



Willoughby City Council  
Special Variation Application 2024-25

# Final Report

May 2024

Local Government »



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## **Acknowledgment of Country**

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## **Tribunal Members**

The Tribunal members for this review are:

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## **The Independent Pricing and Regulatory Tribunal**

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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# 1 Executive summary

Willoughby City Council applied to IPART to permanently increase its general income by 15% in 2024-25.

We have approved the application.

Willoughby City Council applied to IPART<sup>a</sup> to increase its general income through a permanent special variation (SV) of 15% in 2024-25.<sup>1</sup> It told us that it intends to apply this increase across all rating categories.

Table 1.1 sets out the percentage that the council applied for.

Table 1.1 Annual increase under the council's application

|                                   | 2024-25 |
|-----------------------------------|---------|
| Annual increase (%)               | 15.0    |
| Additional annual income (\$'000) | 8,154.6 |

The council sought the SV to:

- recover from recent financial impacts, including high inflation, COVID-19 revenue losses, mandated staff wage increases, unexpected NSW Government costs and the cessation of the council's Infrastructure Levy in 2022
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme weather and growth shocks
- be in a stronger position to maintain and renew community assets, attract, and retain staff and meet community expectations
- maintain existing highly valued services, including continuing to implement an existing program to increase responsiveness to resident and business enquiries
- improve public area maintenance and urban tree canopy outcomes.

<sup>a</sup> The Minister for Local Government delegated the power to grant SVs to IPART. By delegation dated 6 September 2010, the then Minister for Local Government delegated to the Tribunal all functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the Local Government Act 1993 (NSW), pursuant to section 744 of that Act.



## 1.1 IPART's decision

We have approved the council's application as set out in Table 1.1.



Our approval is subject to certain conditions, including that the council:

- use the additional income for the purpose outlined in its application
- report in its annual report for 2024-25 until 2029-30 the actual program of expenditure funded by the additional income and the outcomes achieved.

The full conditions are set out in Chapter 10.

Our *Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Willoughby City Council 2024-25* gives legal effect to this decision and sets out the conditions of approval.

## 1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's SV application and supporting materials against the 6 criteria set by the Office of Local Government (OLG) in its *Guidelines for the preparation of an application for an SV to general income* (OLG Guidelines). We found that it met 5 of the 6 criteria.

Without the SV, the council's operating expenses would continue to exceed its revenue, which is unsustainable if it is to provide the services and assets that the community expects. The SV will allow the council to have a positive operating result and undertake some new projects to meet its community's preferences. It will also allow the council to maintain an operating surplus and have the funds to manage unexpected financial shocks. It has indicated in its Long-Term Financial Plan that it seeks to maintain an operating performance ratio (OPR) of 2% to 4%.<sup>2</sup> The council considered alternatives to the SV, including service reductions, but found these to be unsuitable after considering the needs of the community.

The council demonstrated that it had made its community aware of the proposal. It consulted broadly with the community on 4 options including a rate peg only option. While responses were mixed, it did receive some support for higher rates and improved services.

The council showed that the impact of the SV on ratepayers in general is reasonable. The Willoughby City Council area is generally a high socio-economic area. With the SV, its average residential rates would be lower than the average of neighbouring councils and other councils in its OLG group, but higher than comparable councils based on a similar socio-economic profile. Its average business rates with the SV would be higher than the average of neighbouring councils and other councils in its OLG group, but lower than comparable councils based on a similar socio-economic profile.

We note the council has a hardship policy in place but it has received no applications for hardship assistance over the past 5 years. It told us it will make its hardship provisions more prominent and easier to access on its website, and outline how to apply for assistance on its rates notices.

The council explained and quantified the productivity improvements it has realised in past years and outlined some strategies to achieve further improvements. It has also set itself an efficiency savings target of \$2 million commencing in 2024-25, but is yet to finalise a plan to achieve this.

We found that the council has not fully complied with conditions attached to past SVs, particularly the last 4 reporting years of its last SV and the Additional Special Variation (ASV) that it was granted in 2022-23. Compliance with these conditions is integral to the SV process, allowing the council to be held accountable for the commitments it made to its community when it decided to apply for the SV, and providing ratepayers confidence in their council.

The OLG is the body responsible for enforcing compliance with the conditions attached to SVs. The IPART Chair has written to the OLG identifying the council's failures to fully comply with past SV conditions.

We have attached reporting conditions to this SV approval and we expect the council to fully comply. IPART will consider whether a council has complied with its SV conditions in assessing future SV applications.

## Summary of our assessment against OLG criteria

Our assessment against each criterion is summarised below. Chapters 4 – 9 provide our complete assessment, and the full criteria are set out in Appendix A.

| Criteria | Grading   | Assessment   |
|----------|---|--|
| 01       | <br>Demonstrated       | <b>Financial need</b><br>The council demonstrated a financial need for the SV to improve its financial sustainability, maintain existing services and service levels, and improve public area maintenance and urban tree canopy outcomes. It seeks to maintain an operating performance ratio of 2% to 4% which will give it a buffer to protect it from unexpected financial impacts, without reducing services.  |
| 02       | <br>Demonstrated       | <b>Community awareness</b><br>The council engaged with and consulted its community and provided sufficient information about the need for and extent of the proposed SV. It also provided sufficient opportunities for stakeholder feedback.   |
| 03       | <br>Demonstrated      | <b>Reasonable impact on ratepayers</b><br>The council showed that the impact on ratepayers is reasonable. Its Long-Term Financial Plan (LTFP) demonstrates the council's consideration of the community's capacity to pay increased rates. Its application demonstrated the impact on ratepayers is reasonable, considering its current rates and the community's capacity to pay. With the SV, its average residential rates will be broadly comparable to neighbouring and similar councils, but its average business rates would generally be higher compared to similar councils. We note the median household income in the Willoughby City Council area is relatively high, and the level of disadvantage is relatively low. |
| 04       | <br>Demonstrated     | <b>Integrated Planning and Reporting documentation</b><br>The council exhibited and adopted all necessary Integrated Planning and Reporting (IP&R) documents before submitting its SV application.   |
| 05       | <br>Demonstrated     | <b>Productivity improvement and cost containment</b><br>The council explained and quantified past productivity improvement and cost containment initiatives. It also outlined some initiatives for further productivity improvements in future years. It proposed an efficiency target of \$2 million from 2024-25 but is yet to finalise a detailed plan to achieve this target.  |
| 06       | <br>Not demonstrated | <b>Other matters IPART considers relevant</b><br>We found the council did not meet this criterion. In the past 10 years, the council was granted one temporary SV of 11.82% in 2015-16 over 2 years and a permanent additional special variation (ASV) of 2.1% in 2022-23. <sup>3</sup> The council complied with 2 out of the 3 reporting conditions associated with its temporary SV from 2015-16 to 2017-18 but did not report for the last 4 years of its reporting requirements. It also did not meet the ASV conditions.   |



### 1.3 Stakeholders' feedback

Councils are required to consult with their communities as part of the IP&R framework. The OLG criteria that we assess SV applications against requires us to look at the consultation the council has undertaken as part of our assessment.

Willoughby City Council consulted on its proposed SV with its community using a variety of engagement methods. It received 65 written submissions, recorded 2,349 survey responses, held 14 community events and published website content that had 6,682 visitors.<sup>4</sup> The council has 32,457 ratable properties. These engagement strategies took place from May 2023 to January 2024.<sup>5</sup>

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period and invited stakeholders to provide feedback directly to IPART.

Through this process, we received 10 responses to our feedback form, and 1 additional submission on Willoughby City Council's proposed SV. This submission and the feedback form responses raised concerns about the:

- council's financial management and the need for the SV
- council's consultation with the community
- council's efficiency and productivity.

However, 6 of the 10 stakeholders<sup>b</sup>, who provided feedback to us supported the council's proposed SV.

We consider stakeholder feedback in more detail in Chapter 3 and throughout this report as relevant to our assessment.

### 1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its general income in 2024-25. The council can defer rate increases up to this maximum amount for up to 10 years.<sup>6</sup> It retains the discretion to revise how it raises its general income across the rating categories. We encourage the council to consult with its community to decide how best to implement the increase and any changes to the rating structure. The council has proposed to increase rates as set out in Table 1.2.

We expect the council to pursue productivity improvements, to minimise costs to ratepayers and ensure its financial stability over the long term.

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<sup>b</sup> Includes the 10 respondents that completed IPART's survey and one stakeholder who lodged a submission.

Table 1.2 Average rate increases under the approved SV

|   |                    | 2024-25 |
|---|--------------------|---------|
|  | <b>Residential</b> | 15.0%   |
|  | <b>Business</b>    | 15.0%   |

Note: These figures have been rounded in calculation. These are the council's proposed increases but it retains the discretion to determine the structure of its rates. Business rates have 5 sub-categories and the council has indicated it intends to apply the rate increase uniformly across these.

Source: IPART calculations.

The rest of this report explains how and why we reached our decision on Willoughby City Council's SV application in more detail.

## 2 The council's special variation application

This section of our report sets out the council's proposal and summarises the information that the council provided to support its application. The full application and all non-confidential supporting documents are available on our [website](#).

The council applied to increase its general income in 2024-25 by 15%. Table 2.1 sets out the percentage by which the council proposed to increase its general income, and the expected annual revenue this would raise.

Table 2.1 Proposed SV

|                                   | 2024-25 |
|-----------------------------------|---------|
| Annual increase (%)               | 15.00   |
| Additional annual income ('\$000) | 8,154.6 |

Source: Willoughby City Council, [Application Part A](#), Worksheet 2 and Worksheet 6.

The proposed SV is permanent. This means that the increase would remain in the rate base permanently. The council's general income would not be reduced at the end of 2024-25.

The council sought the SV to:

- recover from recent financial impacts, including high inflation, COVID-19 revenue losses, mandated staff wage increases, unexpected NSW Government costs and the cessation of Council's Infrastructure Levy in 2022
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme weather and growth shocks
- be in a stronger position to maintain and renew community assets, attract, and retain staff and meet community expectations
- maintain existing highly valued services, including continuing to implement an existing program to increase responsiveness to resident and business enquiries
- improve public area maintenance and urban tree canopy outcomes.

### 2.1 Impact of the proposed special variation on ratepayers

The council proposed that rates would increase for all rating categories in 2024-25.<sup>6</sup> It proposed that, on average:

- **residential rates** would increase by \$163.18 or 15%
- **business rates** would increase by \$1,106.22 or 15%.

The council provided the number of rate notices that it expects to issue for 2024-25 (see Table 2.2).

Table 2.2 Number of ratepayers per category in 2024-25

| Ratepayer category | Number of rate notices |
|--------------------|------------------------|
| Residential        | 29,428                 |
| Business           | 3,029                  |
| <b>Total</b>       | <b>32,457</b>          |

a. The 3,029 business ratepayers comprise of 1,951 Ordinary Business ratepayers, 954 Chatswood Town Centre ratepayers, 113 Strata Storage ratepayers and 11 Chatswood Major Retail ratepayers.  
Source: Willoughby City Council, [Application Part A](#), Worksheet 4.

## 2.2 The council's assessment of affordability and capacity to pay

The council assessed the affordability of the proposed rate increases, including the community's capacity to pay.

The analysis considered areas of social disadvantage, vulnerable groups of individuals, household expenditure and industry data in the Willoughby City local government area (LGA) relative to other areas.<sup>9</sup> It found that the LGA generally has higher levels of advantage and lower levels of disadvantage compared to Greater Sydney, NSW and Australia.<sup>10</sup> The findings noted that residential and business ratepayers do have a capacity to pay the council's proposed increases.<sup>11</sup>

The council also considered that the community indicated some willingness to pay increased rates for increased services based on a representative survey done by Micromex and an opt-in survey completed by the council.<sup>12</sup> Both these surveys allowed participants to rank their preferences for 4 options:

- reduce services (3.5% rate increase)
- maintain services (12% rate increase)
- increase services (15% rate increase)
- increase services and infrastructure (20% rate increase).<sup>13</sup>

In the representative survey, 41% of participants preferred either the 15% or 20% option, while in the council's opt-in survey, 34% preferred either the 15% or 20% option commensurate with improved services.<sup>14</sup>

However, during its community consultation, the council did hear from some stakeholders that the increase would present affordability concerns.<sup>15</sup> In response to these concerns, the council indicated that it has a financial hardship policy to assist ratepayers who have difficulty paying their rates. This includes the eligible pensioner concession rebate as per the *Local Government Act 1993* (NSW) of up to \$250 per year.<sup>16</sup> The council also said it plans to make hardship information more prominent on its rates notice for the 2024-25 financial year.<sup>17</sup>

## 2.3 Impact of the proposed SV on the council's general income

The council estimated that its proposed single-year SV, with an increase of 15% in 2024-25, would increase its permissible general income from \$54.4 million to \$62.5 million, which would remain permanently.

## 2.4 Further information provided

Following our preliminary assessment of the council's application, we asked the council to provide further clarification on:

- its Asset Management Plan, which is required by the Office of Local Government's Special Variation Guidelines.
- the proposed \$2 million annual efficiency gain in the Long-Term Financial Plan.

The council provided correspondence to clarify the items above. We considered this additional information in our assessment.

## 3 Stakeholders' feedback to IPART

We expect the council to engage with its community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see chapter 5 for our assessment, and [Appendix A](#) for the full criterion).

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period from 27 February 2024 to 18 March 2024 inclusive. Stakeholders could complete a survey-style feedback form and make submissions directly to us.

The Tribunal has taken all stakeholder feedback into account in making its decision in accordance with our [Submissions Policy](#), including the responses to our feedback form. In this section, we summarise the key issues raised in the feedback form and all published (non-confidential) submissions.

### 3.1 Summary of feedback we received

We received 10 responses to our feedback form, and 1 additional public submission from a stakeholder.

There are 32,457 rateable properties in Willoughby City Council. There are 29,428 residential assessments and 3,029 business assessments.

#### 3.1.1 Response to the feedback form

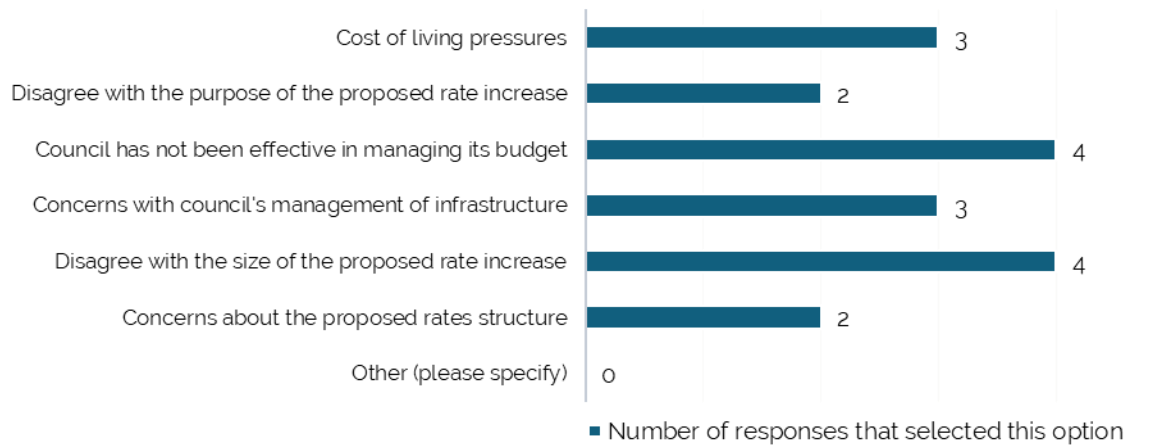
We published a feedback form to assist stakeholders to provide information to IPART. This sought stakeholders' sentiments on the proposed SV generally, and specifically on the topics of affordability, the council's consultation, and council financial management. We note that while this was a survey-style feedback form, it was not a statistically representative survey and participants self-selected to provide feedback.

We received 10 responses relating to Willoughby City Council's application. Of these, 3 respondents were opposed to the proposed SV, one partly supported it, and 6 respondents supported it.

Figure 3.1 and Figure 3.2 show the main reasons that stakeholders said they might oppose or might support the proposed rate increase.

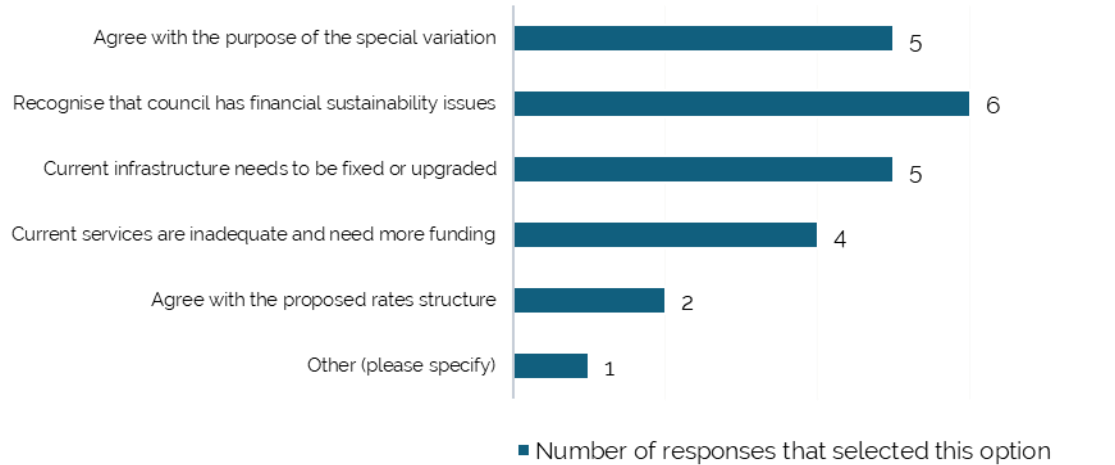


Figure 3.1 Reasons that respondents said they might oppose the proposed SV



Note: We received 10 responses. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.  
Source: IPART

Figure 3.2 Reasons that respondents said they might support the proposed SV



Note: We received 10 responses. For this question, respondents could select more than one option. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.  
Source: IPART

The full results are available in Appendix C.

## 3.2 Summary of issues raised

The key issues and views raised in the submission and our response is summarised below.

### 3.2.1 The need for the SV

The one submission queried the way that the council calculated its projected deficits. It queried the calculation of projected deficits where capital grants were excluded, yet depreciation was included as an expense.

We note that when we consider operating performance, we are considering the day-to-day operations of a council. In our assessment, we consider the operating performance ratio (OPR), which is a performance benchmark used by the Office of Local Government.<sup>18</sup> This excludes capital expenditure from operating performance assessment because capital expenditures are typically large, one-off expenditures that are separate from the day-to-day operations of a council. This metric is explained further in Box 4.1.

## 4 Our assessment: OLG Criterion 1 – Financial need

We assess the council's SV application against the 6 criteria set out in the [OLG Special Variations Guidelines](#).

For this criterion, we found that the council has demonstrated a financial need for the SV.

Criterion 1 requires the council to clearly articulate and identify the need for, and purpose of, the proposed SV in its IP&R documents. It also requires the council to demonstrate the financial need for the SV by assessing the impact of the SV on its financial performance and position, and to canvass alternatives to the SV to meet the financial need.

Note: See Appendix A for the full criterion.

To assess whether the council met this criterion, we reviewed the council's IP&R documents and the information in its application. We undertook our own analysis of the council's financial performance and position. We also considered stakeholders' comments on financial need received via feedback form and submissions. We do not audit council finances, as this is not part of our delegated authority.

The sections below discuss our assessment, and why we found that the council met this criterion.

### 4.1 Stakeholder comments on financial need

One submission queried the council's need for the SV. The submission queried the calculation of projected deficits where capital grants were excluded, yet depreciation was included as an expense.

We considered this and took into account of all the information available to us.

### 4.2 The council's IP&R documents

We found that the council's IP&R documents, including its Long-Term Financial Plan (LTFP) and Delivery Program identify and articulate the need for and purpose of the SV.

The documents state that the proposed SV of 15% is needed to:

- recover from recent financial impacts, including high inflation, COVID-19 revenue losses, mandated staff wage increases, unexpected NSW Government costs and the cessation of Council's Infrastructure Levy in 2022
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme weather and growth shocks

- be in a stronger position to maintain and renew community assets, attract, and retain staff and meet community expectations
- maintain existing highly valued services, including continuing to implement an existing program to increase responsiveness to resident and business enquiries
- improve public area maintenance and urban tree canopy outcomes.<sup>19</sup>

Its Long-Term Financial Plan (LTFP) considers a rate peg only and reduced services scenario (base case) to manage a balanced budget. However, it notes that under this scenario, it would be in deficit in 4 of the next 9 years and be unable to meet its Operating Performance Ratio (OPR) target of 2-4%.<sup>20</sup> This would also leave it without a financial buffer to manage future shocks.<sup>21</sup>

As part of the SV proposal, the council has proposed to deliver an efficiency target of \$2.0 million, which it said would be incorporated into its ongoing budgets.<sup>22</sup>

The council expects this would be met via expenditure savings and finding new non-rate revenue sources in 2024-25.<sup>23</sup> The council said it expects to provide a detailed plan of what expenditure savings or revenue opportunities could be implemented to achieve its target in April or May 2024 through its draft Operational Plan.<sup>24</sup>

The council submitted that this \$2.0 million target reflects its existing approach to efficiency and has also been designed to reduce the impact of any further rate increases. The council noted that without this target, its rate rise would need to be 3.7% higher.<sup>25</sup>

### 4.3 Our analysis of the council's financial performance and position

We used information provided by the council in its application and IP&R documents to analyse the council's financial performance and financial position and the impact the proposed SV would have on these. This involved calculating financial forecasts under 3 scenarios:

1. **Baseline Scenario** – which does not include the council's proposed SV revenue or expenditure.
2. **Proposed SV Scenario** – which includes the council's proposed SV revenue and expenditure.
3. **Baseline with SV expenditure Scenario** – which includes the council's full expenditure from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg.

We then used these forecasts to examine the impact of the SV on key indicators of its financial performance and position – namely its operating performance ratio, net cash (or net debt) and infrastructure ratios.

#### Impact on Operating Performance Ratio

The Operating Performance Ratio (OPR) is a measure of a council's ongoing financial performance or sustainability. In general, a council with an OPR consistently greater than zero is considered to be financially sustainable because the OPR measures a council's ability to contain operating expenditure within operating revenue.<sup>26</sup> The OLG has set a benchmark for the OPR of greater than zero (see Box 4.1 for more information).

### Box 4.1 Operating Performance Ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{\text{Total operating revenue} - \text{operating expenses}}{\text{Total operating revenue}}$$

where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than 0%.

The ratio measures net operating results against operating revenue and does not include capital expenditure. That is, a positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, IPART considers that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% would bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the OLG breakeven benchmark as set by OLG.

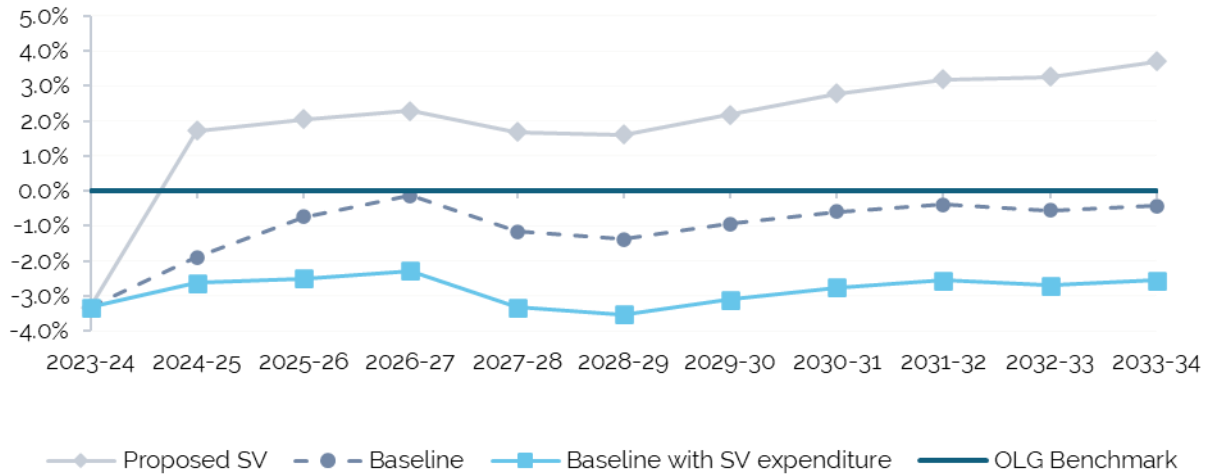
Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

As set out in Figure 4.1 and Table 4.1, we found that, over the next 5 years:

- **Under the Proposed SV Scenario**, the council's OPR would meet the OLG benchmark for the next 5 years. Its average OPR over the 5-year period would be 1.9%.
- **Under the Baseline Scenario**, the council's OPR would be below the OLG benchmark. Its average OPR over this 5-year period would be -1.1%.
- **Under the Baseline with SV Expenditure Scenario**, the council's OPR would remain below 0%. Its average OPR over this 5-year period would be -2.9%.

This suggests that without the SV, the council's operating expenses would exceed its operating revenue and its OPR would not meet the OLG benchmark.

Figure 4.1 The council's projected OPR



Note: OPR shown excludes capital grants and contributions.  
 Source: Willoughby City Council, [Application Part A](#).

Table 4.1 The council's projected OPR under 3 scenarios (%)

|                              | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | 29-30 | 30-31 | 31-32 | 32-33 | 33-34 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Proposed SV                  | 1.7   | 2.0   | 2.3   | 1.7   | 1.6   | 2.2   | 2.8   | 3.2   | 3.3   | 3.7   |
| Baseline                     | -1.9  | -0.7  | -0.1  | -1.2  | -1.4  | -0.9  | -0.6  | -0.4  | -0.6  | -0.4  |
| Baseline with SV expenditure | -2.6  | -2.5  | -2.3  | -3.3  | -3.5  | -3.1  | -2.8  | -2.6  | -2.7  | -2.6  |

Source: Willoughby City Council, [Application Part A](#).

### Impact on net cash

A council's net cash (or net debt) position is an indicator of its financial position. For example, it indicates whether a council has significant cash reserves that could be used to fund the purpose of the proposed SV. In this section, we consider the council's cash and investments, and its net cash (debt) to income ratio. Box 4.2 explain these further.



## Box 4.2 Cash and investments and Net cash (debt) to income ratio

### Cash and investments

Councils hold cash and investments for a variety of purposes but the use of these can be restricted in one of 2 ways:

- **Externally restricted.** These funds are subject to external legislative or contractual obligations.
- **Internally restricted.** These are subject to a council resolution to cover commitments and obligations expected to arise in the future and where it is prudent to hold cash in restrictions to cover those obligations.

Unrestricted funds can be used to fund the council's day to day operations and may be able to be used for the same purpose as the SV. In some cases this may be enough to avoid, delay or reduce the magnitude of an SV. However, this metric does not account for any borrowings or payables that need to be settled.

### Net cash (debt) to income ratio

The net cash (debt) to income ratio can show whether a council has sufficient cash reserves left over that could be used to fund the purpose of the proposed SV, after taking out its payables and borrowing obligations.

$$\text{Net cash (debt) to income ratio} = \frac{(\text{Cash} + \text{Investments} + \text{Receivables}) - (\text{Payables} + \text{Borrowings})}{\text{Total operating revenue (excluding capital grants)}}$$

The cash and investments in this formula above includes external and internal restrictions.

A positive ratio shows that a council may have access to cash reserves to help address its financial need. A negative ratio shows that a council may not have reserves to rely on to address financial sustainability issues.

For instance, a ratio of 10% means that an entity has 10 cents of net cash per \$1 of operating revenue. Conversely, a ratio of -10% means that an organisation has 10 cents of net debt (i.e. -10 cents net cash) per \$1 of operating revenue.

### Cash and investments

The council told us that it held a total of \$200.6 million in cash and investments as at 30 June 2023, with<sup>27</sup>:

- **\$120.4 million externally restricted funds.** For Willoughby City Council, examples include developer contributions, domestic waste management, grants and contributions received in advance.<sup>28</sup>
- **\$64.8 million internally restricted funds.** For Willoughby City Council, examples include funds for its environmental development plan, property plan, and asset improvement.<sup>29</sup>
- **\$15.4 million unrestricted funds.** These funds can be used to fund the council's day to day operations.

This suggests that the majority of the council's cash reserves are committed to other purposes, except for the \$15.4 million that is unrestricted.<sup>30</sup> Without the SV, the council's unrestricted cash is projected to be around \$25 million by the fifth year (2028-29), representing around 16% of its forecast operating expenses in 2028-29.<sup>31</sup>

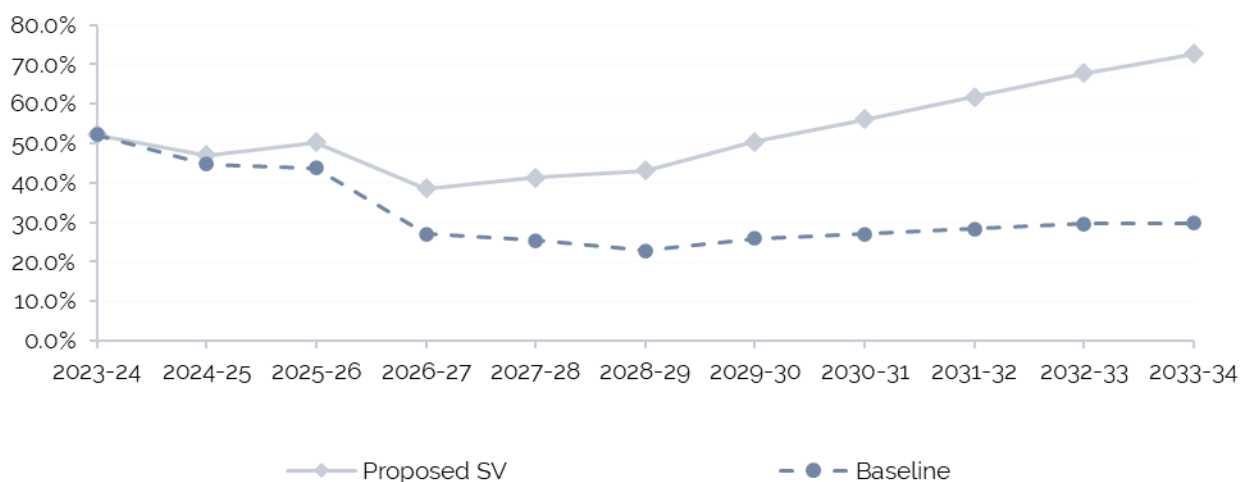
### Net cash (debt) to income ratio

We calculated that as at 30 June 2024, the council would have net cash of \$67.8 million. The council would have a net cash (debt) to income ratio of 52.3%.

As Figure 4.2 shows, over the next 5 years:

- **under the Baseline Scenario**, the council's net cash (debt) to income ratio would fall slightly averaging 32.7%
- **under the Proposed SV Scenario**, the council's net cash to income ratio would average 44.1%.

Figure 4.2 The council's net cash (debt) to income ratio (%)



Source: Willoughby City Council, Application Part A, Worksheet 9.

Taking into account the council's OPR and net cash position, we found that the council has demonstrated a financial need for the SV. It has indicated a desire to maintain an OPR of 2%-4% which would give it an operating surplus and a cash buffer to manage unexpected shocks. This target has also been communicated to the community via its LTFP.<sup>32</sup> The council has also said in its Delivery Program and LTFP that the SV would allow the council to allocate an additional \$2.0 million a year to allow it to invest in additional cleaning, park beautification and care projects, cycling and walking routes and town centres and planting programs to boost urban tree canopies.<sup>33</sup> The council has also told the community about this proposal to set aside \$2.0 million a year and the purpose of doing so in its community consultation materials.<sup>34</sup> We also discuss community awareness of the council's proposed SV in Chapter 5.

We consider it reasonable that the council aims to maintain a sound financial position. It has also considered other options including debt and asset sales that were found to be not appropriate (see section 4.4 below).

### Impact on infrastructure ratios

Managing infrastructure assets is an important council function. A council's ability to maintain and renew these assets as they depreciate is an indicator of its financial position, and its capacity to provide services to the community. To measure this indicator, we used information provided by the council to assess its infrastructure backlog, infrastructure renewals and asset maintenance ratios, and compared them to OLG's benchmarks:

- **The infrastructure backlog ratio** indicates whether the council has a need for additional revenue to maintain its infrastructure assets. It shows the infrastructure backlog as a proportion of the total value of a council's infrastructure. OLG's benchmark for the infrastructure backlog ratio is less than 2%.
- **The infrastructure renewals ratio** measures the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. OLG's benchmark for the infrastructure renewals ratio is greater than 100%.
- **The asset maintenance ratio** compares actual versus required asset maintenance.

## Box 4.3 Infrastructure ratios for councils

### Infrastructure backlog ratio

The infrastructure backlog ratio measures the council's backlog of assets against its the total written down value of its infrastructure, and is defined as:

$$\text{Infrastructure backlog ratio} = \frac{\text{Estimated cost to bring assets to a satisfactory standard}}{\text{Carrying value of infrastructure assets}}$$

where the carrying value of infrastructure assets is the historical cost less accumulated depreciation.

OLG has set a benchmark for the ratio of less than 2%.

### Infrastructure renewals ratio

Where relevant, we may also consider the council's infrastructure renewals ratio, which assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

$$\text{Infrastructure renewals ratio} = \frac{\text{Infrastructure asset renewals}}{\text{Depreciation, amortisation and impairment}}$$

OLG has set a benchmark for the ratio of greater than 100%.

### Asset maintenance ratio

Where relevant, we may also consider the council's asset maintenance ratio. This compares the actual versus required asset maintenance.

$$\text{Asset maintenance ratio} = \frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

OLG has set a benchmark for the ratio of greater than 100%.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

Infrastructure funding is not a core purpose of the council's SV, except for some increased asset maintenance. We note that Willoughby City Council's forecast infrastructure backlog and infrastructure renewals ratios are the same under both the Baseline and SV scenarios.

Over the next 5 years:

- the average infrastructure backlog ratio would be 1.3%, which meets the OLG benchmark of less than 2%
- the average infrastructure renewal ratio would be 106.1% which meets the OLG benchmark of greater than 100%.

For the asset maintenance ratio, over the next 5 years:

- **under the Baseline Scenario** the average asset maintenance ratio would be 102.7%
- **under the SV Scenario** the average asset maintenance ratio would be 116.4%.

These both meet the OLG's benchmark of greater than 100%.

The council has told us it does not envisage using the proposed additional income from the SV on capital expenditure.<sup>35</sup>

#### 4.4 Alternatives to the rate rise

We assessed whether, in establishing the need for the SV, the council's relevant IP&R documents canvassed alternatives to the rate rise to meet the financial need.

The IP&R documents also show how the council considered alternatives to the SV and why they were not pursued. This included<sup>36</sup>:

- Taking out new or expanded loans. The council found this is inappropriate for managing financial sustainability and goes against its policy of reducing debt levels over the medium term.
- Selling assets. The council notes it has identified and recently sold some surplus assets. However, it considers this is not a long-term option for sustainability and net gains or losses would be excluded from the OPR calculation.
- Applying for government grants. The council notes it will continue to pursue government grants, but these are unstable and usually tied to a specific purpose, often new assets.

We also investigated whether and to what extent the council has any available deferred rate increases. We found that it does not have any available deferred rate increases.

## 5 Our assessment: OLG Criterion 2 - Community awareness

We assess the council's SV application against the 6 criteria set out in the OLG Special Variations Guidelines.

For this criterion, we found that the council demonstrated it had engaged with ratepayers on its SV application and that its community is aware of the need for and purpose of the SV.

Criterion 2 requires the council to provide evidence that the community is aware of the need for and extent of the proposed rate increase. It requires the council to:

- communicate the full cumulative increase of the proposed SV in percentage terms and in dollar terms for the average ratepayer, by rating category
- outline its ongoing efficiency measures and performance
- use a variety of engagement methods to ensure community awareness and provide opportunities for community input.

The criterion does not require the council to demonstrate community support for the SV application.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholder comments about community awareness that we received through our feedback form and we analysed the council's community engagement on the proposed SV.

The sections below discuss our assessment, and why we found that the council met this criterion.

### 5.1 Stakeholder comments on community awareness

The one submission we received did not comment on community awareness.

In our feedback form, we asked respondents how much they agree or disagree with 4 statements about the community's awareness and understanding of the rate increase proposed by council. Six of the 10 responses strongly agreed that the council had communicated through various means, explained the reasons for the rate increase, provided adequate opportunity for feedback and took that feedback into consideration. The remaining 4 respondents either disagreed, strongly disagreed, or remained neutral on these matters.

The full results are presented in Figure C.2 in Appendix C.

We considered this feedback, taking account of all the information available to us. Our assessment is discussed below.



## 5.2 Our assessment of council's engagement and consultation

To assess the effectiveness of the council's community engagement and consultation on the proposed SV, we considered whether:

- the information provided to ratepayers was generally sufficient and clear
- the variety of engagement methods used were effective
- the process used to consult the community provided timely opportunities for ratepayers to provide input and feedback on the proposed SV
- the outcomes from the consultation were considered in preparing the SV application.

### Information provided to ratepayers

We found that the council undertook a broad ranging consultation process and the materials provided to ratepayers about the proposed SV were clear and contained the information they needed to be aware of the need for the rate increases. The council consulted on 4 revenue path options, including a rate peg only scenario with reduced services.

The council's consultation materials set out:

- the need for the SV<sup>37</sup>
- the increase in average rates in dollar terms for residential, business 'ordinary' and business 'Chatswood Town Centre' rating categories, which are the 3 main rating categories based on the number of ratepayers<sup>38</sup>
- what the additional income from the proposed SV would fund<sup>39</sup>
- pros and cons of the 4 options<sup>40</sup>
- explanation of allocating an additional \$2.0m a year to invest in additional cleaning, care and beautification projects in parks, cycling and walking routes and town centres, and planting programs to booth the council's urban tree canopy<sup>41</sup>
- the council's OPR target of 2%<sup>42</sup>
- brief explanation of alternatives to SV options and why they were not supported<sup>43</sup>
- how to provide feedback or find out more information.<sup>44</sup>

It also provided web pages in simplified Chinese, Traditional Chinese, Japanese, and Korean.<sup>45</sup>

The average increases in rates did not include the estimated rate increases for 3 business subcategories representing 124 ratepayers. This is made up of 1 ratepayer in the Chatswood Chase subcategory, 10 ratepayers in the Chatswood Westfield subcategory and 113 ratepayers in the Strata Storage subcategory.<sup>46</sup> The council said it wrote personalised emails to representatives of Chatswood Chase and Westfield alerting them of the proposed rate rise options.<sup>47</sup> We also consider that ratepayers would have been able to find out the specific information they needed about their rates by accessing the council's online rate rise option calculator.<sup>48</sup>

## Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of its proposed rate increase and provided opportunities for ratepayers to provide feedback. For example, its engagement activities throughout the consultation period included<sup>49</sup>:

- letters and a 6-page brochure sent to ratepayers (30,067 letters), and sent over 73,000 emails<sup>50</sup>
- information on the council's website and 'Have Your Say' page (5,100 visits)<sup>51</sup>
- Call-to-action text in Traditional and Simplified Chinese, Japanese and Korean on the Mayor's mailout letter and brochure<sup>52</sup>
- distribution of flyers to businesses and passers-by (1,585)<sup>53</sup>
- promotion through media releases, newspaper advertisements, promotion in the council's e-news publication, street pavement stickers, social media channels<sup>54</sup>
- in-person community events<sup>55</sup>
- webinars (attended by 23 community members) and drop-in sessions<sup>56</sup>
- two translated information sessions in Cantonese and Mandarin<sup>57</sup>
- distribution of leaflets at the council's Customer Service Centre and library.<sup>58</sup>

It also engaged Micromex to undertake a randomised phone survey of 419 residents.<sup>59</sup>

## Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was effective. The council consulted with the community between May 2023 and January 2024, with three separate engagement stages. These stages were to:<sup>60</sup>

- exhibit the LTFP, which canvassed 2 SV options, between May and June 2023
- seek feedback on 4 rate rise options between September and November 2023
- exhibit the revised LTFP and Delivery Program with the preferred 15% rate increase, between November 2023 and January 2024.

Following the council's decision to apply for the 15% rate increase option, it informed the community of this decision with local advertising and email notifications.<sup>61</sup>

Based on our assessment, the council demonstrated it provided sufficient opportunities for ratepayers to be informed and provide feedback on the proposal.

## Outcomes of community consultation

As noted above, Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, it does require the council to consider the results of community consultation in preparing its application.

We found that Willoughby City Council did consider the results of its community consultation at the council meeting held on 27 November 2023.<sup>62</sup>

The main feedback was received through:

- A mixed-mode representative survey of 419 participants done by Micromex in October 2023, to test participants' awareness of the SV, and gather feedback and preferences on the SV options.<sup>63</sup> The council said that this survey was designed to be representative of the age and sex characteristics of Willoughby City Council's adult population.<sup>64</sup>
- The council's online opt-in survey which had 1,873 respondents, including 891 respondents who also provided written comments.<sup>65</sup>
- Sixty-five submissions, including 39 emailed comments and including one submission from a shopping centre owner.<sup>66</sup>

The representative Micromex survey found that 47% of survey participants were aware that the council was exploring an SV.<sup>67</sup> The council also said that this representative survey showed that there was a willingness to pay the 15% increase amongst ratepayers.<sup>68</sup> The council cited that 41% of respondents supported at least a 15% SV<sup>c</sup>, while 33% supported a 12% SV option and 26% preferred a 3.5% rate peg only option.<sup>69</sup> The council also noted that 65% of respondents said they were at least somewhat supportive of the 15% rate increase option from this survey.<sup>70</sup>

The council also carried out its own opt-in survey, where 34%<sup>d</sup> of respondents preferred at least a 15% SV.<sup>71</sup> The council acknowledged that the support for the 15% SV was lower in this survey, but noted this may be because its opt-in survey was not designed to be representative of the broader Willoughby City Council community.<sup>72</sup> The opt-in survey also showed that 29% of respondents selected the 12% SV as their first preference, while 36% selected the 3.5% option as their preferred option (rate peg only).<sup>73</sup>

Of those who supported the proposed 15% SV, some comments from the representative Micromex survey included:<sup>74</sup>

- that this option was reasonable and an affordable price with increased services
- the need to maintain infrastructure and services.

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<sup>c</sup> The 41% is made up of 26% respondents that supported a 15% option plus the 15% of respondents that supported a 20% option.

<sup>d</sup> The 34% is made up of 18% respondents that supported a 15% option plus the 16% of respondents that supported a 20% option.

Of those who supported the proposed 15% SV, some comments from the council's opt-in survey included:<sup>75</sup>

- a preference for the council to increase services
- that the council should not be reducing services and be at least maintaining them
- that this level of increase was appropriate given the current inflationary pressures
- that tree canopy and green spaces are important.

During the broader council SV consultation, it also received community feedback which opposed the proposed SV including:

- that the SV increase would be too high and unaffordable, especially in the current economic conditions of increasing cost of living pressures<sup>76</sup>
- the need for an intermediate option between 3.5% and 12%<sup>77</sup>
- the need to review and remove discretionary services to focus on core business/services<sup>78</sup>
- that there has been financial mismanagement by, and mistrust of, councillors and staff<sup>79</sup>
- rather than an SV, alternatives should be considered, including reducing services, prioritising projects, increasing productivity and efficiency, reducing staff salaries or overhead costs and better financial management.<sup>80</sup>

In response to affordability concerns, the council commissioned a capacity to pay report, and resolved to make information on hardship provisions 'clear and obvious' and intends to make it more prominent on its rate notice for the 2024-25 financial year.<sup>81</sup>

## 6 Our assessment: OLG Criterion 3 - Impact on ratepayers

We assess the council's SV application against the 6 criteria set out in the OLG Special Variations Guidelines.

For this criterion, we found that the council has demonstrated that the impact of its proposed special variation on ratepayers is reasonable.

Criterion 3 requires the council to show that the impact on ratepayers is reasonable considering current rates, the community's capacity to pay and the proposed purpose of the special variation.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholder comments on the SV's impact on ratepayers received through our online survey and analysed the council's assessment of the impact of its proposed SV on ratepayers.

We then compared the current and proposed rate levels to similar councils along with the community socio-economic indicators, and balanced this with any measures the council has in place to mitigate impacts.

The sections below discuss our assessment, and why we found that the council met this criterion.

### 6.1 Impact of the proposed SV on average rates

The council calculated the average impact on ratepayers. Table 6.1 sets out its expected increase in average rates in each main ratepayer category under the proposed 1-year permanent SV. It shows that in 2024-25:

- the average residential rate would increase by \$163 or 15% in total.
- the average business rate would increase by \$1,106 or 15% in total.

Table 6.1 Impact of the proposed special variation on average rates

|                                | 2023-24 | 2024-25 |
|--------------------------------|---------|---------|
| Residential average rates (\$) | 1,088   | 1,251   |
| \$ increase                    |         | 163     |
| % increase                     |         | 15.0    |
| Business average rates (\$)    | 7,375   | 8,481   |
| \$ increase                    |         | 1,106   |
| % increase                     |         | 15.0    |

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.

Source: Willoughby City Council, Application Part A and IPART calculations.

## 6.2 Stakeholder comments on impact on ratepayers

The one submission we received on the council's application did not comment on the impact of the increase.

In our feedback form, we asked respondents how much they agree or disagree with 4 statements about the affordability of the rate increase proposed by council. Of the 10 respondents, 6 agreed or strongly agreed that the increase is affordable, and the application considers the financial constraints of ratepayers, considers different options to reduce the financial impact on ratepayers, and balances the community's need for services and its impact on ratepayers. Of the remaining 4 respondents, 3 strongly disagreed or disagreed, while one respondent neither agreed or disagreed. The full results are presented in Figure C.3 in Appendix C.

## 6.3 The council's assessment of the proposed SV's impact on ratepayers

The criterion requires that the Delivery Program and LTFP show the impact of any rate rises upon the community, demonstrate 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 community's capacity to pay.

### The council's IP&R documents

We found that the council's LTFP clearly communicates what the estimated average rates would be, if the 1-year SV of 15% was approved. It shows this for residential rates, and the 2 main business rates categories (Business General and Chatswood Town Centre).<sup>82</sup>

The council's Delivery Program does not outline the proposed SV, instead it focuses on the outcomes that the council would like to provide when the SV is approved.<sup>83</sup>

### The council's consideration of capacity to pay

The council's capacity to pay analysis, undertaken by its consultant Morrison Low, provides an evaluation of relative wealth and financial capacity to pay the proposed rate increase within the Willoughby City local government area (LGA). It also examines the financial vulnerability and exposure of different community groups within the LGA.

The report found that:

- The following characteristics show a capacity to pay:
  - The LGA is characterised by a relatively high socioeconomic status, low unemployment rate, relatively low average residential rates and the lowest levels of rates outstanding in the OLG group 3 (comprising larger metropolitan councils).<sup>84</sup>
  - All suburbs in the LGA have lower disadvantage levels, and greater advantage levels, compared to the Greater Sydney, NSW based on Socio-Economic Indexes for Areas (SEIFA) rankings.<sup>85</sup>
- The application of an appropriate hardship policy remains an important consideration for an SV for areas like Artarmon – St Leonards and Chatswood. These areas are considered to have capacity to pay, but less capacity than other parts of the LGA.<sup>86</sup>
- Prior to the proposed rate increase, the LGA's average business rates was the 7<sup>th</sup> highest average business rate out of the 18 councils in OLG Group 3.<sup>87</sup> With the proposed SV increase this would move the council's average rates to the 6<sup>th</sup> highest among OLG Group 3 councils.<sup>88</sup>
- The outstanding rates and charges ratio for the council area was 2.6% in 2021-22, which was the lowest among OLG Group 3 councils and below the OLG benchmark of less than 5% for metropolitan councils.<sup>89</sup> The report also found the council has met that benchmark for the past 3 financial years and noted this is an indicator of capacity and willingness to pay.<sup>90</sup>

The council also considered that the results from its community engagement indicated the community showed willingness to pay for increased service levels. Its 2 surveys (a random representative survey undertaken by Micromex and an opt-in survey run by the council), asked respondents to rank their preferences for 4 options regarding service levels and rate increases (one being rate-peg only). The council found that 41% of respondents in the Micromex survey ranked a 15% or 20% increase as their first preference, while that figure was 34% for the opt-in survey.<sup>91</sup>

## 6.4 Our analysis of the proposed SV's impact on ratepayers

To assess the reasonableness of the impact on ratepayers, we considered:

- how the council's rates have changed over time
- how current and proposed rates compare to councils in similar circumstances
- the community's capacity to pay based on census data and hardship data from the council
- what hardship provisions the council has in place to mitigate the impact.

### How the council's rates have changed over time

Over the past 5 years, the average annual growth in the council's residential rates has been lower than the rate peg. As Table 6.2 shows, residential rates have increased at an annual average rate of 1.04%, compared to the average rate peg of 2.4% over the same period. This is because the number of rating assessments has grown faster than the increase in general income. This means there are more ratepayers contributing to the total amount collected.

Table 6.2 Historical average rates in Willoughby City Council (\$nominal)

|             | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Average annual growth (%) |
|-------------|---------|---------|---------|---------|---------|---------|---------------------------|
| Residential | 1,033   | 1,063   | 1,087   | 1,109   | 1,132   | 1,088   | 1.04                      |
| Business    | 6,873   | 7,092   | 7,266   | 7,407   | 7,563   | 7,375   | 1.42                      |

Note: 2022-23 rates are an estimate based on 2021-22 rates escalated by the rate peg or the council's SV.  
Source: OLG, Time Series Data 2021-22, Willoughby City Council, Application Part A, IPART calculations

## How the council's rates compare to other councils

We compared the council's average rates currently, and what they would be with the SV, with those of similar and nearby councils. We have considered this together with the socio-economic data comparisons set out below to help us assess the reasonableness of the proposed rate increase.

Box 6.1 provides more information about how we compared councils.

### Box 6.1 Comparable councils

In our analysis of rate level and capacity to pay indicators, we have compared Willoughby City Council to other councils in several ways.

#### Other councils with similar Socio-Economic Indexes for Areas (SEIFA) rank

SEIFA ranks areas in Australia according to relative socio-economic factors. It is developed by the Australian Bureau of Statistics using 2021 census results. We considered the 'Index of Relative Socio-economic Advantage and Disadvantage' which includes 23 variables covering income, household make-up, housing, education levels and employment.

Willoughby City Council has a SEIFA rank of 122 out of 128 NSW councils. A lower number means more relative disadvantage.

We have compared the council's average rates with those of other metro councils with a similar SEIFA rank to help us assess how reasonable they are. The 4 metro councils with the closest SEIFA rank are Hunters Hill, Lane Cove, The Hills Shire and City of Sydney councils. However, as we considered Lane Cove Council as a neighbouring council (see below), we used Waverley Council for this comparison instead.



## Box 6.1 Comparable councils

### Office of Local Government (OLG) groups

The OLG groups similar councils together for comparison purposes. This is based on broad measures such as level of development, typical land use and population.

Councils in each group may have some similarities in service levels and costs, although there can be some broad differences within each OLG Group.

Willoughby City Council is in OLG Group 3 which is considered a 'metropolitan area with population of less than 70,000'. OLG Group 3 has 18 councils in total, including Sutherland Shire, Randwick City, North Sydney and Northern Beaches Councils.<sup>92</sup>

### Neighbouring councils

Comparing to neighbouring and nearby council areas can help ratepayers assess the level of rates they pay as they may be better able to also see differing service levels across councils.

The councils we have used for this comparison are North Sydney, City of Ryde, Ku-ring-gai, and Lane Cove.

As Table 6.3 and Table 6.4 show, in 2023-24 the council's:

- Average residential rates are lower than most of the comparable councils, although higher than North Sydney and City of Sydney. In 2024-25, the average residential rates would be \$1,251, remaining lower than or similar to most comparable councils, but higher than North Sydney Council and the City of Sydney.
- Average business rates are slightly higher than the OLG Group 3 average, and around the middle of the range of other comparable councils. We note there is a broad range in business rates among these comparable councils. In 2024-25, the average business rates would be \$8,481, which is higher than most comparable councils and the OLG Group 3 average. However, we also note that average is pulled up by 11 assessments in the 'Major Retail business' sub-category. The average business rate, excluding the 11 Major Retail ratepayers, would be \$7,695 in 2024-25.<sup>93</sup> We note that the comparator councils may also have some outlier business rates incorporated in their averages.

Table 6.3 Comparison of the council's average residential rates under the proposed SV

| Council  | Average residential rate (\$) |              |
|--|-------------------------------|--------------|
|  | Current                       | 2024-25      |
| <b>Willoughby City Council (OLG Group 3)</b>           | 1,088                         | 1,251        |
| <b>Neighbouring councils</b>                           |                               |              |
| Ku-ring-gai  | 1,565                         | 1,646        |
| Ryde   | 1,167                         | 1,227        |
| North Sydney   | 1,024                         | 1,075        |
| Lane Cove  | 1,397                         | 1,466        |
| <b>Average</b>   | <b>1,275</b>                  | <b>1,340</b> |
| <b>Comparable councils (SEIFA)</b>                     |                               |              |
| Hunters Hill   | 2,517                         | 2,643        |
| Waverley   | 1,251                         | 1,313        |
| The Hills Shire  | 1,160                         | 1,242        |
| Sydney City  | 768                           | 807          |
| <b>Average</b>   | <b>997</b>                    | <b>1,055</b> |
| <b>Group 3 average (excl. Willoughby City Council)</b> | <b>1,262</b>                  | <b>1,335</b> |

- a. The average rate is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
- b. To derive the 2023-24 average rates for comparable councils, we used OLG's time series data as at 2021-22 (latest available) and escalated this by its 2022-23 and 2023-24 rate peg, or if applicable, its approved SV.
- c. To derive the 2024-25 average rates for comparable councils, we used OLG's time series data as at 2021-22 (latest available) and escalated this by its 2022-23, 2023-24 and 2024-25 rate peg, or if applicable, its approved SV.

Source: OLG, Time Series Data 2021-22; ABS, 2021 Census DataPacks, General Community Profile, Local Government Areas, NSW and IPART calculations.

Table 6.4 Comparison of the council's average business rates under the proposed SV

| Council  | Average business rate (\$) |               |
|--|----------------------------|---------------|
|  | Current                    | 2024-25       |
| <b>Willoughby City council (OLG Group 3)</b>           | 7,375                      | 8,481         |
| <b>Neighbouring councils</b>                           |                            |               |
| Ku-ring-gai  | 4,181                      | 4,399         |
| City of Ryde   | 10,319                     | 10,845        |
| North Sydney   | 5,837                      | 6,129         |
| Lane Cove  | 5,076                      | 5,325         |
| <b>Average</b>   | <b>6,662</b>               | <b>6,998</b>  |
| <b>Comparable councils (SEIFA)</b>                     |                            |               |
| Hunters Hill   | 1,523                      | 1,599         |
| Waverley   | 7,129                      | 7,486         |
| The Hills Shire  | 2,347                      | 2,514         |
| Sydney City  | 13,062                     | 13,728        |
| <b>Average</b>   | <b>10,811</b>              | <b>11,369</b> |
| <b>Group 3 average (excl. Willoughby City Council)</b> | <b>6,949</b>               | <b>7,364</b>  |

- a. The average rate is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
- b. To derive the 2023-24 average rates for comparable councils, we used OLG's time series data as at 2021-22 (latest available) and escalated this by its 2022-23 and 2023-24 rate peg, or if applicable, its approved SV.
- c. To derive the 2024-25 average rates for comparable councils, we used OLG's time series data as at 2021-22 (latest available) and escalated this by its 2022-23, 2023-24 and 2024-25 rate peg, or if applicable, its approved SV.

Source: OLG, Time Series Data 2021-22; ABS, 2021 Census DataPacks, General Community Profile, Local Government Areas, NSW and IPART calculations.

## Socio-economic indicators, hardship, and outstanding rates data

We considered some socio-economic indicators to understand the community's capacity to pay and levels of vulnerability in the community. We considered these together with the average rate levels set out above, and the hardship assistance available to vulnerable ratepayers.

This assessment focusses on residential rates. Residential ratepayers represent the majority of ratepayers.<sup>e</sup>

Our approach is explained in Box 6.2 and our analysis is presented below.

<sup>e</sup> Note that our assessment looks at the community as a whole and does not distinguish between those that directly pay rates and those that may indirectly be impacted.

## Box 6.2 How we assessed capacity to pay

To help us understand the impact on residential ratepayers, we have considered select socio-economic indicators and compared these to the councils outlined in Box 6.1. We also collected historical hardship and outstanding rates data from the council. These provide an indication of the ability to pay additional increases and are useful to consider together with the rate comparison.

### Socio-economic indicators from 2021 census

We considered:

- The median income levels, and the ratio of average residential rates to median household income, which are indicators of capacity to absorb cost increases.
- The proportion of people on select Government payments<sup>f</sup>, which could be an indicator of levels of vulnerability as recipients may generally be on lower and fixed incomes.
- The level of outright home ownership, where higher home ownership may indicate that a household may have more capacity to pay, as mortgage or rent payments do not need to be covered.
- The proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs can be an indicator of cost-of-living pressures. However, putting 30% or more of a household's imputed income towards housing may not always be a sign of financial stress. A household may choose to make more mortgage repayments or reside in a more expensive area and have a sufficiently high income.

We also note that interest rates and cost of living have increased since this data was collected in the 2021 census.

### Hardship applications and outstanding rates

We collected 5 years of historical data related to ability to pay rates to understand trends in the area. This was:

- how many hardship applications were made
- how many ratepayers were on a hardship policy
- the value of rates (\$) that were outstanding as at 30 June.

We note these indicators can apply to very small proportions of the population.

<sup>f</sup> These are the Age Pension, Disability Support Pension and JobSeeker Payment.

Table 6.5 below shows that socio-economically, the residents of Willoughby City Council are in a similar position to the residents of comparable councils, with some indicators suggesting a better ability to pay rates and few indicators suggesting additional hardship. In particular:

- The population has a relatively high median household income compared to OLG Group 3 councils but a lower household income than the average of its neighbouring councils and other similar councils based on SEIFA, except for the City of Sydney.
- The council's outstanding rates and annual charges ratio (2.6%) is below the averages of similar councils (i.e. neighbouring, comparable councils by SEIFA and OLG Group 3).
- The typical household in Willoughby City Council would spend around 0.8% of their household income on residential rates. This is less than the average residential rates to median household income ratio for most comparator councils.
- 31.7% of dwellings in the council are owned outright, which is lower than some other comparable councils.

Table 6.5 Comparison of the council's socio-economic indicators

|  | Median annual household income (\$) <sup>a</sup> | Current average residential rates to median household income ratio (%) <sup>b</sup> | Outstanding rates and annual charges ratio (%) <sup>c</sup> | Proportion of population in receipt of select Government payments (%) <sup>d</sup> | Proportion of households that pay more than 30% of income towards housing costs <sup>e</sup> | Dwelling owned outright (%) <sup>f</sup> |
|--|--|---|---|--|--|--|
| <b>Willoughby City council (OLG Group 3)</b>           | 132,912  | 0.8   | 2.6   | 6.8  | 18.8%  | 31.7                                     |
| <b>Neighbouring councils</b>                           |  |   |   |  |  |  |
| Ku-ring-gai  | 157,976  | 1.0   | 4.3   | 6.0  | 15.4%  | 40.2                                     |
| Ryde   | 109,096  | 1.1   | 5.0   | 10.1   | 21.5%  | 26.0                                     |
| North Sydney   | 131,248  | 0.8   | 2.9   | 6.2  | 17.8%  | 25.5                                     |
| Lane Cove  | 145,652  | 1.0   | 4.6   | 5.5  | 15.7%  | 27.8                                     |
| <b>Average</b>   | <b>135,993</b>                                   | <b>0.9</b>  | <b>4.2</b>  | <b>7.5</b>   | <b>18.1%</b>   | <b>29.9</b>                              |
| <b>Comparable councils (SEIFA)</b>                     |  |   |   |  |  |  |
| Hunters Hill   | 155,896  | 1.6   | 5.9   | 9.5  | 17.6%  | 40.3                                     |
| Waverley   | 148,408  | 0.8   | 4.8   | 6.8  | 20.5%  | 24.2                                     |
| The Hills Shire  | 147,212  | 0.8   | 5.1   | 7.5  | 14.8%  | 31.0                                     |
| Sydney   | 115,024  | 0.7   | 2.0   | 8.9  | 25.1%  | 14.1                                     |
| <b>Average</b>   | <b>141,635</b>                                   | <b>1.0</b>  | <b>4.4</b>  | <b>8.0</b>   | <b>21.0%</b>   | <b>27.4</b>                              |
| <b>Group 3 average (excl. Willoughby City Council)</b> | <b>113,057</b>                                   | <b>1.1</b>  | <b>5.3</b>  | <b>12.5</b>  | <b>19.9%</b>   | <b>28.0</b>                              |

- a. Median annual household income is based on 2021 ABS Census data.
- b. The 2023-24 average rates for comparable councils are calculated based on the OLG's time series data as at 2021-22 (latest available data) escalated by a Council's 2022-23 and 2023-24 rate pe or approved SV, as relevant.
- c. The Outstanding rates ratio (%) is derived from the OLG's Rates & Annual Charges Outstanding Percentage for the General Fund as at 2021-22 (latest available data). The formula is 'rates and annual charges outstanding (\$)' divided by 'rates and annual charges collectible' (\$).
- d. Proportion of population in receipt of select Government payments (%) is based on the total number of Age Pension, Disability Support Pension and the JobSeeker Payments *divided by* the estimated regional population from the 2021 ABS Data by Region.
- e. Proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs payments is calculated by the following formula - (households where mortgage repayments are more than 30% of the imputed household income (no.) + households where rent repayments are more than 30% of the imputed household income (no.)) / total occupied private dwellings (no.). These measures are from the 2021 ABS Data by Region.
- f. Dwelling owned outright (%) is from the 2021 ABS Data by Region.

Source: OLG, Time Series Data 221-22; ABS, Socio-economic Indexes for Areas (SEIFA) 2021, March 2023; ABS, 2021 Data by Region, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

## Historical hardship and outstanding rates data

We collected historical data on outstanding rates and ratepayers accessing hardship provisions. Recent trends give an indication of ratepayers' ability to pay current rate levels and potentially the impact of other costs increases. We note that these remain very small proportions of all ratepayers.

The council indicated that there have been no hardship applications made over the last 5 years, and no ratepayers have been on hardship provisions. Over that same period, there has been a slight increase in the number of rates notices overdue, from 1,338 in 2018-19 to 1,554 in 2022-23. Correspondingly, the percentage of rates overdue has increased from 4.2% to 4.8% over the period.<sup>94,9</sup>

## 6.5 The council's hardship policy and availability of concessions

A hardship policy can play an important role in mitigating the impact of an SV on vulnerable ratepayers. We are satisfied that the council has a [hardship policy](#) in place to assist vulnerable ratepayers, and it has appropriate strategies to make its community aware about how to access this.

The hardship policy provides assistances, such as:<sup>95</sup>

- deferral of rates
- the writing-off of accrued interest for late payments
- payment plans
- providing rate relief for ratepayers in the first year following land revaluations if the increase from that would cause substantial financial hardship.

The council has also said it will continue implementing concessions for pensioners and qualifying self-funded retirees which it states exceed the statutory minimum. It stated in its application to us that:<sup>96</sup>

- It provides the statutory reduction of 50% to the combined rates and domestic waste management charge to a maximum of \$250.
- In 2023-24, pensioners and qualifying self-funded retirees received a \$158 reduction in the domestic waste service charge. The council stated this was over and above what most other councils offered and represented an increase of \$28 (21.5%) on the \$130 discount offered in 2022-23.

The council also said in its application that it intends to make hardship information more prominent on its rates notice for the 2024-25 financial year.<sup>97</sup>

<sup>9</sup> This is different to the outstanding rates and annual charges ratio (%) mentioned in Table 6.5, which is based on dollar values (see note c of Table 6.5). The overdue rates percentage is calculated by dividing the total number of overdue rates (count) over the total number of issued rates (count).

## 7 Our assessment: OLG Criterion 4 - IP&R documents

We assess the council's SV application against the 6 criteria set out in the OLG Special Variations Guidelines.

For this criterion, we found that the council exhibited (where required), approved and adopted its Integrated Planning & Reporting (IP&R) documentation appropriately.

Criterion 4 requires the council to exhibit (where required), approve and adopt the relevant Integrated Planning and Reporting (IP&R) documents before applying for the proposed SV.

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Note: See Appendix A for the full criterion.

To assess whether the council met this criterion, we checked the information provided by the council. We found that it met the criterion.

The relevant IP&R documents are described in Box 7.1.

The adopted LTFP is available on the council's website, along with other IP&R documents.<sup>98</sup>

The council:<sup>99</sup>

- exhibited its current Community Strategic Plan from 2 May to 30 May 2022, and adopted it on 27 June 2022
- exhibited its current Delivery Program from 30 November 2023 to 14 January 2024, and adopted it on 30 January 2024
- exhibited its current LTFP from 30 November 2023 to 14 January 2024 and adopted it on 30 January 2024
- adopted its Asset Management Strategy on 27 June 2022.



### Box 7.1 Integrated Planning & Reporting (IP&R) documents

The Integrated Planning and Reporting (IP&R) framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework underpins decisions on the revenue required by each council to meet the community's needs.

The relevant documents are the Community Strategic Plan, Delivery Program, Long-Term Financial Plan (LTFP), and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re-exhibition if amended). The OLG Guidelines require that the LTFP be posted on the council's website.

Source: Office of Local Government [Integrated Planning and Reporting Guidelines](#)

## 8 Our assessment: OLG Criterion 5 - Productivity and cost containment strategies

We assess the council's SV application against the 6 criteria set out in the OLG Special Variations Guidelines.

We found that the council met this criterion. We found that the council explained and quantified productivity improvements and cost containment strategies it has realised. It identified some future productivity improvements and proposed a \$2 million efficiency target but has not finalised a plan to achieve this.

Criterion 5 requires councils to explain and quantify the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the years of the proposed SV.

Councils should present their productivity improvements and cost containing strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of those measures have been incorporated in the council's Long Term Financial Plan.

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Note: See Appendix A for the full criterion.

To assess this criterion, we considered feedback we received in our online survey, analysed the information provided by the council, and examined some key indicators of the council's efficiency.

The sections below discuss our assessment, and why we found that the council met this criterion.

### 8.1 Stakeholder comments on productivity and cost containment

The one submission we received did not comment on the council's efficiency.

In our feedback form, we asked respondents how much they agree or disagree with 3 statements about the council's efficiency and communication of cost-saving strategies. We received 10 responses. Of these, 6 agreed or strongly agreed that the council had explained past, or future cost-saving strategies and was effective in providing services to its community. The remainder strongly disagreed, disagreed or were neutral. The full results are presented in Figure C.4 in Appendix C.

We have considered this feedback as part of our assessment of this criterion.

## 8.2 The council's realised and proposed savings

The council has explained recent productivity improvements and cost saving initiatives and quantified some of these. These span across several council functions, including service reviews, internal efficiencies and staff reductions, which is further explained in section 8.3.

It has also proposed an efficiency target but is yet to finalise a detailed plan to achieve it.

## 8.3 Our analysis of the council's information on productivity and cost containment strategies

We consider the council:

- demonstrated past achievements in delivering productivity improvements and cost containment
- outlined strategies and activities for further improving its productivity and efficiency, including a \$2 million efficiency target
  - it did not provide details of how this efficiency target would be achieved in its application but told us it was incorporated into its LTFP.

We found that the council has demonstrated this criterion.

### Productivity and cost containment strategies to date

We found the council has made some productivity and cost containment gains in recent years. The application indicates that the savings are result of the following initiatives:<sup>100</sup>

- ended 2 'Loop Bus' Services due to low patronage, an annual saving of \$345,000 from June 2022
- approved an organisational review in June 2015 has resulted in savings of \$2.0 million per annum without a change in service standards
- identified opportunities to reduce variable costs and optimise revenue (where possible) during the COVID-19 pandemic, which included savings of \$5.5 million in employee costs, operational expenses and by introducing controllable cost savings in areas such as consultants and materials
- outsourced the Devonshire Street childcare centre in June 2023, where the expected benefit is around \$5.0 million over the next 10 years
- consolidated 18 disparate technology platforms into one cloud-based platform (CONNECT project)
- worked to win external grants during the COVID-19 period as the council's own revenue sources were declining
- moved to a zero-based budgeting approach from 2023-24, which required managers to outline and justify any proposed operating expenditure.

The council provided an attachment that listed quantified efficiency, service reviews and alternative revenue measures undertaken since 2014-15. Some examples from that document were:<sup>101</sup>

- putting solar power on buildings since the end of 2019 (the estimated benefit was \$150,000 in 2022-23, which included a single upfront cost of \$1,000,000)
- working with Ausgrid to replace existing streetlights with energy efficient lights (the estimated benefit was \$140,000 in 2022-23, which included a single upfront cost of \$2,000,000)
- switching to electronic rate notices in 2020-21 (the estimated benefit was \$13,500 in 2022-23)
- savings from library staffing through natural attrition, process improvements and change to the service delivery model, without reducing community service standards (estimated benefit was \$440,334 in 2022-23)
- efficiency gains from the Safe City Unit where the council has worked with the NSW Government since May 2021 to deliver more efficient online processing of parking fines (the estimated benefit was \$1,978,755 in 2022-23, which included a single upfront cost of \$2,000).

We are satisfied that the council has found and incorporated productivity improvements over recent years.

## Planned productivity and cost containment strategies

The council outlined some strategies and activities to further improve its productivity and efficiency.

It has proposed an efficiency target of \$2 million, equivalent to 1.48% of the projected expenditure from continuing operations in 2024-25 (under the SV scenario).<sup>102</sup> In its LTFP, it mentioned the efficiency target would apply in 2024-25 and remain in the council's budget on an ongoing basis.<sup>103</sup> However, it has not yet provided the details of how it intends to achieve these other than that it expects to find expenditure savings and new non-rates revenue. It expects to provide more detail in its upcoming draft Operational Plan to be placed on public exhibition in May 2024.<sup>104</sup> We expect this to be finalised at a sufficient level of detail for the ratepayers to understand what the council plans and for the council to be able to report progress against.

Other efficiency initiatives include:<sup>105</sup>

- adopting and commencing the implementation of a Service Review Framework
- continuing to implement the final phase of the CONNECT project
- continuing to focus on business improvements for the customer and the organisation to streamline processes.

## 8.4 Indicators of the council's efficiency

We examined indicators of the efficiency of the council's operations and asset management processes, including how its efficiency has changed over time and how its performance compares with that of similar councils. This data is presented in Table 8.1 and Table 8.2 below.

We found that between 2017-18 and 2021-22, the council's:

- number of full time equivalent (FTE) staff fell marginally (on average it decreased by 0.1% each year)
- average annual cost per FTE increased by an average of 1.7% per annum in nominal terms
- employee costs as a percentage of operating expenditure have slightly decreased by approximately 1.2% each year.

We also found that the council has:

- more staff per population than the Group 3 average – it has one FTE for every 207.2 residents, whereas the Group 3 average is one FTE for every 250.3 residents
- operating expenditure per capita higher than the Group 3 average.

These performance indicators only provide a high-level overview of the council's productivity at a point in time. Additional information would be required to accurately assess the council's efficiency and its scope for future productivity gains and cost savings.

Table 8.1 Trends in selected indicators for Willoughby City Council

| Performance indicator  | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Average annual change (%) |
|--|---------|---------|---------|---------|---------|---------------------------|
| FTE staff (number)   | 369     | 361     | 369     | 376     | 367     | -0.1                      |
| Ratio of population to FTE   | 215.9   | 222.5   | 220.0   | 215.9   | 207.2   | -1.0                      |
| Average cost per FTE (\$)  | 107,724 | 115,587 | 114,046 | 110,694 | 115,297 | 1.7                       |
| Employee costs as % of operating expenditure (General Fund only) (%) | 39.5    | 38.5    | 38.5    | 37.5    | 37.6    | -1.2                      |

Source: OLG, Time Series Data 2021-22, IPART calculations.

Table 8.2 Select comparator indicators

|  | Willoughby City Council | OLG Group 3 Average <sup>a</sup> | NSW Average <sup>a</sup> |
|--|-------------------------|----------------------------------|--------------------------|
| <b>General profile</b>   |                         |                                  |                          |
| Area (km <sup>2</sup> )  | 22                      | 101                              | 5,571                    |
| Population   | 76,034                  | 185,383                          | 63,124                   |
| General Fund operating expenditure (\$m)                             | 112.6                   | 197.9                            | 94.8                     |
| General Fund operating revenue per capita (\$)                       | 1,638                   | 1,356                            | na                       |
| Rates revenue as % of General Fund income (%)                        | 57.0                    | 54.7                             | 44.3                     |
| Own-source revenue ratio (%)   | 84.3                    | 75.0                             | 64.2                     |
| <b>Productivity (labour input) indicators</b>                        |                         |                                  |                          |
| FTE staff  | 367.0                   | 740.8                            | 384.4                    |
| Ratio of population to FTE   | 207.2                   | 250.3                            | 164.2                    |
| Average cost per FTE (\$)  | 115,297                 | 107,967                          | 97,855                   |
| Employee costs as % of operating expenditure (General Fund only) (%) | 37.6                    | 40.4                             | 37.5                     |
| General Fund operating expenditure per capita (\$)                   | 1,481                   | 1,067                            | 1,501                    |

a: Excludes Willoughby City Council.

Source: OLG, Time Series Data 2021-22 and IPART calculations.

## 9 Our assessment: OLG Criterion 6 - Any other matter that IPART considers relevant

Criterion 6 provides that IPART may take into account any other matter that it considers relevant.

We consider that a relevant matter is whether the council has been granted an SV in recent years, and if so, whether the council has complied with any conditions attached to that SV.

We found that the council has not demonstrated this criterion.

In 2015-16, IPART approved a temporary SV for the council of 11.82% over 2 years, which it could retain until 30 June 2022.<sup>106</sup>

A condition of approval was that the council include in its annual reports from 2015-16 to 2021-22:<sup>107</sup>

- the program of expenditure that was actually funded by the SV
- any significant differences between the Proposed Program and the program of expenditure that was actually funded by the SV and the reasons for those differences
- the outcomes achieved as a result of the SV.

We found that the council reported on these in its annual reports from 2015-16 to 2017-18.<sup>108</sup> However, we found that the council did not clearly report its actual program of expenditure against its Proposed Program in its 2015-16 to 2017-18 annual reports to the level of detail provided to us as part of this (2024-25) SV application.<sup>109</sup>

The council also said that this information was not provided in its annual reports from 2018-19 to 2021-22.<sup>110</sup> As part of its (2024-25) SV application, the council provided the information that should have been reported in its 2018-19 to 2021-22 annual reports and stated these will be added as addendums to those previous annual reports.<sup>111</sup>

The Additional Special Variation (ASV) approval from 2022-23 required that the council include in its 2022-23 annual report:<sup>112</sup>

- its actual revenues, expenses, operating results against projections provided in its application
- any significant differences between the actual and projected revenues, expenses, operating results and the reasons for those differences
- the additional income raised by the ASV.

Similar to above, the council said the required information was not available in its 2022-23 annual report. Instead, as part of this application, the council provided the information that should have been reported in its 2022-23 annual report, and stated this information will be added as addendum to the 2022-23 annual report.<sup>113</sup>

As a result, we have found that the council did not meet this criterion.

Complying with these conditions is integral to the SV process. Reporting allows the council to be held accountable for its expenditure and the commitments it made to its community when it decided to apply for the SV. It also supports the ratepayers to have confidence in their council and the SV process.

The OLG is the body responsible for enforcing compliance with the conditions attached to SVs. The IPART Chair has written to the OLG identifying the council's failures to comply.



## 10 IPART's decision on the special variation

Based on our assessment of the council's application against the 6 OLG criteria and consideration of stakeholder feedback, we have approved the council's proposed permanent SV to general income for 2024-25.

The approved increase to general income is set out in Table 10.1 below.

Table 10.1 IPART's decision on the special variation to general income (%)

|                                | 2024-25 |
|--------------------------------|---------|
| Annual percentage increase (%) | 15.00   |

Source: IPART calculations.

Our *Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Willoughby City Council 2024-25* gives legal effect to this decision and sets out the conditions of approval.

### 10.1 Reasons for our decision

We found that Willoughby City Council's application met 5 of the 6 criteria.

Without the SV, the council's operating expenses would continue to exceed its revenue, which is unsustainable if it is to provide the services and assets that the community expects. The SV will allow the council to have a positive operating result and undertake some new projects to meet its community's preferences. It will also allow the council to maintain an operating surplus and have the funds to manage unexpected financial shocks. It has indicated in its Long-Term Financial Plan that it seeks to maintain an operating performance ratio (OPR) of 2% to 4%.<sup>144</sup> The council considered alternatives to the SV, including service reductions, but found these to be unsuitable after considering the needs of the community.

The council demonstrated that it had made its community aware of the proposal. It consulted broadly with the community on 4 options including a rate peg only option. While responses were mixed, it did receive some support for higher rates and improved services.

The council showed that the impact of the SV on ratepayers in general is reasonable. The Willoughby City Council area is generally a high socio-economic area. With the SV, its average residential rates would be lower than the average of neighbouring councils and other councils in its OLG group, but higher than comparable councils based on a similar socioeconomic profile. Its average business rates with the SV, would be higher than the average of neighbouring councils and other councils in its OLG group, but lower than comparable councils based on a similar socioeconomic profile.

We note the council has a hardship policy in place but it has received no applications for hardship assistance over the past 5 years. It told us it will make its hardship provisions more prominent and easier to access on its website, and outline how to apply for assistance on its rates notices.

The council explained and quantified the productivity improvements it has realised in past years and outlined some strategies to achieve further improvements. It has also set itself an efficiency savings target of \$2 million commencing in 2024-25, but is yet to finalise a plan to achieve this.

We found that the council has not fully complied with conditions attached to past SVs, particularly the last 4 reporting years of its last SV and the Additional Special Variation (ASV) that it was granted in 2022-23.

## 10.2 We have put conditions on the special variation

The special variation is subject to the following conditions:

- The council uses the additional income for the purpose of funding the proposed program of expenditure as set out in table B.2 in Appendix B.
- The council report in its annual report for each year from 2024-25 to 2029-30 (inclusive):
  - the program of expenditure that was actually funded by the additional income, and any differences between this program and the proposed program of expenditure;
  - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long-Term Financial Plan, and the reasons for those differences;
  - the outcomes achieved as a result of the additional income;
  - whether or not the council has implemented the productivity improvements, and
    - i if so, the annual savings achieved through these measures, and what these equate to as a proportion of the council's total annual expenditure; and
    - ii if not, the rationale for not implementing them; and
  - any other productivity and cost containment measures the council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the council's total annual expenditure.

## 10.3 Impact on ratepayers

IPART sets the maximum allowable increase in the council's general income, but the council determines how it allocates any increase across different categories of ratepayers. Based on what the council has told us in its application, the expected impacts on ratepayers under the approved SV are shown in Table 10.2 below.

This shows that in 2024-25, if the council chooses to increase rates so as to recover the maximum permitted general income under the approved SV:

- the average residential rate would increase by \$163.18 or 15%
- the average business rate would increase by \$1,106.22 or 15%.

Table 10.2 Indicative annual increases in average rates under the approved SV (2024-25)

|                                | 2023-24 | 2024-25 |
|--------------------------------|---------|---------|
| Residential average rates (\$) | 1,088   | 1,251   |
| \$ increase                    |         | 163     |
| % increase                     |         | 15.0    |
| Business average rates (\$)    | 7,375   | 8,481   |
| \$ increase                    |         | 1,106   |
| % increase                     |         | 15.0    |

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.  
Source: Willoughby City Council, Application Part A and IPART calculations.

## 10.4 Impact on the council

Our decision means that the council may increase its general income by \$8.2 million in 2024-25. This increase can remain in the rate base permanently.

Table 10.3 shows the percentage increase we have approved and an estimate of the annual increase in the council's permissible general income.

Table 10.3 Permissible general income of council for 2024-25 from the approved SV

|                          | 2024-25   |
|--------------------------|-----------|
| Increase approved (%)    | 15.00     |
| Increase in PGI (\$'000) | 8,154.58  |
| PGI (\$'000)             | 62,506.59 |

Source: IPART calculations.

This extra income will enable the council to:

- recover from recent financial impacts, including high inflation, COVID-19 revenue losses, mandated staff wage increases, unexpected NSW Government costs and the cessation of Council's Infrastructure Levy in 2022
- have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme weather and growth shocks
- be in a stronger position to maintain and renew community assets, attract and retain staff, and meet community expectations
- maintain existing highly valued services, including continuing to implement an existing program to increase responsiveness to resident and business enquiries
- improve public area maintenance and urban tree canopy outcomes.

With the SV, the council's projected:

- OPR will improve and reach around 1.7% in 2024-25, in line with OLG benchmark of greater than 0% – as shown in Figure 4.1 in Chapter 4
- net cash to income ratio, which is currently projected to decline to around 38.5% in 2026-27 will steadily increase thereafter – as shown in Figure 4.2 in Chapter 4.

# Appendices

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## A Assessment criteria

### A.1 Special Variations assessment materials

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the 6 criteria for a special variation include:

1. the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
2. there must be evidence that the community is aware of the need for and extent of a proposed rate rise
3. the impact on affected ratepayers must be reasonable
4. the relevant IP&R documents must be exhibited (where required), approved and adopted by the council
5. the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
6. any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications. This includes information for councils on our expectations of how to engage with their community on any proposed rate increases (see our [guidance booklet](#)).

#### Criterion 1: Financial need

**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**, in particular 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 canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long-Term Financial Plan applying the following two scenarios<sup>h</sup>:

<sup>h</sup> OLG, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013, p 71.

- **Baseline scenario** – General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation, and
- **Special variation scenario** – the result of implementing the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

## Criterion 2: Community awareness

**Evidence that the community is aware of the need for and extent of a rate rise.** The Delivery Program and Long-Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the **full cumulative increase** of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. Council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART [guidance booklet](#) includes guidance to councils on the community awareness and engagement criterion for special variations.

## Criterion 3: Impact on ratepayers is reasonable

**The impact on affected ratepayers must be reasonable**, having regard to the current rate levels, existing ratepayer base and the proposed purpose of the variation. The council's Delivery Program and Long-Term Financial Plan should:

- clearly show the impact of any rate 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 community's capacity to pay.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area; and

- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*.

#### Criterion 4: IP&R documents are exhibited

**The relevant IP&R documents<sup>i</sup> must be exhibited (where required), approved and adopted by the council** before the council applies to IPART for a special variation to its general income. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

#### Criterion 5: Productivity improvements and cost containment strategies

**The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies** the council has realised in past years and plans to realise over the proposed special variation period.

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of the ongoing efficiency measures have been incorporated in the council's Long-Term Financial Plan.

#### Criterion 6: Any other matter that IPART considers relevant

**Any other matter** that IPART considers relevant.

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

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<sup>i</sup> The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.



## B Willoughby City Council projected revenue, expenses and operating balance

Our analysis of the council's productivity and cost containment can be found in Chapter 8 of this report.

As a condition of IPART's approval, the council is to report until 2029-30 against its proposed SV expenditure and projected revenue, expenses and operating balance as set out in its LTFP (see Table B.1 and Table B.2) It also needs to report on its progress against productivity improvements and cost containment strategies that it set out in its application and are summarised below.

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

### Productivity improvements and cost containment strategies

As set out in the council's response in section 7.3(a) of its SV Part B application to us, it included a \$2 million efficiency target to be achieved through expenditure savings and new non-rate revenue in 2024-25.

The council told us that the details of how it plans to meet this target will be outlined in the draft 2024-25 Operational Plan expected to be released in May 2024, which should then be finalised in the Operational Plan.

Other future measures for 2024-25 include:

- adopting and commencing implementation of a Service Review Framework
- continuing to implement the final phase of CONNECT, including systems for planning processes, property and asset rating, property and land management, rates and accounts receivable, customer request management and a customer portal
- continuing to focus on business improvements for the customer and the organisation to streamline processes, reduce costs and improve customer experience
- undertaking early engagement on projects, in line with Council's Community Engagement Strategy adopted in May 2023, to increase the chances of project success.

Table B.1 Long-Term Financial Plan - Summary of projected operating statement for Willoughby City Council under its proposed SV application (\$'000)

|   | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total revenue   | 140,612 | 147,369 | 153,844 | 158,009 | 161,805 | 167,813 | 172,711 | 175,572 | 181,018 | 186,644 |
| Total expenses  | 132,773 | 135,587 | 139,014 | 142,626 | 147,118 | 153,015 | 156,728 | 160,834 | 165,305 | 170,491 |
| Operating result from continuing operations                             | 7,839   | 11,782  | 14,830  | 15,383  | 14,687  | 14,798  | 15,983  | 14,738  | 15,713  | 16,153  |
| Net operating result before capital grants and contributions            | -3,156  | 3,490   | 4,018   | 4,448   | 3,626   | 3,607   | 4,607   | 5,724   | 6,557   | 6,855   |
| Cumulative net operating result before capital grants and contributions | -3,156  | 333     | 4,351   | 8,799   | 12,425  | 16,032  | 20,639  | 26,363  | 32,919  | 39,774  |

Note: Numbers may not add due to rounding.

Source: Willoughby City Council, Application Part A, Worksheet 10 and IPART calculations.

Table B.2 Proposed Program - Summary of projected expenditure plan for Willoughby City Council under its proposed SV application (\$'000)

|   | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-24 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public area maintenance and urban tree canopy | 2,000   | 2,060   | 2,122   | 2,185   | 2,251   | 2,319   | 2,388   | 2,460   | 2,534   | 2,610   |
| Financial sustainability                      | 3,435   | 3,538   | 3,644   | 3,754   | 3,866   | 3,982   | 4,102   | 4,192   | 4,285   | 4,379   |

Note: Numbers may not add due to rounding.

Source: Willoughby City Council, Application Part A, Worksheet 8 and IPART calculations.

## C Results of IPART's public consultation feedback form

As part of our stakeholder engagement, we published a survey that asked respondents 15 questions relating to:

- their support or opposition to the council's SV application
- their views on the affordability of the proposed SV
- their awareness of the proposed SV, and
- their views on council's past and proposed cost management strategies.

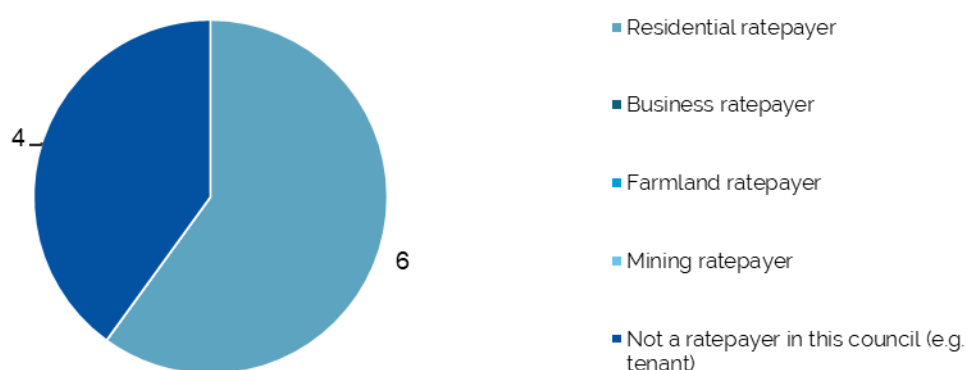
This survey was open for 3 weeks from 27 February 2024 to 18 March 2024.

We received 10 survey responses on Willoughby City Council's SV application.

Some results are presented in Chapter 3 of this report and throughout our assessment in Chapters 3 – 8, as relevant. This appendix provides the results for questions about affordability, awareness of the SV, and council's past and proposed cost management strategies. It also provides a breakdown of responses by ratepayer type.

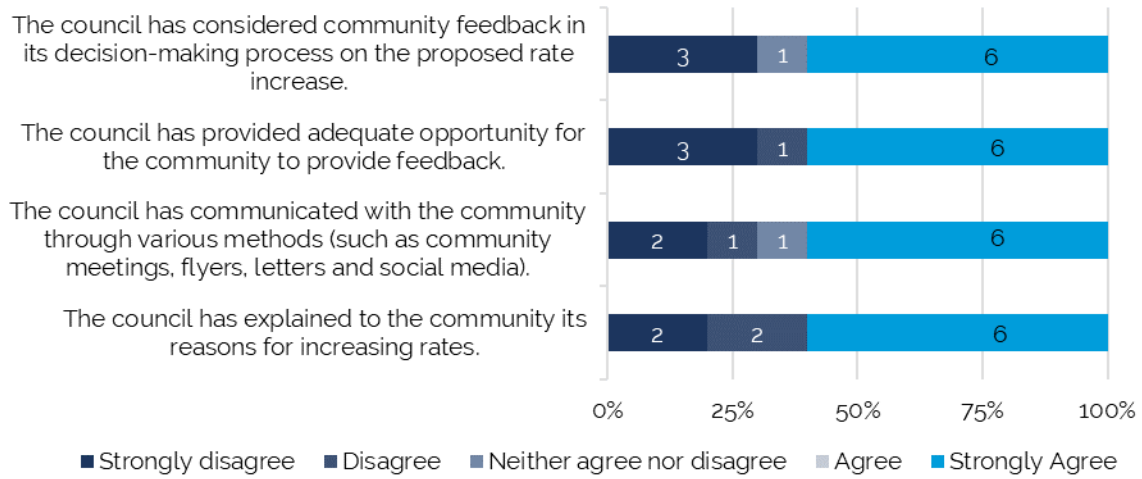
We note that respondents were able to self-select for the survey and the results may not be representative of the whole community's views.

Figure C.1 Respondent ratepayer types



a. The total number of responses for each question was 10. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.  
Source: IPART

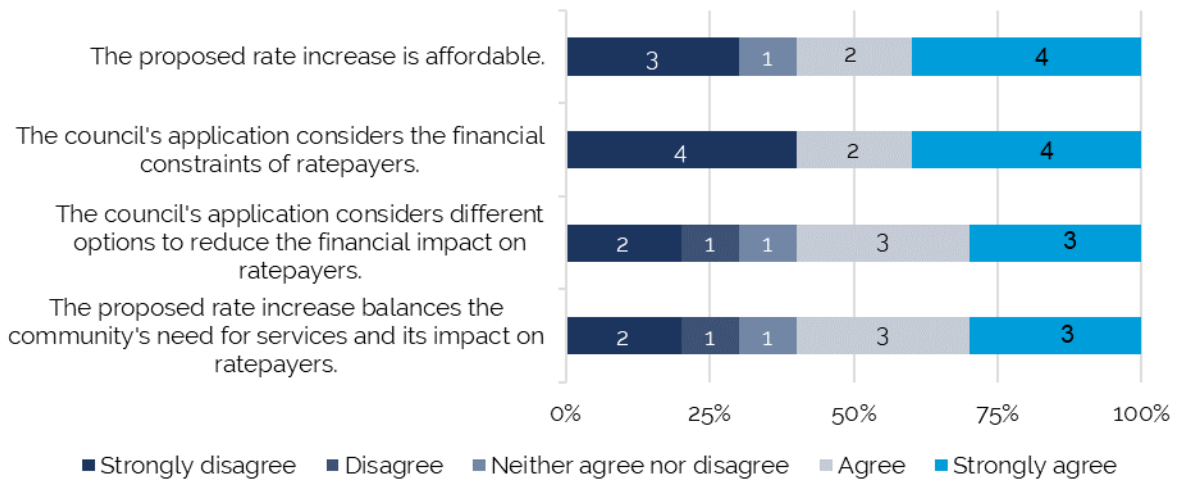
Figure C.2 Responses to questions about awareness and understanding of the proposal



a. The total number of responses for each question was 10. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

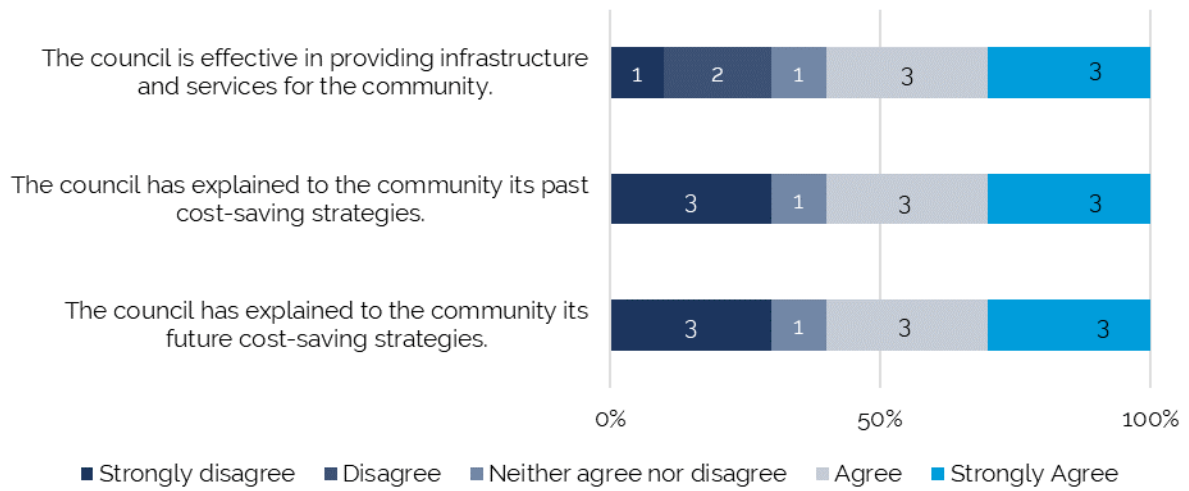
Figure C.3 Responses to questions about affordability



a. The total number of responses for each question was 10. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

Figure C.4 Responses to questions about the council's cost-saving strategies



a. The total number of responses for each question was 10. The numbers in the chart show the number of respondents that selected that response. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART

## D Glossary

| Term                                  | Meaning   |
|---------------------------------------|---|
| ABS                                   | Australian Bureau of Statistics   |
| ASV                                   | Additional Special Variation. This was a one-off round of special variations of up to 2.5% available to councils in 2022-23 in response to a rate peg that was lower than councils expected in a high inflation environment. Applications were assessed against a special set of criteria developed by the OLG.   |
| Baseline Scenario                     | Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.   |
| Baseline with SV expenditure Scenario | Includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application, but could only increase general income by the rate peg percentage.   |
| General income                        | Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.  |
| IPART                                 | The Independent Pricing and Regulatory Tribunal of NSW  |
| IP&R                                  | Integrated Planning & Reporting   |
| Local Government Act                  | <i>Local Government Act 1993</i> (NSW)  |
| OLG                                   | Office of Local Government  |
| OLG SV Guidelines                     | <a href="#">Guidelines for the preparation of an application for a special variation to general income.</a>   |
| OPR                                   | The Operating Performance Ratio (OPR) measures whether a council's income will fund its costs, where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.   |
| PGI                                   | Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council must make rates and charges for a year so as to produce general income of an amount that is lower than the PGI.  |
| Proposed SV Scenario                  | Includes the council's proposed SV revenue and expenditure.   |
| Rate peg                              | The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the <i>Local Government Act 1993</i> .   |
| SEIFA                                 | Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO). |
| SV or SRV                             | Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.   |

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- <sup>1</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 3.
- <sup>2</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 8.
- <sup>3</sup> IPART, [Past Special Variation](#).
- <sup>4</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 26; and Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 43.
- <sup>5</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp 26-27.
- <sup>6</sup> [Local Government Act 1993](#) (NSW), Section 511.
- <sup>7</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 4.
- <sup>8</sup> Willoughby City Council, [SV Application form Part A](#), Worksheet 7.
- <sup>9</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 5.
- <sup>10</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 1.
- <sup>11</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, pp 31-32.
- <sup>12</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, pp. 2-3.
- <sup>13</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, p 3.
- <sup>14</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, pp 4-5.
- <sup>15</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, pp 23, 42, 44, 170, 190.
- <sup>16</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 14.
- <sup>17</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 41.
- <sup>18</sup> Office of Local Government, [Performance Benchmarks](#).
- <sup>19</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 4; Willoughby City Council, [Delivery Program 2022-26](#), January 2024, p23; Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 4.
- <sup>20</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 20.
- <sup>21</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 20.
- <sup>22</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 34.
- <sup>23</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 34.
- <sup>24</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 34.
- <sup>25</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 34.
- <sup>26</sup> Office of Local Government, [Performance Benchmarks](#), May 2020.
- <sup>27</sup> Willoughby City Council, [SV Application Part A, WK7 – Financials](#).
- <sup>28</sup> Willoughby City Council, [Annual Financial Statements 2022-23](#), November 2023, p 35.
- <sup>29</sup> Willoughby City Council, [Annual Financial Statements 2022-23](#), November 2023, p 36.
- <sup>30</sup> Willoughby City Council, [SV Application Part A](#), February 2024, Worksheet 9.
- <sup>31</sup> Willoughby City Council, [SV Application Part A](#), Worksheet 10, cells N204 and N306.
- <sup>32</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, pp 8, 27.
- <sup>33</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, p 27; Willoughby City Council, [Delivery Program 2022-26](#), January 2024, p 23.
- <sup>34</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 7.
- <sup>35</sup> Willoughby City Council, [SV Application Part A](#), February 2024, WS 8 – Expenditure Program.
- <sup>36</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFF\) – Long Term Financial plan 2023-2033](#), January 2024, pp 35-36.
- <sup>37</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 4.
- <sup>38</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 7; Willoughby City Council, [Average rate changes under four rate rise options: detailed tables](#).
- <sup>39</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 7.
- <sup>40</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, pp 16-19; Willoughby City Council, [Securing Willoughby's future](#), October 2023, pp. 62, 69, 76 & 83.
- <sup>41</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 7; Willoughby City Council, [Securing Willoughby's future](#), October 2023, p 76.
- <sup>42</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 14.
- <sup>43</sup> Willoughby City Council, [Securing Willoughby's future – Frequently Asked Questions](#).
- <sup>44</sup> Willoughby City Council, [Securing Willoughby's future – Frequently Asked Questions](#).
- <sup>45</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, pp 4, 6, 30.
- <sup>46</sup> Willoughby City Council, [SV Application form Part A](#), Worksheet 4.
- <sup>47</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 30.
- <sup>48</sup> Willoughby City Council, [Community Engagement Materials](#), February 2024, p 21; Willoughby City Council, [Rate rise option calculator](#).
- <sup>49</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp 26-35.
- <sup>50</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 26.
- <sup>51</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 34.
- <sup>52</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 34.
- <sup>53</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 34.
- <sup>54</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp 26-27.
- <sup>55</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 26.
- <sup>56</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 33.
- <sup>57</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 34.



- <sup>58</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 27.
- <sup>59</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 27.
- <sup>60</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 26.
- <sup>61</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 28.
- <sup>62</sup> Willoughby City Council, [27 November 2023 – Minutes – Council meeting](#), November 2023, pp. 13-14; Willoughby City Council, [27 November 2023 – Attachment Booklet 1 – Council meeting](#), November 2023, pp. 58-142.
- <sup>63</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 36.
- <sup>64</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, p 3.
- <sup>65</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 43.
- <sup>66</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, pp 42, 43, 208.
- <sup>67</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 22.
- <sup>68</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, p 2.
- <sup>69</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, p 4.
- <sup>70</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, p 6.
- <sup>71</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, pp. 2, 5.
- <sup>72</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, p 2.
- <sup>73</sup> Willoughby City Council, [Willingness to pay report](#), January 2024, pp. 2, 5.
- <sup>74</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, p 9.
- <sup>75</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, pp 9-11.
- <sup>76</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 44.
- <sup>77</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 200.
- <sup>78</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 45.
- <sup>79</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, p 45.
- <sup>80</sup> Willoughby City Council, [Community Feedback Compendium](#), February 2024, pp. 45-46
- <sup>81</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp. 35-36.
- <sup>82</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFP\) – Long Term Financial plan 2023-2033](#), January 2024, pp 36-39.
- <sup>83</sup> Willoughby City Council, [Delivery Program 2022-26](#), January 2024, p 23.
- <sup>84</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 1.
- <sup>85</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 31.
- <sup>86</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, pp. 13, 31-32.
- <sup>87</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 32.
- <sup>88</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 28.
- <sup>89</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 30.
- <sup>90</sup> Morrison Low, [Capacity to Pay Report](#), January 2024, p 30.
- <sup>91</sup> Willoughby City Council, [Willoughby City Council Special Variation 'willingness to pay' report](#), January 2024, p 2.
- <sup>92</sup> Office of Local Government, [Australian Classification of Local Governments and OLG group numbers](#).
- <sup>93</sup> Willoughby City Council, [SV Application Part A](#), Worksheet 4.
- <sup>94</sup> Willoughby City Council, [SV Application Part A](#), Worksheet 12.
- <sup>95</sup> Willoughby City Council, [Financial Hardship Policy – Rates & Annual Charges](#), November 2013, pp. 1-2.
- <sup>96</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 40.
- <sup>97</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 36.
- <sup>98</sup> Willoughby City Council, [Long Term Financial Plan 2023-2033](#).
- <sup>99</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 42.
- <sup>100</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp. 44-45.
- <sup>101</sup> Willoughby City Council, [Willoughby City Council recent quantifiable productivity and efficiency gains](#), January 2024
- <sup>102</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 46.
- <sup>103</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFP\) – Long Term Financial plan 2023-2033](#), January 2024, p 26.
- <sup>104</sup> Willoughby City Council, [SV Application Part B](#), February 2024, p 46.
- <sup>105</sup> Willoughby City Council, [SV Application Part B](#), February 2024, pp 46-47.
- <sup>106</sup> IPART, [Willoughby City Council's application for a special variation for 2015-16](#), p 6.
- <sup>107</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, p 9.
- <sup>108</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, pp. 11-16.
- <sup>109</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, pp. 1, 17-18.
- <sup>110</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, p 2.
- <sup>111</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, pp 2, 17-19.
- <sup>112</sup> IPART, [Instrument under section 508\(2\) Additional Special Variation for Willoughby City Council 2022-23](#), June 2022.
- <sup>113</sup> Willoughby City Council, [Certification - CEO covering letter and certification](#), February 2024, pp 2, 20-21.
- <sup>114</sup> Willoughby City Council, [Long-Term Financial Plan \(LTFP\) – Long Term Financial plan 2023-2033](#), January 2024, p 8.

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