



Independent Pricing and Regulatory Tribunal

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

**Local Government — Determination
June 2013**

© Independent Pricing and Regulatory Tribunal of New South Wales 2013

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 978-1-925032-12-3

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chairman

Mr James Cox PSM, Chief Executive Officer and Full Time Member

Mr Simon Draper, Part Time Member

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

Dennis Mahoney (02) 92908494

Kumi Cuthbertson (02) 9290 8479

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	1
1.2	What did the council request and why?	2
1.3	How did we reach our decision?	3
1.4	What does our decision mean for the council?	9
1.5	What does our decision mean for ratepayers?	10
	Appendices	
A	Shoalhaven City Council's Program of Expenditure	11
B	Comparative indicators	13

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),¹ and may allow special variations under either section 508A or 508(2) of the *Local Government Act 1993* (the Act).

Shoalhaven City Council applied for a special variation in 2013/14 of 8% to be retained permanently in its rates base. After assessing the council's application, we decided to allow the special variation as requested. We made this decision under section 508(2) of the Act.

1.1 Our decision

We determined that Shoalhaven City Council may permanently increase its general income by 8.0% in 2013/14, including the rate peg of 3.4% that is available to all councils. 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 1.1 lists the conditions attached to it.

Table 1.1 IPART's decision on Shoalhaven City Council's application for a special variation in 2013/14 (%)

Component	Amount
Increase to fund infrastructure renewal	4.6
Rate peg increase	3.4
Total increase	8.0

¹ *Guidelines for the preparation of an application for a special variation to general income*, issued by Division of Local Government, Department of Premier and Cabinet, October 2012. The criteria in the Guidelines have been revised for 2013/14. Councils applying under section 508(2) no longer need to demonstrate adequate community consultation. Instead they need to demonstrate appropriate engagement methods have been used and the community has had opportunity for awareness and input. The council must also consider the community's capacity and willingness to pay. 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, and the purpose of the special variation.

Box 1.1 Conditions attached to the approved special variation for Shoalhaven City Council

IPART's approval of Shoalhaven City Council's application for a special variation in 2013/14 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes of funding the works outlined in the council's application, and listed in Appendix A.
 - ▼ The council reports in its annual report for each year from 2013/14 to 2022/23 on:
 - the program of expenditure that was actually funded by the special variation, and the reasons for any significant differences from the program in Appendix A
 - the outcomes achieved as a result of the actual program of expenditure.
 - ▼ The council reports to the Division of Local Government by 30 November each year on its compliance with these conditions.
-

1.2 What did the council request and why?

Shoalhaven City Council requested a special variation of 8.0%, comprising:

- ▼ a 4.6% increase for infrastructure renewal, particularly roads and footpaths
- ▼ the rate peg of 3.4%.²

The council estimated that a 4.6% increase above the rate peg would generate \$2.35m additional revenue in 2013/14, and \$26.9m over 10 years.³ It intends to use this additional revenue to reduce its infrastructure backlog of \$37m, of which \$23.9m (or 64%) relates to roads, bridges and footpaths.⁴

In particular, the council indicated that it intends to use the additional revenue to fund its road renewal program. In 2013/14, it will spend:

- ▼ \$1.85m on road resealing, and
- ▼ \$0.5m on footpath renewal.⁵

It will continue to fund the road renewal program to 2022/23. However, beyond 2013/14, it may use some of the additional revenue generated by the special variation to renew other assets such as public buildings, sporting fields and public amenities as identified in its Asset Management Plan.⁶ The council's proposed program of expenditure is set out in Appendix A.

² Shoalhaven City Council, *Section 508(2) Special Variation Application 2013/14 – Part A* (Shoalhaven Application Part A), Worksheet 1.

³ Shoalhaven Application Part A, Worksheet 6.

⁴ Shoalhaven City Council, *Annual Financial Statements, year ended 30 June 2012, Special Schedule 7*, p 19. The LGA has a road network of around 1,637 km. Much of it was originally built on swamps, so heavy rain can cause considerable damage.

⁵ Shoalhaven Application Part A, Worksheet 6.

⁶ Email correspondence dated 26 April 2013.

1.3 How did we reach our decision?

We assessed the application against criteria in the Guidelines, under the transitional arrangements. These arrangements give us the discretion for 2013/14 to award a single-year variation where we assess that the council has met the general principles of the criteria even though the evidence is not necessarily contained within its latest available Integrated Planning and Reporting (IP&R) documentation.⁷ We also considered a range of comparative data about the council, set out in Appendix B.

We found that the application met the criteria as they are to be applied under the transitional arrangements. In particular, the council:

1. demonstrated a need for the additional revenue for infrastructure renewal, particularly road-related assets renewal
2. provided evidence that the community is aware of the need for and extent of the proposed rate rise, and the council has engaged with the community
3. showed that the impact of the proposed rate rise on affected ratepayers is reasonable, and the council has a pensioner and hardship policy to deal with ratepayers under financial stress
4. made realistic assumptions concerning its projected service delivery and budget
5. achieved productivity savings in past years, and plans to realise additional savings over the proposed special variation period.

The council is currently reviewing its IP&R documents with the aim of finalising them by 30 June 2013.⁸

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

⁷ These arrangements were included in the Guidelines because, in light of the 2012 local government elections and the requirement for councils to review their IP&R documents and update key plans and programs by 30 June 2013, it was recognised that the revised Guidelines and application timing may create a difficulty for councils who wish to apply but have not yet formally adopted their updated plans and programs.

⁸ Shoalhaven City Council, *Section 508(2) Special Variation Application 2013/14 – Part B* (Shoalhaven Application Part B), p 6.

Table 1.2 Summary of IPART’s assessment of the criteria in the Guidelines under the transitional arrangements

Criterion	IPART findings
<p>1. Need for and purpose of special variation must be clearly identified. Evidence could include community need/desire for service levels/project and limited council resourcing alternatives, and the council’s financial sustainability assessment conducted by the NSW Treasury Corporation (TCorp).</p>	<p>The need to prioritise infrastructure renewal, particularly for roads, is identified in the current Community Strategic Plan (CSP) and Long Term Financial Plan (LTFP):</p> <ul style="list-style-type: none"> ▼ the council has an annual maintenance funding gap and increasing infrastructure backlogs ▼ it will use borrowings and the special variation to address its roads renewals backlog and improve its asset renewals ratio ▼ the LTFP forecasts ongoing operating deficits to 2021/22 which would make it difficult to address the backlog without the special variation. <p>TCorp assessed the council’s financial position as sound, but noted that its forecast liquidity position was weak, especially after 2015. It also noted an upward trend in the council’s infrastructure backlog, particularly for roads.</p>
<p>2. Evidence that community is aware of need for and extent of proposed rate rise must be provided. An appropriate variety of engagement methods should have been used to ensure opportunity for community awareness/input, and alternatives to a rate rise should have been canvassed. The impact of the rise on the community, and the council’s consideration of community capacity and willingness to pay higher rates should be provided.</p>	<p>Extensive press coverage and ratepayer submissions indicate a community aware of the proposed rate rise. The council used a variety of engagement methods:</p> <ul style="list-style-type: none"> ▼ conducting surveys while developing its CSP ▼ releasing a discussion paper on the proposed special variation, circulating it to Community Consultative Bodies, and seeking feedback⁹ ▼ extensive media publicity and debate. <p>Sections of the community expressed concern to the council and to us about affordability, council efficiency and the consultation process. The council considered the community’s capacity and willingness to pay. On balance, we consider the consultation commensurate with the relatively modest increase proposed.</p>
<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 proposed rate increases must be affordable, having regard to the local community’s capacity to pay.</p>	<p>The special variation will have a reasonable impact on ratepayers given that:</p> <ul style="list-style-type: none"> ▼ The council’s average rates are lower than those of most surrounding councils, its average residential and business rates are lower than the Group 5 averages, and its farmland rates are similar to the Group 5 average. ▼ While the LGA has a low SEIFA ranking (63) and below average income levels, the council has a pensioner rebate and hardship policy to assist ratepayers facing difficulties. ▼ 34% of properties in the LGA are held as investment properties/holiday homes, suggesting that their owners have capacity to pay.
<p>4. Latest available Delivery Program and LTFP must show evidence of realistic assumptions.</p>	<p>The council’s assumptions related to the rate peg, the growth in labour and non-labour costs are realistic in the context of the council’s LTFP.</p>

⁹ Supporting Document, Attachment 1, *Discussion Paper – Application for a Special General Rates Increase by 8% in 2013-14*.

Criterion	IPART findings
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 has reported productivity and cost savings for various council activities. ¹⁰ It is targeting savings of \$660,000 in 2013/14 and \$1m per annum from 2014/15. The new council has increased its total operational savings target to \$6.5m and has commenced an organisational restructure to reduce senior/middle management positions from 6 Directors to 4 and 28 Section Heads to 18. ¹¹
6. Other relevant matters.	None.

1.3.1 Need for and purpose of the special variation

The council's application demonstrates the need for the special variation to fund its infrastructure renewals program, particularly for road-related asset renewals. Its draft CSP has a strong emphasis on the renewal of assets. Its current Asset Management Plans (AMP) and LTFP show the need for additional revenue from a special variation to address funding for asset renewals.¹²

Its current LTFP forecasts ongoing operating deficits to 2021/22. Even with the special variation revenue, it expects to have operating deficits of 6% to 8% of operating income for the next 10 years. This indicates that the council does not have surplus funds to undertake asset renewals. It is targeting a 5% reduction in its operating expenditure over the next 3 years to address these deficits, and improve its financial sustainability in the medium to long term.¹³

At present, the council's annual financial statements show there is a \$4m gap between its required and current annual maintenance spending for roads. Further, it has a road-related asset backlog of \$23.9m.¹⁴

It proposes to use the additional special variation revenue to fund its roads renewals program. It will also use borrowings in 2013/14 and in future years to accelerate its spending on infrastructure assets, particularly roads.¹⁵

¹⁰ Shoalhaven City Council, *Annual Report 2010 - 11*, p 199.

¹¹ Shoalhaven Application Part B, p 24.

¹² Shoalhaven Application Part B, p 6.

¹³ Supporting Document, Attachment 12, *Resourcing Strategy*, p 22 and Shoalhaven Application Part B, p 24.

¹⁴ Shoalhaven City Council, *Annual Financial Statements, year ended 30 June 2012, Special Schedule 7*, p 18.

¹⁵ Shoalhaven Application Part B, pp 10-12. In 2012, TCorp assessed the council as having the financial capacity to service a \$2m loan for additional roadwork under the Local Infrastructure Renewal Scheme.

The additional revenue will enable the council to eliminate its roads backlog by 2024, and improve its asset renewals ratio (from 47% to 55%, on average, by 2021/22).¹⁶

TCorp's assessment of the council's financial sustainability supports the need for the special variation. TCorp noted that the council has growing infrastructure backlogs, particularly for roads. It assessed the council's current financial position as 'sound', but its outlook as 'negative', mainly because the council is projecting a weak liquidity position. TCorp observed that the council may have difficulty meeting its day-to-day expenses after 2015.¹⁷

1.3.2 Community awareness and engagement

The council's application provided evidence that it took steps to make the community aware of the need for and extent of the special variation, and give it opportunities for providing feedback on the proposed special variation. In particular, it:

- ▼ Conducted community surveys including an Infrastructure Survey, while developing its Community Strategic Plan.
- ▼ Released a Discussion Paper which outlined the purpose and extent of the proposed special variation and invited the community to respond. It posted the paper on its website and provided hardcopies at prominent locations in the LGA. It also circulated it to 23 Community Consultative Bodies. It then met with executive members of these bodies (30 attendees) to provide information on the special variation and how it would use the additional revenue generated if approved.
- ▼ Provided regular media releases which heightened community awareness and local debate.¹⁸

The council acknowledged that it did not hold specific community meetings on the special variation, as this method of consultation had previously been unsuccessful.¹⁹

¹⁶ Shoalhaven City Council, Supporting Document (Supporting Document), Attachment 14, *Special Variation KPIs and IPART calculations*. The industry benchmark for the asset renewals ratio is 100%.

¹⁷ NSW Treasury Corporation (TCorp), *Shoalhaven City Council, Financial Assessment and Benchmarking Report*, 5 October 2012, (TCorp Report), p 4 and TCorp, *Financial Sustainability of the New South Wales Local Government Sector*, p 18.

¹⁸ Shoalhaven Application Part B, pp 15-16.

¹⁹ It stated that only 5-25 people generally attended its 3 public meetings in May each year, held to provide information on its Delivery Program and Operational Plan: Shoalhaven Application Part B, p 15.

Media reports provide evidence of widespread community awareness and engagement in the council's application process, as do the considerable number of public submissions made both to the council and directly to us (discussed below).

The community's response

The findings of the council's 2012 Infrastructure Survey show that the community considers maintenance of its roads and footpaths a high priority. 58% of respondents to the survey were willing to pay an increase in rates to improve the condition of footpaths, and 47% were willing to pay to improve local road conditions. However, the survey did not quantify the level of rate increases that were being proposed.²⁰

The submissions the council received in response to its February 2013 Discussion Paper suggest some support for, and some opposition to, the proposed special variation. Of the 50 submissions received, 16 supported the variation and 34 opposed it. Those opposing it were mostly concerned with its affordability and council's efficiency in program delivery.²¹

The submissions made directly to us raised similar concerns. We received submissions from 12 ratepayers or ratepayer groups opposing the council's application.²² Many of them acknowledged the need to improve roads infrastructure, but identified concerns about:

- ▼ the affordability of the rate increases and the cost of living
- ▼ the council's efficiency – some suggested the council review its organisational structure and work practices before asking for a rate rise
- ▼ the community consultation process undertaken by the council.

Our consideration of concerns about the affordability of the rate increases and the council's consideration of these issues is discussed in section 1.3.3 below. In relation to concerns about the council's efficiency, we considered the comparative data in Appendix B, including productivity and efficiency indicators. While we treat this data with some caution due to the range of activity and differences in data compilation between councils,²³ we found that in general, the council's costs are broadly in line with those of its peers. In particular:

- ▼ its average cost per full time equivalent (FTE) staff is slightly lower than the average for DLG Group 5 (\$80,054 compared with \$81,124), and

²⁰ Supporting Document, *Infrastructure Survey*, p 1.

²¹ Shoalhaven Application Part B, p 17.

²² This includes submissions received by 8 April 2013, the end of the public submission period.

²³ For example, 3 of the 6 councils in DLG Group 5 do not operate water and sewer facilities. Shoalhaven City Council has such facilities. This affects data related to FTE numbers, thus making difficult any comparisons between councils that involve FTEs.

- ▼ its employee costs as a percentage of ordinary expenditure is lower than the average for DLG Group 5 (26% compared with 34.9%), however
- ▼ its ratio of population to FTE staff is lower than the average for DLG Group 5 (125 compared with 164).

The council has indicated that it is currently restructuring to significantly reduce senior and middle management positions, targeting operational savings of \$6.5m over the next 3 years.²⁴ As indicated in section 1.3.1 above, it intends to use these savings to address its forecast operating deficits.

We recognise there is a degree of dissatisfaction about the council's consultation process in the community. The range of engagement methods the council used to provide ratepayers opportunity for feedback was limited. For example, its consultation on the proposed special variation was concentrated in February and early March 2013 and it did not conduct community workshops or hold public meetings.

However, the extent of the consultation was commensurate with the relatively modest increase in rates above the rate peg that was being proposed. We therefore conclude that the evidence presented in the application fulfils the criterion that the council establishes community awareness and engagement on the proposal, and that it considers its impact on the community's capacity and willingness to pay.

1.3.3 Impact on ratepayers

The council's application indicated that the proposed special variation will increase average rates by 8% in 2013/14, resulting in an average increase of \$70 to the average residential rate, \$156 to the average business rate and \$139 to the average farmland rate.

The council considered the impact of these increases on ratepayers. It noted that its current average rates are lower than those of most of the surrounding councils (Kiama, Shellharbour and Wingecarribee).²⁵ In addition, its current average residential and business rates are lower than the DLG Group 5 averages by 15% and 59% respectively, while its average farmland rates are similar to the DLG Group 5 average.²⁶

²⁴ Shoalhaven Application Part B, p 24.

²⁵ Shoalhaven Application Part B, p 20.

²⁶ See Appendix B, Comparative Indicators.

The council specifically considered its community's capacity to pay. It recognises the low socio-economic status of parts of its community. The LGA has a SEIFA ranking of 63 (where 153 is the most advantaged council in NSW) and its average annual income level is below the State average. In addition, 21% of its property owners claim the pensioner rebate.²⁷

However, the council provides assistance to eligible pensioners and ratepayers facing financial difficulty. Its Pensioner Rates Policy allows for no debt recovery action against pensioners unable to pay rates and for accumulation of outstanding rates as a debt against the property. Its Hardship Policy allows for an extended interest-free period to pay outstanding rates for those facing financial hardship.²⁸

Overall, we concluded that given the purpose of the variation, the council's current rate levels and the assistance available to ratepayers under the council's pensioner and hardship policies, the council's proposed rate increases are reasonable.

1.4 What does our decision mean for the council?

Our decision means that Shoalhaven City Council can permanently increase its general income by an estimated \$4.1m (including the rate peg) in 2013/14.²⁹ After this year, its general income will increase by the annual rate peg, unless we approve further special variations.³⁰

Table 1.3 Impact of approved special variation on Shoalhaven City Council's income in 2013/14

Adjusted notional general income 2012/13 (\$)	Annual increase in general income (%)	Annual increase in general income (\$)	Permissible general income 2013/14 (\$) ^a
51,087,763	8.0	4,087,021	55,166,295

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. Here, in addition to the previous year's general income, it includes the rate peg increase (\$1,736,984), the additional special variation increase (\$2,350,037) and a deduction for an excess amount (\$8,489).

Source: Shoalhaven Application Part A, Worksheet 1.

²⁷ Shoalhaven Application Part B, p 21. The council also noted that 34% of properties in the LGA are held either as investment properties or holiday homes, suggesting that their owners have capacity to pay. While we accept this inference, we think it more important to focus on the LGA's residents when considering capacity and willingness to pay.

²⁸ The council's pensioner and hardship policy may be one reason its outstanding rates ratio of 6.7% is higher than the Group average of 5.4% (see Appendix B).

²⁹ Shoalhaven Application Part A, Worksheet 1.

³⁰ The actual general income in future years will be influenced by factors such as the number of rateable properties, adjustments for previous under-collection or over-collection of rates made by councils and the expiry of any temporary special variations. The DLG is responsible for monitoring and ensuring compliance.

1.5 What does our decision mean for ratepayers?

The council's application indicated that it intends to apply the 8% special variation increase in 2013/14 uniformly across its residential, business and farmland rates categories and sub-categories. If it does so:

- ▼ average residential rates will increase by \$70
- ▼ average business rates will increase by \$156
- ▼ average farmland rates will increase by \$139.³¹

The council does not have minimum rates.³²

Table 1.4 sets out the proposed rate increase for all ratepayer categories, as outlined in the council's application. The actual impact on rates is a matter for the council to decide, consistent with our determination.

Table 1.4 Shoalhaven City Council's requested rate increases in 2013/14

	Average rate 2012/13 (\$) ^a	Requested Increase (\$)	Requested increase (%)	Average rate 2013/14 (\$)
Average residential rates				
Residential	880	70	8.0	950
Residential Non-Urban	54	4	8.0	58
Average business rates				
Business Nowra	4,653	372	8.0	5,025
Business Permit	31	3	8.0	34
Business Ulladulla	2,696	216	8.0	2,912
Business	1,506	120	8.0	1,626
Average farmland rates				
Farmland Dairy Farmers	1,370	110	8.0	1,479
Farmland	1,790	143	8.0	1,933

^a 2012/13 is included for comparative purposes.

Note: Numbers may not add due to rounding.

Source: Shoalhaven Application Part A.

³¹ Shoalhaven Application Part A, Worksheet 5, and IPART calculations.

³² Shoalhaven Application Part B, p 19.

A Shoalhaven City Council – Proposed Program of Expenditure

The following table outlines the council’s indicative program of expenditure. The program may be re-prioritised as projects proceed over the period. The council will report annually on the actual expenditure against the program in its Annual Report.

Table A.1 Shoalhaven City Council's Program of Expenditure 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	Sum of 10 years
Roads Renewal Projects											
Currarong Road	0.62	-	-	-	-	-	-	-	-	-	0.62
Jindy Andy Lane	0.36	-	-	-	-	-	-	-	-	-	0.36
Quinns Lane	0.51	-	-	-	-	-	-	-	-	-	0.51
Lake Conjola Entrance Road	0.20	-	-	-	-	-	-	-	-	-	0.20
Orsova Parade	0.15	-	-	-	-	-	-	-	-	-	0.15
Projects from Renewal Strategy	-	1.91	1.96	2.02	2.08	2.14	2.21	2.28	2.34	2.41	19.36
Path Renewal projects											
Berry St Nowra	0.21	-	-	-	-	-	-	-	-	-	0.21
Projects From Renewal Strategy	-	0.22	0.22	0.23	0.24	0.24	0.25	0.26	0.27	0.27	2.20
New projects/services											
Woolamia Rd shared pathway	0.20	-	-	-	-	-	-	-	-	-	0.20
Princes Hwy shared pathway	0.09	-	-	-	-	-	-	-	-	-	0.90
Projects from Pathways strategy	-	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	3.03
Sum of total spending	2.35	2.42	2.49	2.57	2.64	2.72	2.81	2.89	2.98	3.07	26.94

Note: Numbers may not add due to rounding.

Source: Shoalhaven Application Part A, Worksheet 6. Figures rounded to the nearest \$1,000.

B Comparative indicators

Table B.1 Selected comparative indicators for Shoalhaven City Council, 2011/12

	Shoalhaven City Council	DLG Group 5 average ^a	NSW average
General profile indicators			
Area (km ²)	4,541	-	-
Population	96,043	-	-
General Fund expenditure from continuing operations (\$m)	176.3	-	-
General Fund operating revenue per capita (\$)	1,741	1,231	2,011
Rates revenue as % total General Fund revenue (%)	34.5	49.1	45.7
Average rate indicators^b			
Average rate – residential (\$)	779	919	685
Average rate – business (\$)	1,873	4,530	2,552
Average rate – farmland (\$)	1,674	1,662	2,123
Socio-economic/capacity to pay indicators^c			
Average annual income for individuals, 2010 (\$)	37,827	42,258	44,140
Growth in average annual income, 2006-2010 (% pa)	3.0	3.4	3.0
Ratio of average residential rates 2011/12, to average annual income, 2010 (%)	2.1	2.2	1.6
SEIFA, 2011 (NSW rank; 153 least disadvantaged)	63		
Outstanding rates and annual charges ratio (incl water and sewerage charges) (%)	6.7	5.4	7.0
Productivity indicators^d			
FTE staff (number)	771	795	293
Ratio of population to FTE	125	164	126
Average cost per FTE (\$)	80,054	81,124	74,438
Employee costs as % ordinary expenditure – General Fund only (%)	26.0	34.9	36.8
Consultancy/contractor expenses (\$m)	31.7	25.6	6.9
Consultancy/contractor expenses as % ordinary expenditure (%)	17.7	13.2	9.3

^a DLG Group 5 is a category of Urban Large to Very Large Regional Town or City councils with a population greater than 70,000. This group comprises 8 councils including Wollongong, Tweed and Lake Macquarie.

^b Average rate levels equal total rates revenue collected from 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. Shoalhaven has water and sewerage operations. 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.

