 508A special variation beginning in 2013/14.
- ▼ The council reports to the Division of Local Government by 30 November each year on its compliance with these conditions.

We note the council will remove an amount of \$640,824 from its general income at the end of 2012/13 before applying the approved special variation percentage for 2013/14.

1.2 What did the council request and why?

Kogarah City Council applied to increase its general income by a cumulative 21.78% over the 4-year period from 2013/14 to 2016/17, and to permanently incorporate this increase into its general income base.¹

The council has a current section 508A special variation that includes an increase of 5.8% for 2013/14. To provide revenue certainty it sought to have this variation revoked, and replaced with a new special variation that includes an identical increase in 2013/14, and then further increases of 4.8% in the following 3 years.²

¹ Kogarah City Council, *Section 508A Special Variation Application 2013/14 – Part A* (Kogarah Application Part A), Worksheet 1.

² Kogarah Application Part A, Worksheet 1.

The council also has an existing section 508(2) special variation for an Environmental Levy which will expire on 30 June 2013. It did not seek to continue this levy. However, it noted that it would continue to provide some of the services currently funded by the levy.³

The council estimated that if its requested special variation was approved, its general income would increase from \$22.9m in 2012/13 to \$27.1m in 2016/17. Over the 4 years, the council will generate additional revenue of \$9.6m, or \$4.9m above the rate peg.⁴

The council intends to use this revenue to fund the programs, services and management of community assets in its Delivery Program for 2013/14 to 2016/17. This will enable it to improve the council's financial sustainability, while maintaining current levels of service and asset maintenance.⁵

Appendix A provides more detail on the council's proposed program of expenditure.

1.3 How did we reach our decision?

We assessed Kogarah City Council's application against the criteria in the Guidelines. In making our assessment, we also considered the council's 2013 Integrated Planning and Reporting (IP&R) documents, which support its application, and a range of comparative data set out in Appendix C.

We found that the application met the criteria and included adequate supporting information. In particular, the council:

1. demonstrated a need for the proposed revenue which includes continued funding for current levels of service and maintenance on a permanent basis
2. provided evidence that the community is aware of the need for and extent of the rate rise
3. showed that the impact on ratepayers is reasonable and has a hardship policy in place to deal with ratepayers under financial stress
4. made realistic assumptions concerning its projected service delivery and budget scenarios
5. reported cost savings and productivity improvements in past years, and plans to realise additional savings over the period of the proposed special variation.

Table 1.2 summarises our assessment against each of the criteria. The sections below discuss our findings for some the criteria in more detail.

³ Kogarah Application Part A, Worksheet 1.

⁴ Kogarah Application Part A, Worksheet 1; and IPART calculations.

⁵ Kogarah Application Part A, Worksheet 6.

Table 1.2 Summary of IPART’s assessment against the criteria in the Guidelines

Criterion	IPART findings
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 council’s financial sustainability assessment conducted by the NSW Treasury Corporation (TCorp).	<p>The need for the special variation is identified in the council’s 2013/14 – 2016/17 Delivery Program, which projects a shortfall in maintenance spending of \$1.2m over 4 years if additional rate revenue is not secured.</p> <p>TCorp’s assessment also identified recurring operational deficits and underspending on asset renewals and maintenance.</p>
2. Evidence that the community is aware of need for and extent of proposed rate rises must be provided. 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>The council made the community aware of the need for and the extent of a rate rise through direct distribution of information in print, online and via community forums.</p> <p>There was a low level of engagement with online information. The council also received few comments and submissions in response to its printed materials and media coverage of the special variation. This suggests there is no significant community opposition to the proposed rate rise.</p>
3. Impact on affected ratepayers must be reasonable, having regard to both 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 local community’s capacity to pay.	<p>The special variation will have a moderate impact on ratepayers. We note that:</p> <ul style="list-style-type: none"> – Ratepayers are already paying an existing special variation of 3.0% which expires on 30 June 2013. This means the net effect of the special variation is only 2.84% in 2013/14. The cumulative increase is 8.79% above the rate peg over 4 years. – The council has a hardship policy in place to assist ratepayers who experience difficulty paying rates. – average rate levels are lower than the DLG Group 2 averages. Average business rates are also lower than the NSW average.
4. Delivery Program and Long Term Financial Plan (LTFP) must show evidence of realistic assumptions.	<p>The council’s assumptions related to the proposed level of service for assets and the speed at which asset backlogs will be addressed are realistic in the context of the community’s priorities identified in the Delivery Program 2013-2017.</p> <p>The council’s assumptions about the rate peg, the growth in labour and non-labour costs, and the growth in assessments are realistic in the context of the council’s projected budget in its LTFP 2013-2023.</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 identified past savings amounting to \$700,000 per year. It sets annual targets for cost savings, productivity gains and efficiencies. A target of \$1m (about 1%) has been set for 2013–2017.</p>

Criterion	IPART findings
6. Other relevant matters.	None.

1.3.1 Need for and purpose of the special variation

Kogarah City Council's application stated that during the community consultation it undertook as part of the IP&R process, it identified that its community supports additional funding for 4 specific asset classes: roads, footpaths, playgrounds and buildings.⁶

The council's application indicated that it seeks to maintain these assets in a satisfactory condition (preventing further deterioration). Its Asset Management Plan identifies a gap of \$1.2m over 4 years if additional funding is not allocated towards asset maintenance.⁷

The council has forecast small operational deficits over the next 10 years. If the special variation is not approved, it would reduce operational expenditure in order to meet maintenance requirements.

TCorp noted that the council was in a moderate financial position, with adequate capacity to meet its financial commitments in the short to medium term. TCorp also identified that the council has a neutral outlook, meaning that there are no known foreseeable events that would have a direct impact on the financial sustainability of the council. However, it concluded that the council was marginally underspending the required amount to maintain existing assets at an acceptable level.⁸

The council currently has a low use of debt and has committed to continue this policy. Its application stated that borrowing has been considered as a funding source in its current Long Term Financial Plan (2013-2023), but ongoing funding constraints would limit its ability to fund debt servicing costs. It noted that raising additional rates revenue through the special variation will give it the flexibility to fund its program of maintenance works, as well as providing a future option to utilise debt for significant infrastructure renewals.⁹

⁶ Kogarah Application Part B, p 11.

⁷ Kogarah Application Part B, p 14.

⁸ Treasury Corporation, *Kogarah City Council Financial Assessment, Sustainability and Benchmarking Report* (TCorp Report), March 2013, p 4.

⁹ Kogarah Application Part B, pp 17-18.

1.3.2 Community engagement and awareness

Between October 2013 and March 2013, the council engaged with its community about the proposed special variation and the IP&R documents for 2013/14 through a variety of methods. These included:

- ▼ advertising in local media in December 2012 and January 2013
- ▼ distributing a special edition of 'Kogarah Life' to all properties in the LGA during January 2013 outlining the details and financial impacts of the proposed special variation
- ▼ providing information stalls at community events in December 2012 and January 2013
- ▼ making presentations to and consulting with the council's Community Reference Group and Connells Point Progress Association in January and February 2013
- ▼ providing information on the council's website.¹⁰

Local media also printed 2 articles about the special variation.

The council received 16 formal submissions, of which 8 opposed the variation, 7 supported it and 1 was neutral. The council provided copies of the media articles and submissions.¹¹

We received 1 submission opposing the special variation by 8 April 2013, the end of our public submission period. This submission raised several issues, including the council's financial management and efficiency, its high levels of reserves, its consultation strategy and the quality of its application to IPART. We considered these issues and found that:

- ▼ The council has large reserves which are externally restricted for specific purposes. It also has considerable 'internally restricted' funds for its operations, including maintaining its heavy plant and vehicle fleet. Its unrestricted current ratio is 2.43, within the benchmark range of 2.1 to 3.00.
- ▼ The council clearly communicated both the weekly and annual proposed increases to rates as a result of the special variation.
- ▼ The council attempted to engage the community on its willingness to pay for the variation through an online forum. However, there were few visits to the web page and no comments or phone calls relating to the special variation.¹²
- ▼ While the council's initial submission did not provide sufficient supporting information, it submitted a revised attachment that provided additional details on its past efficiency and productivity gains.

¹⁰ Kogarah Application Part B – Annexure 4, *Samples of Consultation Material*.

¹¹ Kogarah Application Part B – Attachment 6, *Formal Submissions regarding SRV Application*.

¹² Kogarah Application Part B, p 31.

Although the council has provided evidence of low user interaction with the website and information material online, there is no evidence of significant opposition to the variation within the community. We note that the results of an anonymous vote conducted at the end of a Community Reference Group session indicated 9 members in favour of the special variation and 3 members opposed.¹³

In light of the magnitude of the requested increases, we consider the engagement undertaken to be sufficient and that the council has met the criterion for community awareness and engagement. However, we consider that for a larger increase, a more sustained effort would be required.

1.3.3 Impact on ratepayers

The impact of proposed rate rises on ratepayers is likely to be reasonable, given that council's current rate levels are relatively low. Its average residential rates (\$887) are low compared to the average for DLG Group 2 councils (\$947). Its average business rates (\$2,080) are also low compared to the averages for DLG Group 2 (\$3,854) and NSW (\$2,552).¹⁴

The LGA also has a high SEIFA ranking (131/153), which indicates that it is among the least disadvantaged in the state.

Both the TCorp Report and the council's application note that there is a growing pensioner population in the area. However, council has a hardship policy in place to assist ratepayers and in particular pensioners. Under the council's debt recovery policy, any rating debts owed to the council by eligible pensioners will not be pursued by legal action. These debts will also have interest charges written off if the debt is paid in full during the financial year in which the debt was raised.¹⁵

¹³ Kogarah Application Part B, p 33.

¹⁴ Appendix C.

¹⁵ Kogarah Application Part B, p 41.

1.3.4 Productivity improvements and cost containment strategies

The council's application indicated that it has taken measures to improve its productivity and contain its costs. It stated that since 2010, it has set a dollar target for annual efficiency dividends within the budget and has met all of its efficiency dividend targets to date. Under the new Delivery Program 2013 – 2017, it has set a total savings target of \$1m (1%), with \$400,000 planned for 2013/14 and \$200,000 annually thereafter.¹⁶

The council outlined several further examples of recent productivity improvements and cost containment strategies which have delivered significant savings. These include:

- ▼ group tendering with neighbouring councils and the Southern Sydney Regional Organisation of Councils (\$500,000 in annual savings)
- ▼ restructuring Planning and Development Department (\$150,000 in annual savings)
- ▼ implementing energy and water savings action plan initiatives (\$50,000 in annual savings).¹⁷

In addition, it indicated that benchmarking of its outdoor works area over the past 5 years has increased operational service levels while reducing staffing levels.

We examined the indicators of efficiency shown in Appendix C and found that the council's employment practices are comparable to its group. In particular, we note that the council's FTE (employee) costs and expenditure on contractors is much lower than the average for Group 2 councils. As well, its ratio of population to FTE is also much higher than average, including the average for NSW.

1.4 What does our decision mean for the council?

Our decision means that Kogarah City Council is able to increase its general income from \$22.9m in 2012/13 to \$27.1m in 2016/17 (see Table 1.1). After 2016/17, all other things being equal, the council's permissible general income will increase by the annual rate peg unless we approve a further special variation.

Over the 4 years, the council will generate additional revenue of \$9.6m, or \$4.9m above the rate peg.¹⁸

¹⁶ Kogarah Application Part B, Criterion 5 (Revised), p 1.

¹⁷ Kogarah Application Part B, Criterion 5 (Revised), p 2.

¹⁸ Kogarah Application Part A, Worksheet 1; and IPART calculations.

1.5 What does our decision mean for ratepayers?

In its application, the council indicated that it intends to apply the rate increases uniformly across all ratepayer categories. If it does, all its rate categories will increase by 2.84% in 2013/14, and 4.8% in each of the following 3 years.¹⁹

We expect that over the 4 years:

- ▼ minimum rates will increase by \$21 in the first year, and by \$137 over 4 years, a cumulative increase of 18.37%
- ▼ average residential rates (excluding minimum rate assessments) will rise by \$27 in the first year, and by \$178 over 4 years, a cumulative increase of 18.37%
- ▼ average business rates (excluding minimum rate assessment) will rise by \$65 in the first year, and by \$418 over 4 years, a cumulative increase of 18.37%.²⁰

Table 1.3 and Table 1.4 show the impact on minimum and average rates by ratepayer category, as set out in the council's application. The actual impact on rates is a matter for the council to decide, consistent with our determination.

Table 1.3 Kogarah City Council – Indicative impact of approved special variation on minimum rates, 2013/14 to 2016/17

Category	2012/13	2013/14	2014/15 ^a	2015/16	2016/17	Cumulative increase
Minimum rates for all categories	747	768	805	843	884	
Increase (\$)		21	37	38	40	137
Increase (%)		2.8	4.8	4.8	4.8	18.4

Note: The increase in 2014/15 has been adjusted for the impact of the expiring special variation for the Environmental Levy which will expire in June 2014.

Source: Kogarah Application Part A, Worksheet 5a; and IPART calculations.

¹⁹ Kogarah Application Part A, Worksheet 5a.

²⁰ Kogarah Application Part A, Worksheet 5a.

Table 1.4 Kogarah City Council – Indicative impact of approved special variation on average rates (excluding properties on minimum rates), 2013/14 to 2016/17

Category	2012/13	2013/14	2014/15 ^a	2015/16	2016/17	Cumulative increase
Residential	967	995	1,042	1,092	1,145	
Increase (\$)		27	48	50	52	178
Business	2,579	2,652	2,780	2,913	3,053	
Increase (\$)		73	127	133	140	474
CBD Kogarah	2,097	2,156	2,260	2,368	2,482	
Increase (\$)		60	104	108	114	385
CBD Blakehurst	1,933	1,988	2,083	2,183	2,288	
Increase (\$)		55	95	100	105	355
CBD Hurstville	2,830	2,911	3,051	3,197	3,350	
Increase (\$)		80	140	146	153	520
CBD Oatley	2,309	2,374	2,488	2,608	2,733	
Increase (\$)		66	114	119	125	424
CBD Ramsgate	2,607	2,681	2,810	2,945	3,086	
Increase (\$)		74	129	135	141	479
Industrial Carlton	2,538	2,610	2,736	2,867	3,004	
Increase (\$)		72	125	131	138	466
Industrial Blakehurst	3,636	3,740	3,919	4,107	4,305	
Increase (\$)		103	180	188	197	668
Industrial South Hurstville	795	817	857	898	941	
Increase (\$)		23	39	41	43	146
Industrial Kogarah	4,879	5,018	5,259	5,511	5,776	
Increase (\$)		139	241	252	265	897
Increase (%)		2.8	4.8	4.8	4.8	18.4

Note: The increase in 2014/15 has been adjusted for the impact of the expiring special variation for the Sustainability Levy which will expire in June 2014.

Source: Kogarah Application Part A, Worksheet 5a; and IPART calculations.

A Kogarah City Council's proposed expenditure of revenue from the special variation

Table A.1 Kogarah City Council – Projected revenue and spending under proposed special variation, 2013/14 to 2022/23 (\$m)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Requested revenue											
From rate peg only	0.76	1.46	2.20	2.98	3.07	3.16	3.26	3.36	3.46	3.56	27.29
From balance of SV	0.53	0.96	1.40	1.87	1.93	1.98	2.04	2.10	2.17	2.23	17.23
Proposed expenditure											
Roads	0.60	0.62	0.63	0.65	0.67	0.68	0.70	0.72	0.73	0.75	6.8
Footpaths	0.39	0.40	0.41	0.43	0.44	0.45	0.46	0.47	0.48	0.49	4.4
Playgrounds	0.34	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	3.8
Foreshores	0.23	0.24	0.24	0.25	0.26	0.26	0.27	0.28	0.28	0.29	2.6
Buildings and facilities	0.28	0.30	0.31	0.32	0.33	0.34	0.34	0.35	0.36	0.37	3.3
Cycleways and youth recreational facilities	0.25	0.26	0.26	0.27	0.28	0.28	0.29	0.30	0.30	0.31	2.8
Total expenditure	2.11	2.16	2.22	2.27	2.33	2.39	2.45	2.51	2.57	2.63	23.66

Source: Kogarah City Council Application Part A, Worksheets 1 & 6, and IPART calculations.

B Kogarah City Council's projected income, expenses and operating result

Table B.1 is an extract from the council's LTFP showing the council's projected income, expenses and operating result assuming that the council's requested special variation was approved in full.

Table B.1 Kogarah City Council's projected income, expenses and operating result (\$'000)

Year	Total income	Total expenses	Operating result
2013/14	46,082	46,651	-569
2014/15	47,934	48,061	-127
2015/16	49,559	49,543	16
2016/17	51,297	51,117	180
2017/18	53,209	52,815	394
2018/19	55,420	54,699	721
2019/20	58,181	56,879	1,302

Note: The operating result includes income from capital grants, contributions and asset sales. Excluding these, the council's operating result will typically be lower. Our analysis in the report excludes capital income and asset sales.

Source: Kogarah City Council, *Resourcing Strategy – Long Term Financial Plan, 2010-2020*.

C Comparative indicators

Table C.1 Select comparative indicators for Kogarah City Council, 2011/12

	Kogarah City Council	DLG Group 2 average ^a	NSW average
General profile indicators			
Area (km ²)	15	–	–
Population	58,938	–	–
General Fund expenditure from continuing operations (\$m)	46.7	–	–
General Fund operating revenue per capita (\$)	732	1,117	2,011
Rates revenue as % total General Fund revenue (%)	62.4	51.4	45.7
Average rate indicators^b			
Average rate – residential (\$)	887	947	685
Average rate – business (\$)	2,080	3,854	2,552
Average rate – farmland (\$)	n/a	2,167	2,123
Socio-economic indicators^c			
Average annual income for individuals, 2010 (\$)	49,899	77,095	44,140
Growth in average annual income, 2006-2010 (% pa)	2.7	3.0	3.0
Ratio of average residential rates 2011/12, to average annual income, 2010 (%)	1.8	1.3	1.6
SEIFA, 2011 (NSW rank; 153 least disadvantaged)	131	–	–
Outstanding rates and annual charges ratio (incl water and sewerage charges) (%)	3.2	4.0	7.0
Productivity indicators^d			
FTE staff (number)	260	291	293
Ratio of population to FTE	227	179	126
Average cost per FTE (\$)	74,473	81,931	74,438
Employee costs as % ordinary expenditure (General Fund only) (%)	41.2	41.9	36.8
Consultancy/contractor expenses (\$m)	4.9	7.6	6.9
Consultancy/contractor expenses as % ordinary expenditure (%)	10.3	13.2	9.3

^a DLG Group 2 is a category of Urban Small to Medium Metropolitan Developed councils with a population of up to 70,000. This group comprises 14 councils including Ashfield, Botany Bay, Lane Cove, North Sydney and Pittwater.

^b Average rate levels equal the total rates revenue in a given rate category divided by the number of assessments in that category.

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

^d Based upon total council operations and finances ie, General Fund and if applicable, Water and Sewer, and other funds. There are difficulties in comparing councils using this data due to differences in the scope of councils' activities and measurement methods across councils.

Note: General Fund refers to all council activities except Water and Sewer and, in some cases, other activities.

Source: DLG, unpublished comparative data, 2011/12; ABS, *National Regional Profiles, NSW*, November 2011; ABS, *Regional Population Growth*, July 2012; ABS, *Estimates of Personal Income for Small Areas, Time Series, 2005-06 to 2009-10*, February 2013; and ABS, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013.