

Our reference: 12/591
Your reference:

PO Box Q290, QVB Post Office NSW 1230
Level 8, 1 Market Street Sydney NSW 2000
T (02) 9290 8400 F (02) 9290 2061
ABN 49 202 260 878

4 June 2014

Randwick City Council

www.ipart.nsw.gov.au

Mr Ray Brownlee
General Manager
Randwick City Council
30 Frances Street
RANDWICK NSW 2031

10 JUN 2014

Records Received

Contact Michael Seery
T (02) 9290 8421
E michael_seery@ipart.nsw.gov.au

Dear Mr Brownlee

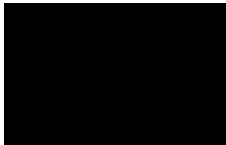
**INSTRUMENT OF APPROVAL AND FULL REPORT FOR SPECIAL RATE
VARIATION APPLICATION 2014/15**

I refer to IPART's determination on Randwick City Council's application for a special rate variation in 2014/15 which was issued on 3 June 2014.

I am writing to advise you that copies of the final reports on our special variation determinations are now available on the IPART website. I have attached a hard copy of the final report and the Instrument for Approval for Randwick City Council for your records.

If you have any queries, please contact Michael Seery on 9290 8421 or Tony Camenzuli on 02 9113 7706.

Yours sincerely



Hugo Harmstorf
Chief Executive Officer

LOCAL GOVERNMENT ACT 1993
INSTRUMENT UNDER SECTION 508A(1)
RANDWICK CITY COUNCIL

The Independent Pricing and Regulatory Tribunal (IPART), delegate of the Minister for Local Government, pursuant to the delegation dated 6 September 2010 determines:

1. under section 508A(1) of the *Local Government Act 1993* (the Act), that the percentage by which Randwick City Council may increase its general income for the period from 2014/2015 to 2016/2017 is 17.60%, consisting of the following annual increases:

Year	Annual increase in general income (%)	Cumulative increase in general income (%)
2014/2015	9.59	9.59
2015/2016	3.59	13.52
2016/2017	3.59	17.60

[Note: The council will be reducing its general income for the year 2014/2015 by \$3,594,645 (the value of an expiring special variation) before increasing its general income for that year in accordance with this clause 1.]

2. the percentage increase set out in clause 1 above (special variation) is subject to the following conditions:
 - I. The council uses the Additional Income for the purposes of funding the program of maintaining existing service levels, capital works expenditure including roads and environmental works and services. This program of expenditure is listed in Appendix A of IPART's determination dated June 2014 of the council's application under section 508A(1) of the Act (IPART's Determination).

Additional Income means:

- a) the additional general income raised in accordance with clause 1 of this instrument, less
 - b) the additional general income that would otherwise be available to the council under section 506 of the Act.
- II. The council reports in its annual report for each rating year over the period from 2014/2015 to 2023/2024 on:
 - a) the program of expenditure that was actually funded by the special variation and the reasons for any significant differences from the program listed in Appendix A of IPART's Determination;
 - b) the outcomes achieved as a result of the special variation.
 - III. The council reduces its general income for the 2019/2020 rating year by:
 - a) \$3,800,715 (Initial Reduction Amount); and

- b) the cumulative additional income derived for the 2015/2016 to 2018/2019 rating years on the application of:
- 1) any special variation percentage approved under section 508(2) or 508A of the Act for the council for each rating year during the period 2015/2016 to 2018/2019; and
 - 2) any general variation percentage approved under section 506 of the Act for the council for each rating year during the period 2015/2016 to 2018/2019, to the Reduction Amount.

Reduction Amount means:

The Initial Reduction Amount as increased by the additional income derived for each previous rating year relating to the Initial Reduction Amount.

[Note: The purpose of this clause is to reduce the council's general income to the amount of general income that the council would have had in 2019/2020 without the environment levy component of this special variation.]

- IV. The council reports to the Office of Local Government by 30 November each year on its compliance with these conditions for each rating year over the period from 2014/2015 to 2023/2024.

This instrument supersedes the instrument issued to Randwick City Council on 12 June 2013 under section 508A(1) of the Act, with effect from the date of this instrument.

Dated this 3rd day of June 2014


Dr Peter J. Boxall, AO
Chairman, Independent Pricing and Regulatory Tribunal



Independent Pricing and Regulatory Tribunal

Randwick City Council's application for a special variation for 2014/15

under section 508A of *Local Government Act 1993*

Local Government — Determination
June 2014



Independent Pricing and Regulatory Tribunal

Randwick City Council's application for a special variation for 2014/15

under section 508A of *Local Government Act 1993*

Local Government — Determination
June 2014

© Independent Pricing and Regulatory Tribunal of New South Wales 2014

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 978-1-925193-06-0

The Tribunal members for this review are:

Dr Peter J. Boxall AO, Chairman

Dr Paul Paterson

Ms Catherine Jones

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

Michael Seery (02) 9290 8421

Heather Dear (02) 9290 8481

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	2
2	What did the council request and why?	4
3	How did we reach our decision?	5
3.1	Need for and purpose of the special variation	7
4	What does our decision mean for the council?	8
5	What does our decision mean for ratepayers?	9
	Appendices	11
A	Expenditures to be funded from the special variation above the rate peg	13
B	Comparative indicators	15

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.

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

Last year, IPART approved increases for Randwick City Council of 3.59% per annum for 4 years from 2013/14 under section 508A to fund the management of community assets in its Delivery Program 2013-17.

This year, the council applied for a multi-year special variation from 2014/15 under section 508A, with annual increases ranging from 9.59% to 3.59% over the next 3 years, or a cumulative increase of 17.60% by 2016/17. This application replaces the special variation approved in 2013/14, with an additional increase of 6% in 2014/15 to renew the expiring Environmental Levy. This will remain in the council's rate base for a further 5 years.

After assessing the council's application, we decided to approve the variation as requested. The 2014/15 special variation supersedes the 2013/14 special variation approval.

We made this decision under section 508A of the Act.

¹ Division of Local Government, Department of Premier and Cabinet, *Guidelines for the preparation of an application for a special variation to general income for 2014/15*, September 2013 (the Guidelines). Effective February 2014 the Division of Local Government became the Office of Local Government.

Box 1.1 The Guidelines for 2014/15

We assess applications for special variations using criteria in the *Guidelines for the preparation of an application for a special variation to general income*, issued by the Office of Local Government.

The Guidelines adopt the same criteria for applications for a special variation under either section 508A or 508(2) of the *Local Government Act 1993*.

The Guidelines emphasise the importance of the council's Integrated Planning and Reporting (IP&R) 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. As a result, for most criteria, 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.

1.1 Our decision

We determined that Randwick City Council may increase its general income by the annual percentages shown in Table 1.1. The annual increases incorporate the rate peg to which the council would otherwise be entitled (2.3% in 2014/15 and an assumed 3.0% in each of the following years). The cumulative increase of 17.60% is 7.70% more than the rate peg over these years.²

After the last year of the special variation (2016/17), the increases of 3.59% in each year to fund the implementation of the Delivery Program 2013-17, will remain permanently in the council's rate base. The environment levy will expire on 30 June 2019. Unless renewed, it will be removed from the council's rate base in 2019/20.

The annual increases in the dollar amounts reflect the percentage increases we have approved and any adjustments to the council's general income that occur as a result of various catch-up and valuation adjustments and the expiry of the existing special variation.

² Randwick City Council, *Section 508A Special Variation Application Form – Part A*, 24 February 2014 (Randwick Application Part A), Worksheet 1.

Table 1.1 IPART's determination on Randwick City Council's special variation for 2014/15 to 2016/17

Year	Increase approved (%)	Cumulative increase approved (%)	Annual increase in general income (\$)	Permissible general income (\$)
Adjusted notional income 30 June 2014				63,345,248 ^a
2014/15	9.59	9.59	6,003,538 ^b	69,348,786
2015/16	3.59	13.52	2,489,621	71,838,407
2016/17	3.59	17.60	2,578,999	74,417,406

^a This amount includes a reduction \$3,594,645 for the expiry of the environment levy.

^b This includes an increase of \$1,895 for a prior year catch up and a reduction of \$73,166 for a valuation objection claimed in a prior year.

Source: Randwick City Council Part A, Worksheet 1.

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

Box 1.2 Conditions attached to the approved special variation

IPART's approval of Randwick City Council's application for a special variation over the period from 2014/15 to 2016/17 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation to fund the program of expenditure outlined in the council's application and listed in Appendix A.
- ▼ The council reports in its annual report for each year from 2014/15 to 2023/24 on:
 - expenditure consistent with the council's application and listed in Appendix A, and the reasons for any significant differences from the proposed expenditure
 - the outcomes achieved as a result of the actual program of expenditure.
- ▼ In 2019/20, the council is to reduce general income to what it would have been without the environment levy component of the special variation.
- ▼ The council reports to the Office of Local Government by 30 November each year on its compliance with these conditions.

We note the council will be reducing its general income for 2014/15 by \$3,594,645 (the value of the expiring special variation). This reduction shall take place before the council's general income is increased in 2014/15 in accordance with IPART's determination.

2 What did the council request and why?

Randwick City Council applied to increase its general income by a cumulative 17.60% over the 3-year period from 2014/15 to 2016/17. This application includes the increases of 3.59% in each of the 3 years approved in 2013/14 to fund the management of community assets in the council's Delivery Program 2013-17. These increases will remain permanently in the council's general income base. The new component in this application is an increase of 6% in 2014/15 to renew council's environmental levy. This is to remain in the council's rate base for 5 years.³

The council estimated that if its requested special variation is approved, its permissible general income will increase from \$66.9m in 2013/14 to \$74.4m in 2016/17. This will generate additional revenue of \$13.0m above the rate peg increase.⁴

The council intends to use the additional revenue above the rate peg to fund the management of community assets in its Delivery Program 2013-17 and to continue its *Sustaining our City* environment program.

As part of its *Sustaining our City* program over the next 5 years, the council indicated that the additional income would be used for:

- ▼ coastal protection
- ▼ energy saving
- ▼ water saving
- ▼ reducing greenhouse emissions
- ▼ resource conservation
- ▼ protecting biodiversity
- ▼ community engagement and education.⁵

More detail on the council's proposed program of expenditure to 2023/24 is provided in Appendix A.

³ Randwick Application Part A, Worksheet 1.

⁴ Randwick Application Part A, Worksheet 1 and IPART calculations.

⁵ Randwick City Council, *Section 508A Special Variation Application 2014/15 – Part B*, 24 February 2014 (Randwick Application Part B) pp 13-14; Randwick City Council, *Delivery Program 2013-17, Operational Plan 2013/14*, p 73; Randwick Application Part B, Attachment Q, Fact Sheet, *Should we continue our environmental levy program?*

3 How did we reach our decision?

We assessed Randwick City 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 C. Our assessment is focussed on the renewal of the environment levy.

Randwick City Council has applied on the basis of its adopted IP&R documents, in particular its Delivery Program 2013-17 and Long Term Financial Plan (LTFP) 2013/14 to 2022/23.

On balance, we found that the application met the criteria. In particular, we found that:

1. the need for and purpose of the proposed special variation, namely to continue the council's environment levy, is articulated in the council's IP&R documents, and reflects community priorities
2. the council provided evidence that the community is aware of the need for and extent of the rate rise, that it provided opportunities for input, and had considered the community's capacity and willingness to pay the proposed rate increases
3. the impact of the rate increases is reasonable, as it involves continuation of a levy ratepayers are already paying, and the previously approved increases above the rate peg are modest
4. the council's assumptions regarding the growth in its expenses and the proposed scope and level of service delivery appear realistic
5. the council has identified and implemented productivity improvements as part of its long term, financial planning.

Table 3.1 summarises our assessment against the criteria.

Table 3.1 Summary of IPART's assessment against criteria in the Guidelines

Criterion	IPART findings
<p>1. Need for and purpose of the special variation must be clearly articulated in the council's IP&R documents. Evidence could include community need/desire for service levels/projects and limited council resourcing alternatives, and the assessment of the council's financial sustainability made by the NSW Treasury Corporation (TCorp). The LTFP must include scenarios both with and without the special variation.</p>	<p>The need for and purpose of the special variation is set out in the council's IP&R documents, reflecting the council's proposal to continue the environment levy.</p> <p>Continuation of the <i>Sustaining our City</i> environment program is consistent with the community's priorities. Without the environment levy, the council intends to continue the program by diverting funds from capital works and reserves. The council has a high dependence on rates income but has considered other funding sources to continue the <i>Sustaining our City</i> environment program.^a</p>
<p>2. Evidence that the community is aware of the need for, and the extent of, the proposed rate rises. The IP&R documents should clearly explain the rate rise, canvas alternatives to the rate rise, the impact of any rises on the community, and the council's consideration of community capacity and willingness to pay higher rates. The council should demonstrate use of an appropriate variety of engagement methods to raise community awareness and provide opportunities for input.</p>	<p>The community was made aware of the council's proposal to continue the environment levy through a variety of methods including: the council's website, Mayor's column, advertising and media coverage, an information package distributed to all ratepayers, community newsletter distributed to all households, and a stall at the EcoLiving Fair.</p> <p>Community workshops and a survey distributed to all ratepayers and available online indicated support for continuation of the environment levy. The council's LTFP considers the community's capacity to pay rates and its resourcing strategy balances the service needs of the community relative to their capacity and willingness to pay rates.</p> <p>The council engaged with the community regarding funding alternatives to continue its <i>Sustaining our City</i> program.^b</p>
<p>3. Impact on affected ratepayers must be reasonable, having regard to current rate levels, existing ratepayer base and the proposed purpose of the variation. The council's IP&R process should establish that proposed rate rises are affordable, having regard to the 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"> ▼ Ratepayers are already paying the environment levy, which for 2013/14 was on average \$72. ▼ Randwick's average residential rates for 2013/14 are the second lowest amongst its peers. ▼ There appears to be capacity to pay the increases, based upon the LGA's relatively high SEIFA ranking (134, where 153 is the least disadvantaged) and low outstanding rates ratio (1.8%). <p>The council has a Financial Hardship Policy, a Pensioner Concession Policy and a Pensioners Accruing Rates and Charges Policy to assist those having difficulty paying rates.^c</p>

Criterion	IPART findings
4. Delivery Program and LTFP must show evidence of realistic assumptions.	The council's assumptions related to the proposed level of service are realistic in the context of the community's priorities identified in regular surveys. The 2013/14 to 2022/23 LTFP shows realistic assumptions for the growth in assessments, income and expenses. However, the council's salaries growth estimate at 4.5% is higher than TCorp's estimate of 3.5%. ^d
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 undertaken range of productivity initiatives, including: <ul style="list-style-type: none"> ▼ Southern Sydney Regional Organisation of Councils (SSROC) joint procurement venture, saving the council an estimated \$1.2m pa ▼ a review of fleet management saving over \$200,000 pa ▼ improved management of sick and carer's leave absenteeism saving \$131,000 pa ▼ provision of a range of online services. The council has also contained the growth in its workforce, whilst delivering many new services. The council states that the identification and implementation of productivity improvements is integral to its long term financial planning. ^e
6. Other relevant matters.	None

^a Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, p 9; Randwick City Council, *Delivery Program 2013-17, Operational Plan 2013/14*, p 73; Randwick Application Part B, pp 11-19 and 21.

^b Randwick Application Part B, pp 32-33 and pp 35-44; Randwick Application Part B, Attachment S, *Survey Summary Report for Sustaining our City – Continuation of the Environmental Levy Survey*; Attachment U, *Straight Talk, Sustaining our City Workshop Outcomes Report*; Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, pp 6-8; Attachment Q, Information Sheet 2, *Options for funding a continued environmental levy*.

^c Randwick Application Part A, Worksheet 5a; Randwick Application Part B, p 37 and pp 56-58; ABS, Socio Economic Indexes for Areas (SEIFA) 2011, March 2013; OLG, unpublished comparative data, 2011/12.

^d For example, the *Who cares about the environment?* survey and biennial community satisfaction survey, Randwick Application Part B, pp 11-16; Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, pp 6-14.

^e Randwick Application Part B, pp 62-65; Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, p 12.

3.1 Need for and purpose of the special variation

The need for and purpose of the requested special variation is set out in the council's IP&R documents, specifically its Delivery Program 2013-17 and LTFP 2013/14 to 2022/23.

The objectives of the council's LTFP are to maintain the existing service levels for the community and as well as maintaining a strong cash position, a balanced annual budget, maintaining sufficient reserves for employee leave entitlements, capital expenditure of at least 20% of annual budget, and for the council to

remain debt free.⁶ As noted in our Determination on Randwick City Council's 2013/14 special variation application, the council has a large dependence on rates and annual charges (rates and annual charges represented 69% of the council's income in 2012/13).⁷

The council's LTFP models 2 scenarios – one with the environment levy continuing, and one without. In both scenarios, the council forecasts operating surpluses (before capital) for the next 10 years.⁸

If the environmental levy is not renewed, the council intends to continue to run the *Sustaining Our City* program, using general revenue. This would require funds to be diverted from capital works and reserves to make up the shortfall, estimated at approximately \$4m per annum. This will impact on the council's Infrastructure and Building Assets Renewal Ratio, which is forecast to be below the benchmark of 100% until 2017/18, one year later than in the scenario with the environment levy.⁹

The council acknowledges that the exclusion of the environment levy will not have a significant impact on its financial results; however there will be an impact on the level of services provided if the *Sustaining Our City* program is continued without the levy.¹⁰ We are therefore satisfied that the council meets this criterion as the special variation will provide funds to continue a program that is supported by the community.

4 What does our decision mean for the council?

Our decision means that Randwick City Council may increase its general income over the 3-year period from \$66.9m in 2013/14 to \$74.4m in 2016/17 (see Table 1.1). After 2016/17, all other things being equal, the council's permissible general income will increase by the annual rate peg unless we approve a further special variation.¹¹ The environmental levy will expire on 30 June 2019, and the council will have to reduce its general income for 2019/20 to what it would have been without the environment levy component of the special variation.

⁶ Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, p 4.

⁷ IPART, *Randwick City Council's application for a special variation for 2013/14, Local Government – Determination June 2013*, p 7; Randwick City Council, *Financial Statements 2012/13, Income Statement*, p 3.

⁸ Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, pp 23 and 31.

⁹ Randwick Application Part B, p 21; Randwick City Council, *Long Term Financial Plan 2013/14 to 2022/23*, pp 26 and 34.

¹⁰ Randwick Application Part B, p 22.

¹¹ General income in future years cannot be determined with precision because it will be influenced by several factors apart from the rate peg. Those factors include changes in the number of rateable properties and adjustments for previous under- or over-collection of rates. The OLG is responsible for monitoring and ensuring compliance.

The council estimates that over these 3 years, the additional rates revenue will be \$13.0m above the rate peg.¹² This extra income is what the council requested, allowing it to continue to fund its *Sustaining our City* program and implementation of the Delivery Program 2013-17.

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.

Randwick City Council has only 2 rating categories – residential and business. A high proportion of ratepayers in both these categories pay the minimum rate. In 2014/15, 53% of residential and 31% of business ratepayers will pay the minimum rate.¹³

In its application, the Randwick City Council indicated that it intends to apply the special variation uniformly across its ratepayer base. As approved in the council's 2013/14 application, all ratepayers will face increases of 3.59% each year until 2016/17 in their ordinary rates. As previously approved, this would mean that:

- ▼ the average¹⁴ residential rate will rise by \$34 in 2014/15, and by \$113 after 3 years
- ▼ the minimum residential rate will increase by \$24 in 2014/15, and by \$76 after 3 years
- ▼ the average business rate will rise by \$170 in 2014/15, and by \$647 after 3 years
- ▼ the minimum business rate will increase by \$39 in 2014/15, and by \$122 after 3 years.¹⁵

In addition to ordinary rates, all ratepayers pay the environment levy. The environment levy is levied as an ad valorem special rate with no base or minimum component. The same ad valorem rate is used for both business and residential ratepayers. For ratepayers on the minimum residential rate, the existing environment levy ranges from \$4.80 per annum to \$54.75.¹⁶

¹² Randwick Application Part A, Worksheet 1 and IPART calculations.

¹³ Randwick Application Part A, Worksheet 3 and IPART calculations.

¹⁴ The 'average' rate is determined by dividing the notional income yield (rate revenue) by the number of assessments in the category, and includes those on minimum rates.

¹⁵ Randwick Application Part A, Worksheet 5a.

¹⁶ Randwick Application Part B, pp 46-47.

The average environment levy will increase by \$3.20 in 2014/15, and by \$8.70 after 3 years.¹⁷ However, if the levy was not renewed, ratepayers would have a reduction in their total rates in 2014/15.

Table 5.1 shows the average increases by ratepayer category, as set out in the council's application. The actual impact on rates is a matter for the council to decide, consistent with our determination.

Table 5.1 Indicative annual increases in average rates 2014/15 to 2016/17 as a result of IPART's determination

Year	Annual % increase	Average rate (\$)				
		Environment Levy	Residential	Business	Res Min	Bus Min
2013/14		72	1,041	6,474	677	1,091
2014/15	3.59	75	1,076	6,645	701	1,130
2015/16	3.59	78	1,114	6,875	726	1,170
2016/17	3.59	81	1,154	7,121	752	1,212

Source: Randwick Application Part A, Worksheet 5a.

The increase in average rates in 2014/15 is less than the rise in general income because the 2014/15 special variation includes continuing an existing variation, which is already being paid by ratepayers.

¹⁷ Randwick 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 Randwick City Council's proposed expenditure of the special variation funds over the next 10 years.

The council will use the additional special variation revenue (\$47.1m over 10 years) to fund the implementation of the Delivery Program 2013-17 and to continue its *Sustaining our City* environment program. This estimate of special variation income assumes the continuation of the environment levy beyond 2019/20. If the levy is not renewed in 2019/20, revenue estimates will decrease.

The council will report annually on the actual expenditure against the program in its Annual Report.

Table A.1 Income and proposed expenditure related to the special variation (\$'000)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Special variation income above rate peg	3,801	4,324	4,877	4,877	4,877	4,877	4,877	4,877	4,877	4,877	47,144
Increased operating costs											
Employee costs	522	545	569	595	622	650	679	710	742	775	6,409
Materials and contracts	1,919	2,391	2,895	2,839	2,774	2,669	2,612	2,543	2,473	2,416	25,531
Other	765	787	808	829	850	873	895	919	942	967	8,636
Balance of funding for capital works program	595	601	605	615	631	686	691	706	720	720	6,569

Source: Randwick Application Part A, Worksheet 6.

Note: the above special variation income assumes the continuation of the environment levy beyond 2019/20. If the levy is not renewed in 2019/20, revenue estimates will decrease. Amounts have been rounded to nearest thousand and some totals may not add.

Table A.2 Proposed capital works program related to the special variation (\$'000)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Parks including remediation	430	431	432	437	438	539	540	551	552	552	4,901
Roads	65	67	68	70	82	84	87	89	100	100	812
Plant and Equipment (net sale proceeds)	100	103	105	108	110	63	65	66	68	68	856
Total New Assets	595	601	605	615	631	686	691	706	720	720	6,569

Source: Randwick Application Part A, Worksheet 6.

Note: Amounts have been rounded to nearest thousand and some totals may not add.

B Comparative 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.

In Table B.1 we show how selected indicators for Randwick City Council have changed over the 3 years to 2011/12.

Table B.1 Trends in selected indicators for Randwick City Council, 2009/10 to 2011/12

	2009/10	2010/11	2011/12	Average Change (%)
Productivity (labour input) indicators^a				
FTE staff (number)	501	494	497	-0.4
Ratio of population to FTE	263	267	277	2.7
Average cost per FTE (\$)	90,323	95,012	100,155	5.3
Employee costs as % operating expenditure (General Fund only) (%)	43.5	42.6	43.6	
Consultancy/contractor expenses (\$m)	23.1	23.2	22.1	-2.3
Consultancy/contractor expenses as % operating expenditure (%)	22.2	20.9	19.3	

^a Based upon total council operations that include General Fund, Water & Sewer and other funds, if applicable.

Source: OLG, unpublished data.

In Table B.2 we compare selected data on Randwick City Council with the average of the councils in the OLG Group and with NSW councils as a whole.

Table B.2 Select comparative indicators for Randwick City Council, 2011/12

	Randwick City Council	OLG Group 3 average ^a	NSW average
General profile			
Area (km ²)	36		
Population	137,757		
General Fund operating expenditure (\$m)	113.9		
General Fund operating revenue per capita (\$)	852	847	2,011
Rates revenue as % General Fund income (%)	67.7	55.4	45.7
Average ordinary rate indicators^b			
Average rate – residential (\$)	924	790	685
Average rate – business (\$)	5,428	4,935	2,552
Average rate – farmland (\$)	n/a	2,124	2,123
Socio-economic/capacity to pay indicators^c			
Average annual income for individuals, 2010 (\$)	61,329	52,899	44,140
Growth in average annual income, 2006-2010 (% pa)	4.1	3.1	3.0
Average residential rates 2011/12/ average annual income, 2010 (%)	1.5	1.6	1.6
SEIFA, 2011 (NSW rank; 153 is least disadvantaged)	134	-	-
Outstanding rates & annual charges ratio (incl water & sewerage charges) (%)	1.8	3.3	7.0
Productivity (labour input) indicators^d			
FTE staff (number)	497	571	293
Ratio of population to FTE	277	247	126
Average cost per FTE (\$)	100,155	85,525	74,438
Employee costs as % operating expenditure (General Fund only) (%)	43.6	41.6	36.8
Consultancy/contractor expenses (\$m)	22.0	16.0	6.9
Consultancy/contractor expenses as % operating expenditure (%)	19.3	14.9	9.3

^a OLG Group 3 is a category of Urban Large to Very Large Metropolitan Developed councils with a population greater than 70,000. This group comprises 17 councils including Rockdale, Ryde, Ku-ring-gai, Holyroyd and Willoughby.

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

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

^d 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, *National Regional Profiles, NSW*, November 2011; ABS, *Regional Population Growth*, July 2012; ABS, *Estimates of Personal Income for Small Areas, 2005-06 to 2009-10*, February 2013; ABS, *Socio-Economic Indexes for Areas (SEIFA) 2011*, March 2013.