



5 August 2024

Senior Council Officer
Committee Office
Legislative Council
Via Email: State.Development@parliament.nsw.gov.au

Dear Julianna

INQUIRY INTO THE ABILITY OF LOCAL GOVERNMENTS TO FUND INFRASTRUCTURE AND SERVICES - POST-HEARING RESPONSES

Thank you for the opportunity to provide more information in regard to Council's appearance at the "Inquiry into the ability of local governments to fund infrastructure and services". This information should be considered in addition to Council's original submission.

1. To the question posed by the Chair:

"Other councils that are similarly large and well-resourced are able to return a balanced budget. Is there something special about Dubbo that means that you can't?"

The premise of the question is not correct.

It is worth recalling that Tamworth Regional Council has sought a significant special rate variation to remain viable and be able to service its assets.

Bathurst Regional Council did put an argument to their community for a significant special rate variation to remain viable. They face a significant financial challenge moving forward by not increasing income with an SRV.

It would be worthy for the Committee to compare and review published financial statements to show the consumption of reserves to fund operations for similar sized regional city councils. Balancing an annual budget by consuming reserves in the short term is different to being a sustainable organisation over the long term.



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Two other similar regional cities being Albury and Orange are not comparable in terms of scale of geographic spread. Orange City Council covers 290 square kilometres. Albury City Council covers 307 square kilometres. Dubbo Regional Council covers 7,538 square kilometres.

This means the smaller area regional city councils of a similar population and capability of Council to DRC do not have the same scale of assets such as the road networks that create a significant depreciation cost and asset renewal backlog cost for Dubbo Regional Council. Depreciation as an indicator of the investment required into assets and is a key driver of Dubbo Regional Council's financial position.

This does reflect the challenge of the 2016 merger between Dubbo City Council and Wellington Council. DRC has, according to Transport for NSW figures, the 6th longest road network of NSW Councils, being 1,420km sealed and 1,397km unsealed. It is also important that the Committee also consider the condition of assets. The former Wellington Council did not have enough funds allocated to asset renewals meaning many roads and other community assets have not been renewed in accordance with current standards both in terms of condition and timeliness. The merger did not provide extra operational income to the new entity so the reserves and income of the former Dubbo City Council must be spread further to cater for this historic inability to fund renewals in Wellington. For the road network this has been compounded by La Nina events of 2022 that saw the degradation of the road network in over saturated landscapes.

For greater context of the community's ability to pay, it is worth considering the Wellington community within Dubbo Regional Council. See Table 1 below. Wellington as community suffers from significant disadvantage and has significantly lower incomes than Dubbo and other regional centres of comparative scale. This shows that the rate base of the former Wellington Council was not able to sustain the rate increases necessary to fund infrastructure, hence the merger of 2016. Of interest, Tamworth has significantly more disadvantage than Dubbo in the SEIFA index and is a merger from 2004 now needing a significant special rate variation.

Geography	Median Weekly Household Income	SEIFA Score	SEIFA Decile	SEIFA Quintile	SEIFA Percentile	
Suburb/Locality						Quintile Scale
Dubbo	\$1,690	966	4	2	39	1 Most disadvantaged
Wellington	\$975	829	1	1	3	2
Albury	N/A	1025	8	4	72	3
Tamworth	\$697	888	1	1	10	4
Wagga Wagga	\$1,355	979	5	3	46	5 Most advantaged
Orange	\$1,641	975	5	3	44	
Bathurst	\$1,209	944	3	2	27	
Local Government Area						
Dubbo Regional Council	\$1,597	958	6	3	54	
Albury City Council	\$1,430	950	5	3	48	
Tamworth Regional Council	\$1,416	937	4	2	37	
Wagga Wagga City Council	\$1,638	971	7	4	65	
Orange City Council	\$1,665	979	7	4	69	
Bathurst Regional Council	\$1,585	967	7	4	63	

Source: ABS

Table 1: SEIFA Information comparable LGAs to DRC

Further to the question of what is different to other LGAs, whilst councils have many things in common, Dubbo Regional Council is the only local government authority to manage a caves system in NSW, if not Australia. This comes from a decision in the early 1900s by the then Council responsible for the Wellington district to take over a Crown Reserve Trust. This asset type is very complex in terms of risk management and asset management and leads to a significant difference to other similar scale regional councils. The Wellington Caves are of international significance in regard to the fossil deposits, yet the local community is responsible for the management of this NSW Crown asset. This is a subsidy by ratepayers of \$650,000 per annum for a NSW Government Crown Reserve natural asset and should be considered an example of cost shifting that no other council has to bear.

2. In regard to the queries and discussion around toilets:

I did have one last question about the toilet that was built last year at Lion's Park West which received quite a lot of media attention. I understand that was quite an expensive public toilet relative to other councils and that it had a relatively unusual design. What kind of strategic plans or policies does Dubbo council have to determine the design or the needs for public toilets?

In terms of the building assets of Dubbo Regional Council, the small public park amenities are part of more than 350 buildings including specialised, non-specialised and RFS assets. 31 are specifically utilised for Council activities such as depots or airport terminals.

In terms of value, the replacement cost for buildings is modelled to be \$297 million with a carrying value of \$167 million depreciating at \$9 million per annum. This is published in Council's IP & R documents put to the public for consideration. A \$300,000 renewal of an amenity building is an example of good practice in 20-year planning to allocate monies to replace assets at the end of their life cycle. To have this raised as a question regarding the sustainability of councils should be considered immaterial when compared to the demands on Council to renew specialist buildings such as a regional theatre, museum and cultural facility, airport terminal, water service depots and the like. As articulated in the evidence by the Mayor regarding cultural assets, a centre like Dubbo Regional Council is required to fund and maintain assets that service a broader region whilst in metropolitan centres many of these cultural services are provided by the NSW Government directly.

Yours faithfully .

Murray Wood
Chief Executive Officer