



Independent Pricing and Regulatory Tribunal

Willoughby City Council's application for a special variation for 2015-16

under section 508A of *Local Government Act 1993*

Local Government — Determination
May 2015



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ISBN 978-1-925193-88-6

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Contents

1	Determination	4
1.1	Our decision	5
2	What did the council request and why?	6
3	How did we reach our decision?	8
3.1	The need for a special variation	10
4	What does our decision mean for the council?	11
5	What does our decision mean for ratepayers?	12
Appendices		Error! Bookmark not defined.
A	Expenditures to be funded from the special variation above the rate peg	17
B	Comparative indicators	20

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 income from rates. 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 increases in a single year (under section 508(2)) or successive increases for up to seven years (under section 508A).

IPART assesses these applications against criteria in the Guidelines set by the Office of Local Government (OLG).¹ Box 1.1 explains the Guidelines for 2015-16.

Willoughby City Council (Willoughby Council) applied for a multi-year special variation under section 508A. The council requested increases of 6.9% in 2015-16 and 4.6% in 2016-17 and the rate peg thereafter to 2021-22 inclusive. After 2021-22, the council can increase general income by the rate peg only. This is a cumulative 11.8% over two years compared to the assumed rate peg increase of 5.1%. The two increases above the rate peg will remain temporarily in the rate base, for seven years.²

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

Box 1.1 Special Variation Guidelines for 2015-16

IPART assesses applications for special variations using criteria in the *Guidelines for the preparation of an application for a special variation to general income for 2015/2016*, issued by the Office of Local Government.

The Guidelines emphasise the importance of the council's Integrated Planning and Reporting (IP&R) processes and documents to the special variation process. Councils are expected to engage with the community about service levels and funding when preparing their strategic planning documents. The IP&R documents (eg, Delivery Program and Long Term Financial Plan) must contain evidence that supports a council's application for a special variation.

¹ Office of Local Government, *Guidelines for the preparation of an application for a special variation to general income for 2015/2016*, October 2014 (the Guidelines).

² Willoughby City Council, *Special Variation Application - Part A, 2015-16* (Willoughby Council, *Application - Part A*), Worksheet 1.

Our decision helps the council to fund a program of additional capital expenditure worth \$61.6 million over 10 years.³ The capital program will address the infrastructure backlog, which at 30 June 2014 stood at around \$38 million.⁴ The council consulted its community extensively on the special variation and its uses, both in reviewing its Integrated Planning and Reporting (IP&R) documents and in preparing its special variation application.

1.1 Our decision

We determined that Willoughby Council may increase its general income in 2015-16 and 2016-17 by the annual percentages it proposed, as shown in Table 1.1. The annual increases incorporate the rate peg to which the council would otherwise be entitled (2.4% in 2015-16).⁵

After the last year of the special variation (2016-17), the increases above the rate peg will remain in the council's rate base for a further five years before being removed on 30 June 2022.

Table 1.1 IPART's decision on Willoughby City Council's application for a special variation in 2015-16 and 2016-17

	2015-16	2016-17
Percentage increase approved	6.9%	4.6%

Source: Willoughby Council, *Application - Part A*, Worksheet 1.

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. Box 1.2 summarises these conditions.

³ Calculated from the council's consultation brochure *Community Assets*, August 2014, provided in Willoughby City Council, *Special Variation Application Part B*, (Willoughby Council, *Application - Part B*) as Attachment 5c and posted on the IPART website as the first attachment in Attachments 5a to 5i *Community Engagement Materials - Consultation Material*.

⁴ Willoughby Council, *Annual Financial Statements 2013-14*, Special Schedule 7.

⁵ The council has assumed a rate peg of 2.6% in future years.

Box 1.2 Conditions attached to Willoughby City Council's approved special variation

IPART's approval of Willoughby City Council's application for a special variation in 2015-16 and 2016-17 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation to reduce its infrastructure backlog by funding its program of capital expenditure outlined in its application and listed in Appendix A.
 - ▼ The council reports in its annual report for each year from 2015-16 to 2021-22 on:
 - 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, and
 - the outcomes achieved as a result of the actual program of expenditure.
 - ▼ On 1 July 2022, the council is to reduce its general income to what it would have been without the special variation.
 - ▼ The council reports each year from 2015-16 to 2021-22 in its financial statements (currently in Special Schedule 9) on its compliance with the special variation and these conditions.
-

2 What did the council request and why?

Willoughby City Council applied to increase its general income by a cumulative 11.8% over the two-year period from 2015-16 to 2016-17, and to retain the increases in its general income until the end of 2021-22.⁶

The council estimated that if the requested special variation is approved, its permissible general income would increase from \$42.7 million in 2014-15 to \$47.7 million in 2016-17. This would generate additional revenue of \$4.8 million above the rate peg increases over the two years and \$20.4 million over seven years.

The council requested the special variation in order to address its infrastructure backlog. At present, that backlog is \$38 million (Table 2.1).

The unaudited data show that only about two-thirds of the required asset maintenance is being done and the backlog of infrastructure works is at 5% of their replacement cost.

⁶ Willoughby Council, *Application - Part A*, Worksheet 4.

Table 2.1 Willoughby City Council infrastructure backlog and maintenance as at 30 June 2014 (\$000s)

	Cost to bring to satisfactory standard (Backlog) (1)	Gross replacement cost (GRC) (2)	Backlog as % of GRC (3)=(1)/(2)	Required annual maintenance (4)	Actual annual maintenance (5)	Actual/Required (6)=(5)/(4)
Buildings	1,232	291,730	0.4%	3,205	2,927	91%
Roads	7,821	317,011	2.5%	7,952	5,704	72%
Stormwater	20,317	113,191	17.9%	3,863	1,390	36%
Open space/ Recreation assets	8,664	34,483	25.1%	5,498	2,721	49%
Total	38,034	756,415	5.0%	20,518	12,742	62%

Source: Willoughby Council, *Annual Financial Statements 2013-14*, Special Schedule 7.

The council intends to use the additional revenue from the special variation to fund gaps in spending on its key assets – especially buildings, sporting fields, stormwater and parks.⁷

Over the seven years of the special variation, revenue above the rate peg will be \$20.4 million, most of which will be available to fund capital spending.⁸ The major areas of capital spending planned are:

- ▼ \$12.9 million on buildings renewal
- ▼ \$10.5 million on sporting fields renewal
- ▼ \$8.1 million on its stormwater assets, and
- ▼ \$5.6 million on its parks and gardens.⁹

During the seven years of the special variation period, the council expects to spend \$40.3 million on its capital works program and \$61.6 million over 10 years.¹⁰ This expenditure will be funded partly by the special variation; the major part will be funded from reserves.

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

⁷ We would also have expected the council to increase its spending on annual maintenance in the LTFP special variation case, given the shortfalls in column (6) of Table 2.1. The fact of no projected extra maintenance spending must mean that the council’s capital program is expected to reduce its required annual maintenance needs back to the actual maintenance spending planned for the base case of the LTFP.

⁸ The capital spending program will be funded in part by running down reserves so that investment income will be lower over seven years under the special variation. Also, capital spending increases depreciation. Therefore, the net gain in revenue and the net improvement in the operating balance will both be lower than the gross increase in special variation income, as Table A.1 in Appendix A demonstrates.

⁹ Willoughby Council, *Application – Part B*, Attachment 5c *Community Assets*, p 2.

¹⁰ Willoughby Council, *Application – Part A*, Worksheet 6.

3 How did we reach our decision?

We assessed Willoughby Council's application against the criteria in the Guidelines. In making our assessment we also considered the council's most recent IP&R documents, as well as a range of comparative data about the council, set out in Appendix B.¹¹

Willoughby Council has applied on the basis of its adopted IP&R documents, in particular the *Community Strategic Plan*, (adopted May 2013), *Delivery Program 2013-2017*, *Long Term Financial Plan 2013-2025* (both adopted February 2015) and *Asset Management Policy, Improvement Strategy and Plans* (adopted July 2014).

The rate increases for which the council has applied are not large. They are for rises above the rate peg of 4.5% and 2.0% respectively over the next two years. However, we have carefully considered 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 found that the council's application met the criteria. In particular that:

1. The need for the revenue is demonstrated in the council's IP&R documents.
2. The community was made aware of the need for, and extent of, the rate increases, and that the council had considered the community's capacity and willingness to pay the proposed increases.
3. The impact of the proposed rate increases on ratepayers is reasonable, especially given existing rate and income levels relative to neighbouring council areas.
4. The council has exhibited and adopted the relevant IP&R documents.
5. The council reported some cost savings in past years, and has indicated its intention to realise further savings during the period of the special variation.

Table 3.1 summarises our assessment against the criteria.

¹¹ See Appendix B. Willoughby Council is in OLG Group 3, which is classified as 'Metropolitan Developed', population greater than 70,000. The group comprises 17 councils, including neighbouring Ku-ring-gai, Ryde and Warringah. Other relevant neighbours are Manly and North Sydney, in OLG Group 2 only because of their smaller resident populations.

Table 3.1 Summary of IPART’s assessment of Willoughby City Council’s application for a special variation against the Guidelines’ criteria

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 council’s IP&R documents explain the need for, and purpose of, the special variation. They show that the special variation is</p> <ul style="list-style-type: none"> ▼ consistent with community priorities, and ▼ will address the infrastructure backlog. <p>In 2013 TCorp rated the council’s financial position as ‘Moderate’ and outlook as ‘Neutral’. In its 2012 report, TCorp indicated that the council was ‘well managed’ and ‘forward-thinking’. Because it had spent money on new assets, TCorp noted that its existing assets had deteriorated and extra spending was required to bring them up to a satisfactory standard and reduce the asset backlog.</p> <p>Over seven years, the special variation will generate extra revenue of \$20m which will help fund the \$40m planned for capital spending over those years.</p> <p>The council undertook a service review which is expected to cut costs (\$1m a year from 2016-17) and raise revenue from non-rates sources (of up to \$1.8m to \$2.8m a year) as alternatives to a rates rise.</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’s consultation strategy was set out in several brochures, media releases and on its website. The brochure <i>Community Assets</i>, August 2014, indicated both how the special variation would be spent and what this would mean for ratepayers.</p> <p>The council demonstrated that it had made the community aware of the need for, and the extent of, the rate increase using a wide variety of engagement methods.</p> <p>The majority of online self-selecting respondents favoured rate-peg-rises only. But in a representative telephone survey in late 2013, 60.4% of respondents supported a higher special variation than the one for which the council has applied. Other concerns (including those expressed in four direct submissions to us) have been addressed by the council before making its application to us.</p>

Criterion	IPART findings
<p>3. The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The IP&R processes should:</p> <ul style="list-style-type: none"> ▼ clearly show the impact of any rises upon the community ▼ include the council's consideration of the community's capacity and willingness to pay rates and ▼ establish that the proposed rate increases are affordable having regard to the local community's capacity to pay. 	<p>The impact on ratepayers is reasonable given:</p> <ul style="list-style-type: none"> ▼ existing residential rates are below than average of rates in neighbouring LGAs ▼ the average 2012-13 income of residents at \$77,896 is 11% above the average in neighbouring councils, and ▼ the council's outstanding rates ratio is lower than the average of its neighbours. <p>The council considers that the community has the capacity and willingness to pay based on its relatively low relative residential rates, low outstanding rates ratio and feedback from its Citizen Panel.</p> <ul style="list-style-type: none"> ▼ In light of the above, the council considers the modest increases affordable, especially since it has made extra provision for its pensioners and has a hardship policy in place. ▼ Other feedback received by us was minimal, but raised concerns about overspending by council and affordability by residents. <p>We note the council has a SEIFA ranking of 144 out of 153 (153 is least disadvantaged)</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 the CSP in May 2013, its Delivery Program and LTFP in February 2015.</p>
<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>Over the last three years, the council restrained the growth in its operational expenditure per resident to be less than the rate of inflation. It proposed to realise further annual savings of around \$1m from 2016-17 onwards.</p>

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

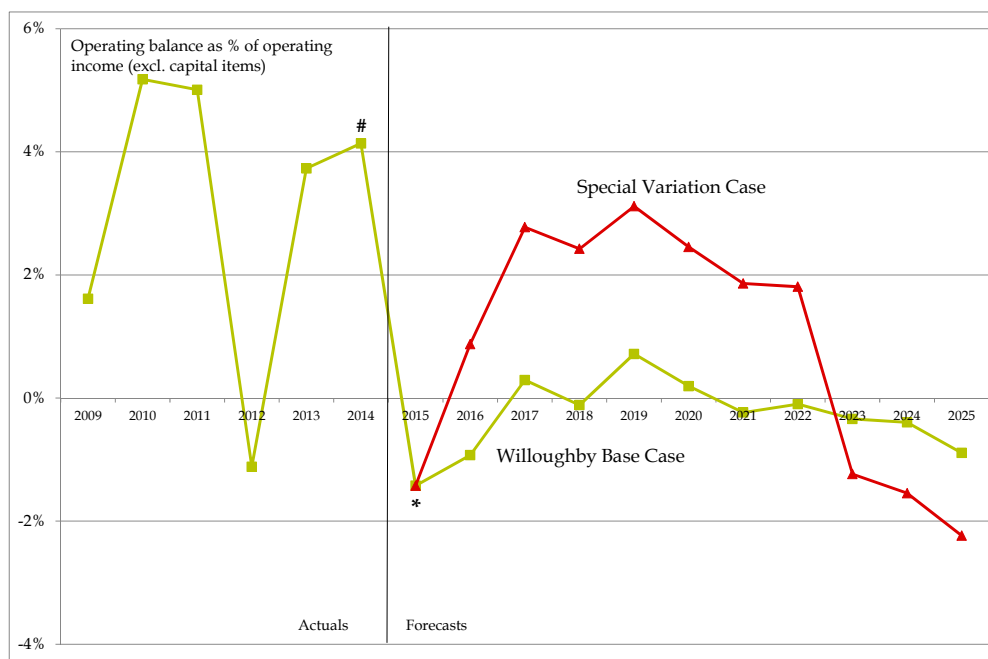
Sources: Willoughby Council, *Application - Part A and Application - Part B*, including Part B Attachments 3, 4a, 5b, 6a and 6b, OLG *Comparative Information on NSW Local Government 2012-13*, June 2014 and IPART calculations.

3.1 The need for a special variation

Willoughby City Council is already financially sustainable in its operations. This is clear from the modest operating surpluses of the recent past (Figure 3.1). The special variation will enable the council to maintain operating surpluses for most of the next decade.

This may also be the case even without the special variation because the council's base case assumes relatively high growth in its costs.

Figure 3.1 Willoughby City Council operating balance (excluding capital grants and contributions, and asset sales), years ended 30 June



Note: # the published operating balance excluding capital grants and contributions in 2013-14 of \$15.2 million (13.6% of operating income) included one-off income from a compulsory land sale for \$10.8 million which we have excluded from the figure.

* the operating deficit for 2014-15 is expected to be 5.9% because \$4.5 million of 2013-14 costs will be incurred in 2014-15. To avoid distorting the figure, we have removed these costs from 2014-15.

Source: Willoughby City Council *Annual Reports*, various, Willoughby Council, *Application – Part B*, Attachment 3 - *Long Term Financial Plan 2013-2025*, private communication from the council dated 18 February 2015, and IPART calculations.

For example, employee costs are projected to grow by around 4% per year. Even allowing for some increase in costs as employees are promoted and higher employer superannuation contributions are made, the 4% growth assumption may prove to be high, given that annual growth in wage costs in the NSW public sector was 2.7% in the year to December 2014.

However, the need for the proposed special variation is to address its infrastructure backlog and fund its capital program, as discussed earlier.

4 What does our decision mean for the council?

Our decision means that the Council may increase its general income over the two years from \$42.7 million in 2014-15 to \$47.7 million in 2016-17. The annual percentage increases are shown in Table 4.1. The dollar amounts reflect the percentage increases we have approved plus any catch-up or valuation adjustments.

Table 4.1 Permissible general income of Willoughby City Council from 2015-16 to 2016-17 arising from approved special variation

Year	Increase approved (%)	Cumulative increase approved (%)	Annual increase in general income (\$)	Permissible general income (\$)
Adjusted notional income, 30 June 2015				42,676,200
2015-16	6.9	6.9	2,948,932 ^a	45,625,132
2016-17	4.6	11.8	2,098,756	47,723,888

^a This increase includes a prior catch-up of \$4,274.

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

After 2016-17, the council's permissible general income will increase by the annual rate peg unless we approve a further special variation.¹² The increases above the rate peg will be incorporated into the council's revenue base until the end of 2021-22.

The council estimates that over these two years, the additional rates revenue will accumulate to \$4.8 million above the rate peg. Over the seven years of the special variation it expects the cumulative total above the rate pegs to be \$20.4 million.¹³

This extra income, combined with the use of accumulated reserves and other unrestricted cash, should enable the council to eliminate its asset backlog, while achieving operating surpluses over the course of the special variation period, as indicated by the council's IP&R documents.

Because the application is temporary, after seven years the council will have to reduce its rates to the level that they would otherwise have reached had the increases above the rate peg in 2015-16 and 2016-17 not been granted.

5 What does our decision mean for ratepayers?

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

In its application, Willoughby Council indicated that it intended to increase rates over the two years uniformly for each category.

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.

¹³ Willoughby Council, *Application - Part A*, Worksheet 6.

The council has calculated that:

- ▼ the average residential rate will increase by \$61 in the first year and by \$105 over two years
- ▼ the average business rate will increase by \$381 in the first year and by \$652 over two years
- ▼ the average Chatswood Town Centre rate will increase by \$446 in the first year and by \$764 over two years, and
- ▼ the minimum rates for residents, businesses and the Chatswood Town Centre will increase by \$50, \$71 and \$75 respectively in the first year and by \$85, \$121 and \$129 respectively over two years.

Table 5.1 sets out Willoughby Council's estimates of the expected increase in the average ordinary rates for the three main ratepayer categories.

Table 5.1 Indicative annual increases in average rates under Willoughby City Council's approved special variation in 2015-16 and 2016-17

	2014-15	2015-16	2016-17	Cumulative increase
Residential				
Percentage increases		6.9	4.6	11.8
Dollar increases		61.35	43.67	105.02
Residential rate	888	949	993	
Business				
Percentage increases		6.9	4.6	11.8
Dollar increases		380.91	271.09	652.00
Business rate	5,512	5,893	6,164	
Chatswood Town Centre				
Percentage increases		6.9	4.6	11.8
Dollar increases		446.30	317.62	763.92
Chatswood TC rate	6,459	6,905	7,222	

^a 2014-15 is included for comparison. We have not shown the rates for Chatswood Chase (one rate assessment), Westfield (10) or Strata Storage (113). All rise in step with the percentage increases in the table.

Source: Willoughby Council, *Application - Part A*, Worksheet 5a.



Appendices

A Expenditures to be funded from the special variation above the rate peg

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

The council will use the special variation revenue above the rate peg of \$20.4 million and the balance from reserves over the 10 years to fund:

- ▼ a major program of infrastructure renewal and removal of the backlog
- ▼ a loss of investment revenue associated with the use of reserves, and higher depreciation costs associated with the capital spending program.¹⁴

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

¹⁴ Willoughby Council, *Application - Part A*, Worksheet 6, and Willoughby Council, *Application - Part B*, Attachment 5c *Community Assets*, p 2.

Table A.1 Willoughby City Council – Income and proposed expenditure over 10 years related to the special variation (\$ million)

	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	1.920	2.883	2.958	3.035	3.114	3.195	3.278	0	0	0	20.382
Reduction in Investment income	0.054	0.143	0.041	0.146	0.280	0.433	0.592	0.917	1.258	1.547	5.411
Funding for increased depreciation	0	0.021	0.061	0.079	0.114	0.148	0.203	0.248	0.318	0.348	1.540
Funding to increase operating balance	1.866	2.719	2.856	2.810	2.720	2.614	2.483	-1.165	-1.576	-1.895	13.431
Funding for capital expenditure	1.866	2.719	2.856	2.810	2.720	2.614	2.483	-1.165	-1.576	-1.895	13.431

Note: Numbers may not add due to rounding.

Source: Willoughby Council, *Application - Part A*, Worksheet 6 and IPART calculations.

Table A.2 Willoughby City Council – proposed 10-year capital expenditure program (part-funded by special variation) (\$ million)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Footpaths	0.365	0.277	0.058	0	0	0	0	0			0.700
Kerb & Gutter	0	0	0.078	0.016	0.081	0	0.030	0			0.205
Bridges	0.182	0.212	0.291	0.235	0.165	0.189	0	0.143			1.417
Stormwater	0.465	1.141	1.303	1.116	1.155	1.163	1.737	1.740			9.820
Parks	0.968	0.939	0.359	1.094	0.802	0.998	0.487	1.405			7.052
Playgrounds	0.202	0.050	0.081	0.130	0.141	0.328	0.079	0.347			1.358
Sporting Fields	1.117	1.227	1.254	1.431	1.621	1.869	1.945	1.499			11.963
Buildings	1.279	1.200	1.059	2.352	2.304	2.356	2.338	5.141			18.029
Total Capital Expenditure	4.578	5.046	4.483	6.374	6.270	6.902	6.616	10.275	5.360	5.693	61.597

Note: Numbers may not add due to rounding. The capital spending planned in the final two years has not been set out by type of investment.

Source: Willoughby Council, *Application – Part B, Attachment 5c Community Assets*, p 2 and Willoughby 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 Willoughby Council have changed over the four years to 2012-13. In general, Willoughby's ratio of the resident population to its full-time-equivalent (FTE) staff numbers remains stable. The council has kept the average labour cost per FTE rising at around the general inflation rate while it has made more use of external contractors and consultants.

Table B.1 Trends in selected performance indicators for Willoughby City Council, 2009-11 to 2012-13

Performance indicator	2009-10	2010-11	2011-12	2012-13	Average annual change (%)
FTE staff (number)	406	402	404	416	0.8
Ratio of population to FTE	171	172	177	172	0.3
Average cost per FTE (\$)	84,404	90,311	92,012	92,163	3.0
Employee costs as % operating expenditure (%)	43.0	41.3	38.5	40.2	
Consultancy/contractor expenses (\$000)	19,279	20,991	23,315	24,703	8.6
Consultancy/contractor expenses as % operating expenditure (%)	24.2	23.9	24.2	25.9	

Source: OLG, unpublished data and IPART calculations.

General comparative indicators

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

Willoughby Council services fewer residents per FTE and its ratio of employee plus contractor/consultancy costs to total operating costs is considerably higher than the average of the other councils in Group 3. These numbers may indicate a higher level of service, at higher cost, for ratepayers in Willoughby than in other LGAs in Group 3.

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

	Council	Group 3 average	NSW average
General profile			
Area (km ²)	23	-	-
Population	71,933	-	-
General Fund operating expenditure (\$m)	95.4	-	-
General Fund operating revenue per capita (\$)	1,377	828	2,026
Rates revenue as % General Fund income (%)	47.3	57.1	46.8
Own-source revenue ratio (%)	83.9	77.6	71.1
Average ordinary rate indicators^a			
Average rate – residential (\$)	829	815	712
Average rate – business (\$)	5,942	5,253	2,688
Socio-economic/capacity to pay indicators^b			
Average annual income for individuals, 2011 (\$)	85,860	54,682	49,070
Growth in average annual income, 2006-2011 (% pa)	4.1	4.3	5.2
Average residential rates 2012-13 / average annual income, 2011 (%)	1.0	1.5	1.5
SEIFA, 2011 (NSW rank: 153 is least disadvantaged)	144		
Outstanding rates and annual charges ratio (%)	2.0	3.5	6.0
Productivity (labour input) indicators^c			
FTE staff (number)	416	589	294
Ratio of population to FTE	172	252	127
Average cost per FTE (\$)	92,163	85,623	75,736
Employee costs as % operating expenditure (%)	40.2	41.5	37.1
Consultancy/contractor expenses (\$m)	24.7	15.5	7.8
Consultancy/contractor expenses as % operating expenditure (%)	25.9	13.7	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 are based upon total council operations. 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.

