



Independent Pricing and Regulatory Tribunal

Wakool Shire 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:

Adrienne Bailey (02) 9113 7754

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.

Wakool Shire Council applied for a special variation in 2015-16 of 7.0%, to remain permanently in the rate base.² We have assessed the council's application, and decided to allow the special variation as requested. We made this decision under section 508(2) of the Act.

Box 1.1 The 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.

Our decision enables the council to help restore existing service levels on two programs (local road network program and maintenance of infrastructure in towns and villages) that were suspended by the council following the freeze to indexation of Local Government Financial Assistance Grants (FAG) announced by the Commonwealth Government in May 2014.

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 Wakool Shire Council, *Special Variation Application – Part A, 2015-16* (Wakool Council, *Application Part A*), Worksheet 4.

1.1 Our decision

We determined that Wakool Shire Council may increase its general income in 2015-16 by 7.0%, including the rate peg of 2.4% that is available to all councils. The special variation can be retained in the council's general income base permanently.

We have attached conditions to this decision, including that the council uses the income raised from the special variation for 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 Wakool Shire Council's application for a special variation in 2015-16

Component	%
Restore service levels – maintenance in towns and villages, and maintenance and renewals of the urban and rural road networks	4.6
Rate peg	2.4
Total increase	7.0

Box 1.2 Conditions attached to Wakool Shire Council's approved special variation

IPART's approval of Wakool Shire 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 of restoring existing service levels in the local road network program and infrastructure in towns and villages as 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 2024-25 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.
 - ▼ The council reports in its financial statements (currently in Special Schedule 9) each year from 2015-16 to 2024-25 on its compliance with the special variation and these conditions.
-

2 What did the council request and why?

Wakool Shire Council requested a special variation of 7.0% in 2015-16, consisting of:

- ▼ a 4.6% increase to maintain existing services, and
- ▼ the rate peg of 2.4%.³

The proposed increase responds to the decision of the Commonwealth in May 2014 to freeze indexation of Local Government Financial Assistance Grants (FAG), for the next three years. The council calculated that, as a result, it would lose \$2.2 million revenue over the next 10 years.

The additional revenue above the rate peg from the special variation will be used to restore existing service levels in programs that were suspended in response to the reduced grant funding. The programs frozen were:

- ▼ rural road network maintenance, vegetation control, gravel resheets and bitumen reseals, and
- ▼ maintenance of parks, gardens and recreation reserves, street resealing, and footpath, kerb and gutter renewal in towns and villages.⁴

Under the proposed special variation, the council's permissible general income would increase from \$4.03 million in 2014-15 to \$4.32 million in 2015-16. The council applied to permanently incorporate this increase into its general income base.

The council estimates that its requested increase of 4.6% above the rate peg would generate \$185,538 in additional revenue in 2015-16 and \$2.13 million over 10 years. Over the next 10 years, the council plans to use this special variation revenue, and to draw \$0.34 million from reserves, to restore expenditure levels in the two programs that were frozen.⁵ It proposes to spend an additional \$1.70 million to maintain existing service levels, and an extra \$0.76 million in capital expenditure on rural and urban roads.⁶

More detail on the council's proposed program of expenditure to 2024-25 is provided in Appendix A.

³ Wakool Council, *Application Part A*, Worksheet 4 and Wakool Shire Council, *Special Variation Application – Part B, 2015-16* (Wakool Council, *Application Part B*), p 4.

⁴ Wakool Council, *Application Part B*, p 4.

⁵ The council has been building up its cash reserves in recent years and is planning to use this cash to fund the capital works program in the LTFF: Wakool Council, *Long Term Financial Plan 2014-2024*, Wakool Council, *Application Part B, Attachment 3*, p 26.

⁶ Wakool Council, *Application Part A*, Worksheet 6.

3 How did we reach our decision?

We assessed Wakool Shire Council's application against the criteria in the Guidelines. In making our assessment we also considered the council's most recent IP&R documents, which support its application, as well as a range of comparative data about the council, set out in Appendix B.⁷

Wakool Shire Council has applied on the basis of its adopted IP&R documents, in particular *Vision 2023, community strategic plan (CSP)*, the *Combined Delivery Program 2013-2017 and Operational Plan 2014-15 (Delivery Program)* and *Long Term Financial Plan 2014-2024 (LTFP)*.

The rate increase for which the council has applied is modest, and we carefully considered, among other things, the council's need for the increase, its consideration of the community's priorities and capacity and willingness to pay, and the impact of the rate increase on ratepayers. We note that the council applied for a 1-year increase after considering feedback from the community about options for increases over two or three years.

We found that Wakool Shire Council's application met the criteria. In particular, we found that:

1. The need for the special variation is clearly articulated in the council's IP&R documents. It relates directly to the impact on revenue of the freeze to indexation of the council's Financial Assistance Grants, which resulted in the council stopping two programs. The additional revenue will help restore existing service levels for the rural road network and infrastructure maintenance in towns and villages to levels, consistent with community needs and preferences, which were established in the council's IP&R processes.
2. The council used an appropriate range of strategies to engage with the community and seek feedback about the proposed special variation. The council consulted on increases over between one and three years.
3. The impact of the proposed rate rises on most ratepayers is modest and reasonable given the purpose of the special variation, and the council has taken into account ratepayers' willingness and capacity to pay when determining to apply for a 1-year special variation only. For larger farmland ratepayers the increases, though significant, are considered reasonable.
4. The council provided evidence that the relevant IP&R documents have been exhibited and adopted.

⁷ See Appendix B. Wakool Shire Council is in OLG Group 9, which is classified Rural Medium Agricultural (population 2,001-5,000) or Remote (population 1,001-3,000). The group comprises 21 councils, including the neighbouring Balranald, Hay and Murrumbidgee shire councils, and also the shire councils of Carrathool, Coolamon, Gilgandra and Lockhart.

5. Although cost savings have not been quantified, the council's application indicates that it has implemented measures to reduce expenses, and is conducting an operational review to identify more.

Table 3.1 summarises our assessment against the criteria. Section 3.1 discusses our findings against criterion 3 in more detail.

Table 3.1 Summary of IPART's assessment of Wakool Shire 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>	<p>The special variation (SV) will offset most of the revenue to be lost (\$2.2m over 10 years) as a result of freeze in indexation of Commonwealth Financial Assistance Grants (FAG). Revenue from the SV will help restore service levels by resuming programs for maintenance and renewal of the local urban and rural road network, and maintenance of infrastructure in towns and villages.</p> <p>IP&R processes and documents establish the need, and set out agreed service levels, eg for roads. The LTFP models three SV options for delivering community preferences.</p> <p>TCorp observed in 2012 that the council's financial position was 'Weak' and outlook 'Negative', and that current service levels could not be maintained, particularly for unsealed roads and bridges. A limited rates base and own-source income, and volatile revenue streams (eg, Roads & Maritime Services fees and water charges) preclude alternative options for meeting operating expenditure, and also borrowing.</p> <p>Of itself the SV will not significantly change the council's longer term financial sustainability, although it will slightly improve the operating balance ratio (before capital) from an average of -3.6% to -3.0% over the next 10 years.</p>
<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>The council demonstrated that it had made the community aware of the need for, and the extent of, the rate increase, during consultation in late 2014 on SV options over up to three years (7%, 14% or 20%). Considering the council's size and resources, community engagement was appropriate, and provided sufficient opportunities for feedback. Strategies were:</p> <ul style="list-style-type: none"> ▼ print and radio coverage, and five community meetings, each with a comprehensive presentation and Q&A ▼ providing indicative rate impacts at meetings and in the media, with property-specific calculations available on the council's website. <p>Feedback at meetings indicated 76% opposed any increase, and 23% supported a 1-year increase.</p>

Criterion	IPART findings
	Two submissions to the council opposed a SV, as did 13 submissions to IPART, most from farmland ratepayers. Major concerns were affordability given recent economic conditions, and council's failure to cut its costs and to heed community views about the SV.
<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>Overall, we consider the impacts for residential and business ratepayers to be reasonable. Even though average rates are above the Group 9 averages, the increase of 4.6% above the rate peg is modest. A SEIFA of 82 and a relatively low unemployment rate indicate a capacity to pay.</p> <p>Affordability for farmland ratepayers is harder to assess. While the average farmland rate will increase by \$215, for almost 90% of ratepayers, the increase will be less than \$350. We consider this to be reasonable, although we note that for the small number of agricultural businesses with high land values, the impact is much greater.</p> <p>In deciding to seek only a 1-year SV, the council took into account capacity and willingness to pay higher rates. We note that more than half of the SV revenue will be directed to rural roads, on which farmland ratepayers increasingly depend to accommodate higher mass vehicles.</p>
<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>	<p>The council adopted:</p> <ul style="list-style-type: none"> ▼ a revised CSP in June 2014 ▼ the <i>Delivery Program 2013-17 and Operational Plan 2014-2015</i> containing the SV in June 2014, and ▼ a revised LTFP with all SV options in January 2015.
<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>The council indicated only a few initiatives, and no savings are quantified. However, the council:</p> <ul style="list-style-type: none"> ▼ is conducting an operational review to identify operational savings and productivity improvements ▼ reduced councillor and mayoral fees after the FAG freeze ▼ delivers a bridge construction model in-house to achieve significant savings and keeps retains employment locally. <p>Wakool's performance indicators are comparable with those of similar councils in Group 9 (see Appendix B).</p>

Note: SEIFA is the Socio-Economic Indexes for Areas: refer to Appendix B, Table B.2.

Sources: Wakool Council, *Application Part A and Application Part B*; OLG, Unpublished data; NSW Treasury Corporation (TCorp), *Wakool Shire Council Financial Assessment, Sustainability and Benchmarking Report*, March 2013; Wakool Shire Council, *Combined Delivery Program 2013-2017 and Operational Plan 2014-15*, and Wakool Shire Council, *Long Term Financial Plan 2014-2024*.

3.1 Reasonable impact on ratepayers

The council proposes to apply the requested 1-year 7% increase uniformly across all ratepayers. The increase is modest: \$40 for the average residential rate and \$62 for the average business rate. For the majority of assessments in these categories that pay the minimum rate, the increase is even lower: \$28 for the minimum urban residential rate, \$36 for the minimum rural residential rate, and \$30 for the minimum business rate.⁸

Despite the average residential and business rates being above the averages for Group 9 (see Table B.2), the dollar increases should be affordable, particularly for those on the minimum rate. A SEIFA ranking of 82 and a relatively low unemployment rate indicate a capacity to pay. The Outstanding Rates Ratio is slightly above the Group 9 average.⁹ Overall, we consider the impacts for these ratepayers to be reasonable, given the need for, and proposed use of, the special variation.

Only 12% of farmland ratepayers will have, on average, an increase greater than \$350. The council proposes that the average farmland rate will rise by \$215. For the 8% of farmland ratepayers on the minimum rate, the increase will be \$37.¹⁰

Affordability for farmland ratepayers is harder to assess, as the economic indicators IPART usually considers do not readily apply. Assessing reasonableness for farm businesses, particularly large properties, should take into consideration that land value is a measure of capacity to produce income.

The council decided to seek a 1-year SV after consulting on other options involving increases of 14% and 20% for two or three years. The decision reflected, among other considerations, the community's capacity and willingness to pay for an increase above the rate peg. We note that 55% of the expenditure will be directed to maintenance and renewals of rural roads, which will support agricultural businesses by accommodating larger freight vehicles, and benefit the rural community generally.

We note that the council has a hardship policy in place, which it considers appropriately addresses any potential impact of the SV on ratepayers.

⁸ See Section 5 and Table 5.1 below.

⁹ The Outstanding Rates Ratio for the General Fund in 2012-13 was 11.5%, which was only slightly above the average of 10.5% for the 21 Group 9 councils across NSW: OLG, *Individual Council Reports 2012/13, Wakool*, <http://www.olg.nsw.gov.au/sites/default/files/feeds/Wakool.pdf>. The ratio in Table B.2 is based on unaudited data. In 2013-14, the ratio for the General Fund was 6.94%: Wakool, *Financial Statements 2014*, p 54.

¹⁰ Wakool Council, *Application Part A*, Worksheets 3, 5a and 5b and IPART calculations.

4 What does our decision mean for the council?

Our decision means that Wakool Shire Council may increase its general income in 2015-16 by an estimated \$282,341, as indicated in Table 4.1.¹¹ This increase will be permanently incorporated into the council's revenue base. After 2015-16, the council's general income will increase by the annual rate peg unless we approve further special variations.¹²

Table 4.1 Permissible general income of Wakool Shire 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 (\$)
4,033,441	7.0	282,341	-667	4,315,115

^a An excess of \$667 in the previous year is to be deducted from the general income in 2015-16.

Source: Wakool Council, *Application Part A*, Worksheets 1 and 4 and IPART calculations.

The extra income is the amount the council requested to allocate additional operating and capital expenditure to maintain service levels at acceptable standards in the two programs that were frozen as a result of the freeze to indexation of Commonwealth FAGs, and so enhance its financial sustainability.

5 What does our decision mean for ratepayers?

We set the allowable increase in general income, but it is a matter for each individual council to determine how it allocates any increase across different categories of ratepayer, consistent with our determination.

The rating structure is relatively complex, with minimum rates in all categories:

- ▼ urban and rural subcategories of residential rates (1647 assessments)
- ▼ a business (general) category (246 assessments) and 10 subcategories (24 assessments), and
- ▼ dryland and irrigable land farmland categories (216 and 704 assessments respectively), and intensive feedlots (3 assessments).

¹¹ Wakool Council, *Application Part A*, Worksheets 1 and 4.

¹² General income in future years cannot be determined with precision, as it will be influenced by several factors apart from the rate peg. These factors include changes in the number of rateable properties and adjustments for previous under- or over-collection of rates. The Office of Local Government is responsible for monitoring and ensuring compliance.

In its application, Wakool Shire Council indicated that it intended to apply an increase of approximately 7.00% across all rate categories and subcategories. Table 5.1 sets out indicative increases in the main rating categories and subcategories for 2015-16, based on the council's application.¹³

For residential ratepayers, the council has calculated that:

- ▼ the average residential rate will increase by 7.08%, or \$40
- ▼ the urban residential minimum rate (79% of the subcategory's assessments) will increase by 7.00%, or \$28, and
- ▼ the rural residential minimum rate (63% of assessments) will increase by 7.06%, or \$36.

For business ratepayers, the average increase will be 6.70%, or \$62, although:

- ▼ the business (general) minimum rate (62% of assessments) will increase by 7.14%, or \$30, and
- ▼ the average rate in the 10 other business subcategories will increase by 6.98%, or between \$42 and \$647.

Farmland ratepayers will provide most (71%) of the revenue from the special variation, consistent with their overall contribution to rate revenue.¹⁴ In this category:

- ▼ the minimum rate (8% of assessments) will increase by 7.09%, or \$37
- ▼ the average rate will increase by 6.92%, or \$215, and
- ▼ the average rate for the three intensive feedlots will increase by 6.98%, or \$711.

Some 88% of farmland assessments will increase, on average, by less than \$350 in 2015-16.¹⁵

¹³ Wakool Council, *Application Part A*, Worksheet 3 and Worksheet 5a, and IPART calculations.

¹⁴ Residential ratepayers will contribute 23% of the increased revenue, and business ratepayers 6%: Wakool Council, *Application Part A*, Worksheet 3 and IPART calculations.

¹⁵ Wakool Council, *Application Part A*, Worksheet 5a and IPART calculations.

Table 5.1 Indicative increases in average and minimum rates under Wakool Shire Council's approved special variation for 2015-16

Category ^a	Number of assessments	Rate 2014-15 (\$)	Increase (\$)	Increase (%)	Rate 2015-16 (\$)
Average rates^a					
Residential	1,647	561	40	7.08	601
Business	270	926	62	6.70	988
Farmland ^b	923	3,104	215	6.92	3,319
Minimum rates					
Urban residential	832	400	28	7.00	428
Rural residential	370	510	36	7.06	546
Business (general)	153	420	30	7.14	450
Farmland	75	522	37	7.09	559

a The average rate in each category is the total ordinary rates revenue divided by the number of assessments, rounded to the nearest dollar.

b For 3 rate assessments in the Intensive feedlots subcategory, the average increase will be \$711.

Source: Wakool Council, *Application Part A*, Worksheet 3 and Worksheet 5a, and IPART calculations.



Appendices

A Expenditure to be funded from the special variation

Table A.1 and Table A.2 show Wakool Shire Council's proposed expenditure of the special variation funds over the next 10 years.

The council will use the additional special variation revenue above the rate peg, of \$2.13 million over 10 years to 2024-25, supplemented by drawing down on its cash reserves (\$0.34 million),¹⁶ to fund:

- ▼ a program of maintenance for parks and reserves, and other public infrastructure and facilities in towns and villages (\$0.71 million)
- ▼ a program of maintenance for urban roads and rural roads and bridges (\$0.99 million), and
- ▼ renewals to the local rural and urban road networks (\$0.76 million).¹⁷

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.

¹⁶ The council has been building up its cash reserves in recent years and is planning to use this cash to fund the capital works program in the LTFF: Wakool Council, *Long Term Financial Plan 2014-2024*, Wakool Council, *Application Part B, Attachment 3*, p 26.

¹⁷ Wakool Council, *Application Part A*, Worksheet 6.

Table A.1 Wakool Shire Council – Income and proposed expenditure over 10 years related to the special variation (\$000)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Special variation income above rate peg	186	191	197	203	209	215	222	228	235	242	2,127
Transfers to (from) reserves	49	-38	-39	-40	-41	-43	-44	-45	-47	-48	336
Funding for increased operating expenditures	101	158	162	167	172	177	183	188	194	200	1,702
Funding to reduce operating deficits or (increase surpluses)											
Funding for capital expenditure	36	71	74	76	78	80	83	85	88	90	761
Total expenditure	137	229	236	243	250	258	265	273	282	290	2,463

Note: Numbers may not add due to rounding.

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

Table A.2 Wakool Shire Council – Proposed 10-year expenditure program related to the special variation (\$000)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Asset maintenance											
Rural roads and bridges maintenance	39	71	73	75	77	80	82	85	87	90	759
Urban roads maintenance	14	21	22	23	23	24	25	25	26	27	230
Parks, gardens and recreation reserves maintenance	13	17	18	18	19	19	20	21	21	22	189
Towns & villages maintenance ^a	35	48	50	51	53	54	56	58	59	61	525
Total asset maintenance	101	158	162	167	172	177	183	188	194	200	1,702
Asset Renewals											
Rural Road - Reseals & Gravel Resheets Renewals	28	56	57	59	61	63	65	67	69	71	595
Urban Roads - Reseals, Footpath, Kerb & Gutter Renewals	8	16	16	17	17	18	18	19	19	20	166
Total asset renewals	36	71	74	76	78	80	83	85	88	90	761
Total Expenditure	137	229	236	243	250	258	265	273	282	290	2,463

^a Allocated to street and gutter cleaning, stormwater drainage maintenance, town litter collection, footpaths, kerb and gutter maintenance, tree maintenance, public toilets and street light installations.

Note: Numbers may not add due to rounding.

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

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 Wakool Shire Council have changed over the four years to 2012-13.

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

Performance indicator	2009-10	2010-11	2011-12	2012-13	Average change (%)
FTE staff (number)	63	66	69	72	4.6
Ratio of population to FTE	70	67	59	57	-6.9
Average cost per FTE (\$)	56,333	60,182	60,058	61,653	3.1
Employee costs as % operating expenditure (General Fund only) (%)	24.0	23.0	23.2	24.8	
Consultancy/contractor expenses (\$m)	0.8	2.0	1.7	3.1	56.9
Consultancy/contractor expenses as % operating expenditure (%)	5.3	11.3	9.8	16.1	

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.

Although staff numbers were reduced by eight following an organisational review in 2006-07, grants received under the Federal Government's Auslink program for road and bridge construction (grants of \$13.38 million and total project costs of \$20.55 million) required the workforce to be gradually rebuilt. In 2012-13, five additional positions were filled, either on a temporary or permanent basis. Increased consultancy/contractor expenses in 2012-13 reflect contractors being used for flood damage reconstruction worth about \$1.86 million.¹⁸

General comparative indicators

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

¹⁸ Email to IPART, Peter Arthur, Director Corporate Services, Wakool Shire Council, 2 April 2015.

As noted in section 3, Wakool Shire Council is in OLG Group 9. Unless specified otherwise, the data refers to the 2012-13 financial year.

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

	Wakool Shire Council	OLG Group 9 average	NSW average
General profile			
Area (km ²)	7,378		
Population	4,033		
General Fund operating expenditure (\$m)	15.5		
General Fund operating revenue per capita (\$)	3,987	3,801	2,026
Rates revenue as % General Fund income (%)	24.7	19.5	46.8
Own-source revenue ratio (%)	40.8	46.0	71.1
Average rate indicators^a			
Average rate – residential (\$)	487	358	712
Average rate – business (\$)	859	694	2,688
Average rate – farmland (\$)	2,900	2,408	2,194
Socio-economic/capacity to pay indicators^b			
Average annual income for individuals, 2011 (\$)	34,212	42,271	49,070
Growth in average annual income, 2006-2011 (% pa)	4.0	7.2	5.2
Ratio of average residential rates 2012-13, to average annual income, 2011 (%)	1.4	0.9	1.5
SEIFA, 2011 (NSW rank: 153 is least disadvantaged)	82		
Outstanding rates and annual charges ratio (General Fund only) (%)	13.0	8.0	6.0
Productivity (labour input) indicators^c			
FTE staff (number)	72	70	294
Ratio of population to FTE	57	50	127
Average cost per FTE (\$)	61,653	68,526	75,736
Employee costs as % operating expenditure (General Fund only) (%)	24.8	35.3	37.1
Consultancy/contractor expenses (\$m)	3.1	1.4	7.8
Consultancy/contractor expenses as % operating expenditure (%)	16.1	9.9	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.

