



DUNGOG SHIRE COUNCIL

ATTACHMENT '1'

IMPROVEMENT PLAN



Dungog Shire Council

Fit for the Future Improvement Proposal

Draft at June 2015

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1 EXECUTIVE SUMMARY

This executive summary provides the key outcomes from our analysis. However, the full report needs to be read to provide the context to the analysis and assumptions that underpin the modelling.

Dungog is a small council in the context of the Hunter Region and as such provides a limited range of services. These services reflect its rural and lifestyle characteristics as well as its proximity to larger regional centres such as Maitland, Raymond Terrace and Newcastle. Its residents choose to live away from, but in close proximity to, the regional centres seeking the lifestyle Dungog offers alongside its traditional agricultural industries.

The Independent Local Government Review Panel (ILGRP) asked all councils to undertake a rigorous self-assessment of their future sustainability against a set of seven benchmarks.

The ILGRP's indicated that Dungog was likely sustainable in its own right (like all Hunter councils) albeit that the Council had expressed concerns about its current sustainability.

The ILGRP report stated that Dungog Shire Council has a 'Weak-Negative' Financial Sustainability Rating and received a 'Distressed' rating in the Office of Local Government's Infrastructure Audit. It suggested that Council should update its sustainability assessment and consider the option of merging with Maitland City Council.

The Independent Pricing and Regulatory Tribunal (IPART) indicated that councils should first look to the ILGRP's recommendations when considering their Fit for the Future (FFTF) response.

Both Dungog and Maitland Councils have investigated the merger option. There are a number of significant potential financial and non-financial risks arising from any merger between Maitland City Council and Dungog Shire Council including:

- There is a substantial cost to the Councils to merge
- Transitional costs may be more significant than set out in the business case
- The limited efficiencies projected in the business case may not be delivered
- The implementation costs may be higher
- Decisions subsequent to the merger about the rationalisation of facilities and services may not reduce the cost base of the merged organisation, as originally planned
- The cultural integration of the two councils may not occur as expected, resulting in low morale and increased staff turnover, reducing business performance and prolonging the time it takes to achieve the predicted efficiencies
- Service levels may rise to the standard of the highest level of services being integrated, increasing delivery costs and / or lost savings opportunities.

After considering the merger analysis, the Dungog Shire Council considers a merger with Maitland is not in the best interests of Dungog residents.

Dungog has also considered whether the Rural Council model is appropriate, and while Dungog may satisfy most of Rural Council criteria, its position in the Hunter and proximity to much larger councils like Maitland and Port Stephens means it is unlikely to pass the Rural Council tests as envisaged by the ILGRP. In any event, there appears to be no significant advantages in Dungog becoming a Rural Council.

While the ILGRP indicated a merger with Maitland should be investigated, it indicated that potentially all Hunter councils were sustainable so Dungog is seen as having the potential to remain a standalone council (within a Joint Organisation). Therefore, it appears that the ILGRP considered that Dungog demonstrates at least some of the required elements of scale and capacity.

Whether to merge, become a Rural Council or standalone, the Independent Local Government Review Panel (ILGRP) has asked all councils to undertake a rigorous self-assessment of their future sustainability against a set of seven benchmarks. Dungog Shire Council has adopted a process that has included

- establishment of an internal project team, its senior leadership team
- considering possible opportunities and initiatives
- reviewing current services and service levels
- workshops with councillors and staff.

After applying this process Dungog Shire Council is able to meet all the benchmarks within the timeframes proposed by IPART.

Councils are required to submit a proposal to IPART as to how they will be fit for the future, by 30 June 2015. Dungog Shire Council has commissioned Morrison Low Consultants to prepare this report to support Council's Improvement Proposal (Template 2).

2 FIT FOR THE FUTURE

Three years ago, local councils from throughout New South Wales gathered for a summit, *Destination 2036*, to plan how local government could meet the challenges of the future. As a result, councils agreed that change was needed. They wanted to be strong and sustainable and make a positive difference in their respective communities. However, there were various views as to how this could be achieved. In April 2012, the NSW State Government appointed an independent expert panel to carry out a review of the sector. The Independent Local Government Review Panel (ILGRP) consulted widely in developing its final recommendations, which were presented to the Government in late 2013.

The panel concluded that for councils to become strong and sustainable, both the government and the local government sector would have to play a part. The government indicated its preparedness to change the way it works with councils and support them through meaningful reform. Local councils would also need to consider new ways of working and new structural arrangements. The 'Fit for the Future' (FFTF) program brings these changes together to lay the foundations for a stronger system of local government and stronger local communities.

The FFTF program requires councils to actively assess their scale and capacity in achieving long term sustainability and submit proposals to the government indicating how they will achieve these objectives. The government recently appointed the Independent Pricing and Regulatory Tribunal (IPART) as the FFTF Advisory Panel. Its role is to assess the submissions of councils and determine if a council is deemed to be fit for the future.

IPART recently released its final Methodology for Assessment of Council Fit for the Future Proposals and has established its view on the FFTF benchmarks and when Councils should meet these. It has broadened the criteria for Group 8,9,10 and 11 Councils of which Dungog is one, to recognize that some may have difficulty meeting the benchmarks on the same timeframe as metropolitan or regional councils. It has set the following timetable for rural councils pursuing a 'Council Improvement Proposal' or submitting a Rural Council Proposal:

Scale and Capacity	Achieve Scale and Efficiency
Operational Sustainability	
Operating Performance	Plan to meet the benchmark within 10 years
Own Source Revenue	Plan to improve against the benchmark within 5 years (incl FAGs)
Asset Renewal	Meet or improve towards the benchmark within 5 years
Capital Sustainability	
Infrastructure Backlog	Meet or improve towards the benchmark within 5 years
Asset Maintenance	Meet or improve towards the benchmark within 5 years
Debt Service	Meet the benchmark within 5 years
Efficiency	
Real Operating Expenditure	Demonstrate operational savings over 5 years but may not be practical in the short term

3 SCALE AND CAPACITY

The ILGRP was of the view that “all Hunter Councils appear financially sustainable, with the possible exception of Dungog” and “that Dungog Council itself has reservations about its capacity to meet its infrastructure obligations in the medium term, and an updated sustainability assessment needs to be undertaken as soon as possible. That assessment should consider the option of merging Dungog with Maitland.” The ILGRP considers that both a merger would meet the Scale and Capacity tests and that potentially Dungog meets at least some of these tests.

The government has asked each council to begin with the recommendation proposed by the ILGRP as that is considered to be the appropriate scale and capacity for each council.

Scale

Scale has not been defined by either the ILGRP or the NSW Office of Local Government.

Dungog comprises of several villages and a surrounding rural community. Dungog Township is the regional centre for the Shire. The town boasts many of the government service agencies available in the city. Dungog is experiencing population growth that is forecast to continue. It works collaboratively with other councils in the region through Hunter Councils. It has a proud local government history and record of delivering services efficiently with one of the lowest average rates in the region. In the recent storm disaster event, the Council demonstrated that it has the resources to respond, manage and minimise the impact of unforeseen major events, such as occurred in April.

Capacity

The ILGRP report articulated the Key Elements of Strategic Capacity as follows¹:

Figure 1 **Scale and capacity**

Box 8: Key Elements of Strategic Capacity
<ul style="list-style-type: none">• More robust revenue base and increased discretionary spending• Scope to undertake new functions and major projects• Ability to employ wider range of skilled staff• Knowledge, creativity and innovation• Advanced skills in strategic planning and policy development• Effective regional collaboration• Credibility for more effective advocacy• Capable partner for State and federal agencies• Resources to cope with complex and unexpected change• High quality political and managerial leadership.

¹ Box 8, Page 32 of Revitalising Local Government

Elements of Strategic Capacity

Elements of Strategic Capacity	
More robust revenue base and increased discretionary spending	<ul style="list-style-type: none"> Council recently exhibited its draft <i>Operational Plan 2015/16</i>, which outlines its budget deficit and its intention to apply for a special rates variation, increase its fees and charges, and borrow funds for a number of projects
Scope to undertake new functions and major projects	<ul style="list-style-type: none"> Council acquired land that has a one kilometre frontage to the Williams River, which will be included in a future master plan improving access with the Dungog Central Business District Council responded to and managed the impacts of the recent storm disaster
Ability to employ wider range of skilled staff	<ul style="list-style-type: none"> Council's full complement of Infrastructure and Assets staff have completed asset management plans to better understand the community's infrastructure needs
Knowledge, creativity and innovation	<ul style="list-style-type: none"> Council uses field mapping software to record noxious weed inspections Council continues to support cultural activities and events across the Shire to support the local economy through the establishment of Dungog Shire Events Inc. Council invested in the James Theatre and encouraged the development of a community fundraising committee that works in association with the Management Committee to diversify the cultural activities and events hosted at the facility to enable further investment in the facility as a consequence of revenue generated
Advanced skills in strategic planning and policy development	<ul style="list-style-type: none"> Council undertook a feasibility study on low cost short-term visitor accommodation to guide its decision about investing in a caravan park in Dungog Council completed its new Local Environmental Plan, while assessing a rising number of development applications Council exhibited its Flood Risk Management Plan to address the impacts of localised flooding on Clarence Town
Effective regional collaboration	<ul style="list-style-type: none"> Council continues to be involved in Regional Waste Management Strategies focussing on waste diversion and illegal dumping Council works closely with the Dungog Shire Chamber of Commerce, Visitor Economy Hunter and the Hunter Business Enterprise Centre to diversify its economy Council works with 3 lower Hunter Councils (Port Stephens, Maitland & Cessnock) in relation to regional emergency management matters including the lower Hunter RFS

Elements of Strategic Capacity	
Credibility for more effective advocacy	<ul style="list-style-type: none"> • Council is an active member of Hunter Councils, advocating on behalf of the community about road funding, strategic agricultural lands study funding, planning reform, rail services, accessibility issues, ambulance service staffing levels, policing, police accommodation, mental health services and dialysis services • Council makes representations to the Local Government Independent Review Panel and the Local Government Acts Taskforce • Council has made submissions to Government in respect of the resources for regions criteria assessment
Capable partner for the state and federal agencies	<ul style="list-style-type: none"> • Council works with the Federal Government under its Roads to Recovery and the NSW Government under its Hunter Infrastructure and Investment Fund to deliver infrastructure works • Council worked with Hunter Water and landowners to improve water quality in the drinking water catchment through septic tank inspections and rectifications • Council worked with the NSW Environmental Trust to remediate an underground petroleum storage system that is classified as a high risk to local waterways • Council is working with the NSW Department of Planning and Hunter Water to develop a rural lands strategy to protect strategic agricultural land • Council operates the local RMS agency • Council hosts the quarterly Dungog Shire Health Forum to address local medical service issues
Resources to cope with complex and unexpected change	<ul style="list-style-type: none"> • Council responded to and managed the impacts of the recent storm disaster • Council also facilitated the hosting of the Mumford & Sons Gentlemen of the Road Tour concert in Dungog which resulted in an influx of 13,000 people for the event.
High quality political and managerial leadership	<ul style="list-style-type: none"> • Council has reviewed its delegations and provides training and regular councilor workshops on a range of issues • Council actively fosters the professional development of its senior management team.

4 COUNCIL'S CURRENT POSITION

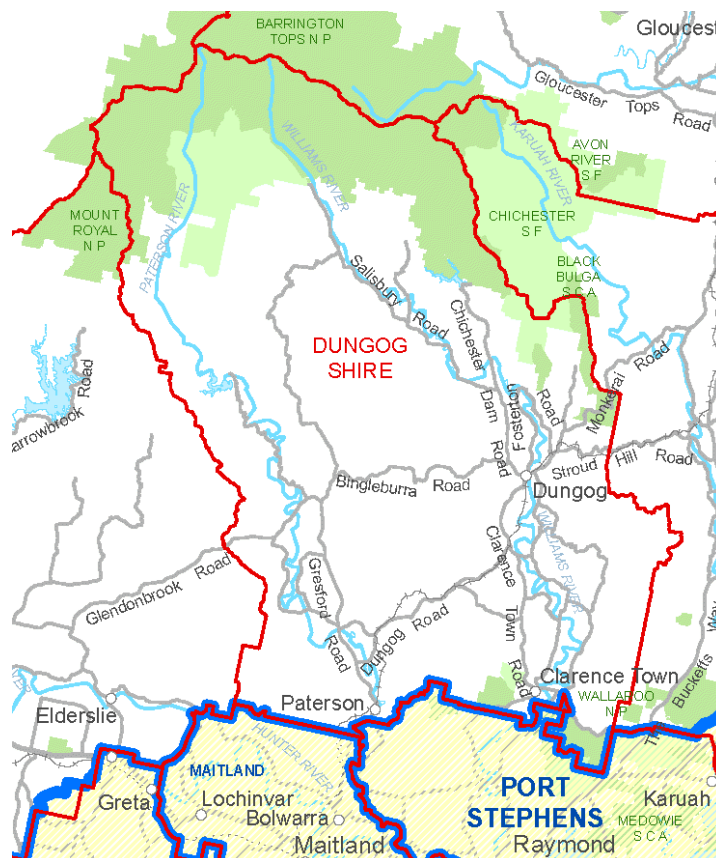
4.1 About your Local Government Area

The Dungog Shire Council area is located in the Hunter Region of New South Wales, approximately 76 kilometres from Newcastle and 215 kilometres from Sydney. The Shire encompasses a total land area of about 2,248 square kilometres. It is bounded by Upper Hunter Shire Council and Gloucester Shire Council in the north, Great Lakes Council in the east, Port Stephens Council and Maitland City Council in the south and Singleton Council in the west.

The Shire is predominantly very rugged to hilly country. One-fifth of the Barrington Tops National Park sits within the Shire, forming part of the Great Dividing Range. The major population centres within the Shire include Dungog; Gresford; Paterson; Vacy; Martins Creek and Clarence Town.

The predominantly rural Shire is a major water resource for the residents of the Lower Hunter and is renowned for its natural environment and pristine waterways. The Williams and Paterson Rivers traverse the Shire and are tributaries of the Hunter River, contributing over 40% of its flow. Dungog Shire Council can be described as the heart and lungs of the Hunter Valley.

The Shire has close proximity to labour markets of the Lower Hunter and the resource industries in the Upper Hunter. Its primary economic drivers include agriculture, forestry and tourism.



(Source: http://www.elections.nsw.gov.au/districts/profiles/2015/Upper_Hunter - cropped)

Community Demographics

Table 1 Current Base Information

	Population (ERP 2012)	No. Households	Land Area (km ²)	Population Density (persons per km ²)
Dungog	8,696	3,832	2,251	3.86

Analysis of the Australian Bureau of Statistics census data and the NSW Department of Planning and Environment's Population Forecast (2014) show the patterns of past and future population growth within the Dungog Shire Council area. It has experienced positive growth in the previous 10 year period, which is expected to continue. Dungog's population growth increases slightly, up from 2% in the period 2001-2011, compared with 2.8% from 2011 – 2031. This population growth forecast provides scope for increasing revenue in the future.

Table 2 Population Growth

2011	2016	2021	2026	2031
8,550	8,650	8,750	8,800	8,800

This population increase can be attributed to a growing young population and increase in the rate of births. The area has experienced an increase in the number of older people.

The Shire will see a small increase in population density, reflective of the growth in population, from 3.86 to 3.91 people/km².

A greater proportion of the Shire's population is over 45 years of age. It has a high ratio of children to adults of parenting age, coupled with low retention of young adults. The area also has a high proportion of elderly people, including a slightly higher retention rate for very old people². However, age dependency or the ratio of older people (65 and older) to the number of people aged 15-64 years will gradually increase from 0.27 in 2011 to 0.50 in 2031, increasing demand for aged services in the area. This will also necessitate strategies to maintain the working age population so that the community has sufficient workers to fill jobs.

The majority of residents in the Shire were born in Australia, which is reflected in the very high levels of English being spoken at home. The area has an Indigenous population of 3.1%, which is higher than the State average of 2.89%. The original inhabitants of the Shire were the Wonnarua and Worimi People.

The Shire will experience an increase in couple only and lone person household types from 2011 to 2031. The other dominant household type of couple with children will decline and other less dominant household types of single parents and group households will remain steady.

The predominant dwelling structure is separate houses. The Shire has a low level of mobility and tenancy and a high level of outright home ownership combined with a small infusion of caravans, tenanted dwellings and population mobility. Housing purchase and private rental is still reasonably affordable in the Shire, compared with neighbouring Singleton. A total of 4,400

² NIEIR *New South Wales Local Government Areas: Similarities and Differences* March 2013

dwellings are projected to be needed to provide private housing for all projected households in 2031. The Shire is characterised by fairly high car ownership, moderate levels of working from home, high reliance on motor vehicles to access work and negligible use of public transport.

Community's social and economic needs

The Dungog Shire Council area generates a Gross Regional Product of \$304 million per annum. In 2012, the Shire had 1,000 businesses, mostly in the Agriculture, Forestry & Fishing industry. The industries of employment in the Shire are employed in (i) Agriculture, Forestry & Fishing, (ii) Education & Training / Retail Trade, and (iii) Accommodation & Food Services / Health Care & Social Assistance.

The Shire area sees considerable economic transition to Maitland, Newcastle, Singleton and Port Stephens. Over half its residents work outside the Shire area, with the largest proportion working in Maitland, followed closely by Newcastle. There is relatively low retail activity in the Shire, compared with the major centres of Newcastle and Maitland with which the Shire has strong connections.

The Shire has low demand for industrial land, however it has benefited from a modest increase in tree-change growth. A number of towns and villages in the Shire have limited opportunities for further expansion as they are directly affected by flooding or road closures caused by flooding.

Residents' average income is characterised as low to middle with per capita incomes typically around \$35,000. Income sources tend to be diversified: around 60 per cent of wages contribute to disposable income and 15 per cent each from small business, property and benefits. The income growth rate has generally been fairly low over the past five years. Median family income in Dungog is \$1,278 per week.

The unemployment rate is moderate, sitting at 4.5%, as is social security take-up. Hours worked per week are lower than other council areas and the Full Time Equivalent jobholding rate is generally low.

Residents have below the State average high school completion, with limited access to secondary and TAFE facilities. Post graduate qualifications are low, which may reflect limited access to these qualifications.

The population demonstrates lower levels of socio-economic disadvantage than the State average when measured against the Socio-Economic Indexes for Areas *Index of Relative Socio-economic Disadvantage*, ranking 100 among 152 local government areas.

Community's sense of local identity

The communities of the Shire offer a range of benefits, including rivers, parks, country cafes, pubs and farms. Located between the Pacific and New England Highways, it is an hour's drive from Newcastle, the Great Lakes, the Hunter Valley wine district and Port Stephens. It offers acreage living or lifestyle blocks in the townships. The essence of the Shire, with its rural and mountain backdrop, is the beauty of its natural environment and its sense of belonging.



(Source: <http://www.dungog.nsw.gov.au>)

The Dungog Shire Council *Community Strategic Plan 2013-30* includes a vision of “a vibrant united community, with a sustainable economy. An area where rural character, community safety and lifestyle are preserved”. The plan was developed upon the theme of “Our Shire – Our Heritage – Our Future”. As a result of engagement with the community, the focus areas of the plan were: natural environment; local economy; community and culture; rural and urban development; recreation and open space; public infrastructure and services; council governance and finance.

Council’s mission statement is “to manage, enhance and protect the resources of the Shire, in consultation with the community”. Its core values that underpin its efforts toward the Community’s vision are:

- Community consultation
- Customer service
- Team work
- Efficiency
- Integrity
- Equity
- Access requirements
- Value for money
- Governance.

Dungog Shire Council presently has nine councillors and the table below shows the number of residents each councillor represents.

Table 3 Representation per population

Council	Representation (population / Councillor)
Dungog Council	669

Dungog is represented by the Nationals and the Liberal political parties at the state and federal level.

Council's assets include roads, drainage, waste infrastructure, bridges, as well as parks, sporting grounds and community halls. There are 318 kilometres of sealed roads, 273 kilometres of unsealed roads, and 123 kilometres of regional roads, all of which Council maintains.

Council's Local Environmental Plan (LEP) aims to recognise its significant natural environmental assets, protect rural lands, natural resources and areas of heritage significance, and provide for biological diversity in the Shire. Its LEP promotes sustainable development, housing choice (both urban and village) and important economic sectors.

The Dungog Shire Council area is included in the State Government's Hunter Regional Growth Planning Region. Previous strategic direction for the Hunter Region considered the Lower and Upper Hunter areas separately. The current strategic directions for the Dungog Shire Council area are set out in the *Strategic Regional Land Use Plan for the Upper Hunter 2012*.

The Shire is identified as the local government area within the Upper Hunter region with the least amount of growth, as there is no coal mining presence. However, it is recognised for its extensive beef cattle grazing and crop production, which is the mainstay of the local economy. These industries also define the rural character of the region and support the ongoing management of rural resource lands. Tourism is also identified as an important industry for the region, with the Shire's close proximity to the world heritage listed Barrington Tops National Park.

Strategies to attract new industries and employment, retain the existing population and generate sufficient population to attract economic investment will be vital to the Shire, due to its narrow economic base and slower population growth.

Dungog Shire Council is a member of Hunter Councils, a leader in local government resource sharing. Hunter Councils is made up of 11 councils and strives to reduce the cost of doing business through offering economies and efficiencies in the areas of: environmental management; leadership, development and training; procurement; records storage; legal and consulting services; and film production.

Hunter Region was selected as one of five successful Joint Organisation pilots to be rolled out across the State, as part of the FFTF reforms to strengthen local government and communities. Through Hunter Councils, the Dungog Shire Council has also sought to partner with the State Government on: regional strategic planning; land use planning and transport corridor strategies; a place based service delivery model; and the review and introduction of a new model of building tourism capacity.

Services

The range of services and facilities provided by any council to its community varies significantly from place to place. Not only do the types of services vary, but the levels of service will often be quite different from council to council.

The reasons for these variations are numerous. For many councils, the suite of services that they offer in the present day is a reflection of decisions made by councils past. Those decisions are generally based on community desires and needs, funding availability or strategic business choices.

Regardless of the original rationale for service types, levels and delivery decisions, councils need to continue to make regular and structured revisions to their service portfolios to meet emerging or changing community needs, capacity to pay issues or regulatory change. Dungog Shire Council services are reflective of the local communities and exhibit many variations on the types and levels of service offered.

4.2 Key Challenges and Opportunities

<p>Strengths</p> <ul style="list-style-type: none"> • Close proximity to work in Lower and Upper Hunter Regions • Rich cultural heritage • Active community groups and volunteers • Unique strong identity and pride • Clean environment • Dedicated staff • Lower SEIFA index than average NSW • Attractive lifestyle living opportunities • Geographic location attractive 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Low revenue base • Own source revenue opportunities limited • Ageing population • Slow population growth (compared to region) • Limited education, work and recreation opportunities for young people • Lower incomes • Portion of people in full time employment low • Low workforce participation rate • Low GRP • Work leakages to other places • Infrastructure maintenance burden, coupled with duplicate or under-used assets, or assets nearing the end of their life cycle • Limited public transport services • Community demand for a greater range of services • Lack of economic diversity • Small workforce scale and lack of specialist skills
<p>Opportunities</p> <ul style="list-style-type: none"> • Diversify local economy and attract business investment • Joint Organisation collaboration • Other LG partnerships/shared services • Special rate variation • Strategic realignment of services through service reviews 	<p>Threats</p> <ul style="list-style-type: none"> • Perceived concerns about community safety • Economic leakage to other regional centres • Loss of locally delivered government services. Loss of local control and determination • Weed infestation threatens agriculture production and biodiversity • Climate change • Balancing conflicting land uses • Cost increases for purchase of services • Rate increases and ability to pay • Community resistance to change • Loss of jobs to outside LGA

4.3 Current Performance against the Fit for the Future Benchmarks

The government has established a set of Fit for the Future benchmarks that all councils are being assessed against.

As a starting point, Council's current performance against the FFTF benchmarks³ has been considered and set out in the table below. It is important to understand Council's base position and the results are those reported to the Office of Local Government in Dungog's 2014 self-assessment against the benchmarks.

The benchmarks have been modelled forward using Council's current Long Term Financial Plan, and the 2013/14 result is presented alongside the forecast 2019/20 performance in the tables below.

4.3.1 Sustainability Benchmark

Measure/benchmark	2013/2014 self-assessment	Achieves FFTF benchmark	Forecast 2019/2020 performance	Achieves FFTF benchmark
Operating Performance Ratio	0.013	Yes	-79.5%	No (and not within 10 years)
Own Source Revenue	51.2%	No	58.7%	Yes improves against benchmark
Building and Infrastructure Asset Renewal	163.6%	Yes	41.8%	No

The LTFP projects a large operating deficit which continues to grow. It does not meet the benchmark requirement for rural councils who are to plan to meet the ratio within 10 years. Own Source Revenue is close to benchmark. Under the guidelines Dungog is required to improve against the benchmark which it does during the 5 year timeframe although it still does not reach the benchmark after 10 years.

4.3.2 Infrastructure and Service Management Benchmark

Measure/benchmark	2013/2014 self-assessment	Achieves FFTF benchmark?	Forecast 2019/2020 performance	Achieves FFTF benchmark?
Infrastructure Backlog	13.94%	No	10.6%	No
Asset Maintenance Ratio	76.8%	No	99.5%	No
Debt Service Ratio	2.5%	Yes	0.9%	Yes

The Council is projecting to spend considerably less on infrastructure renewals than is required, which contributes to an increasing infrastructure backlog. The planned asset maintenance spend is close to the required benchmark, however as the infrastructure continues to age without renewal, the maintenance requirement is likely to grow.

³ Reported in the 2013/14 FFTF self-assessment

4.3.3 Efficiency Benchmark

Measure/benchmark	2013/2014 self-assessment	Achieves FFTF benchmark?	Forecast 2019/2020 performance	Achieves FFTF benchmark?
Real Operating Expenditure	\$1,250	No	\$1,556	Yes (trends down from 2016)

Based on our modelling of the Long Term Financial Plan, **without any improvement**, Dungog Shire Council will fail to meet four of the benchmarks in 2019/20 and only two ratios improve over the entire modelling period to 2022/23.

The tables below provide a summary of performance trends against the benchmarks.

Table 4 Dungog Shire Council current forecast performance trends against FFTF benchmarks

Indicator	Modelling Outcome to 2022/23	Performance Against Benchmark
Operating Performance	Forecast operating deficit increases	Does not meet
Own Source Revenue	Remains stable just below benchmark	Does not meet
Asset Renewal	Declines to well below benchmark	Does not meet
Infrastructure Backlog	Backlog steadily increases	Does not meet
Asset Maintenance	Remains steady at about benchmark	Does not meet
Debt Service Cover	Council has little debt	Meets
Real Operating Expenditure	Reduces (improves) from 2016 onwards	Meets

4.3.4 Meeting the benchmarks

An analysis of what would need to be done to satisfy the FFTF benchmarks has been undertaken. The analysis is against Council's base case scenario. The asset based ratios (Asset Maintenance, Asset Renewal and Infrastructure Backlog) have been considered, as has the Operating Performance Ratio. Each aspect has been separated out in the following sections before being combined into an overall figure, which identifies what, if any, funding gap exists that if satisfied would enable Council to meet the FFTF benchmarks.

Where such a gap has been identified, Council will need to determine how they best address that gap. We would expect that this would be either through reallocation of expenditure, additional revenue, a reduction in operating expenses, or a combination.

4.3.5 Operating Performance

Council's operating result (calculated on the same basis as the Operating Performance Ratio and excluding capital grants and contributions) has been reviewed between the operating

revenue and operating expenses identified below. For simplicity, this is presented as an average of the years projected in Council's Long Term Financial Plan (LTFP).

The table below identifies the average annual deficit, between operating revenue and operating expenditure (as per the Operating Performance Ratio guidelines) over the time period within Council's LTFP.

Table 5 Operating performance funding gap

Council	Gap (\$000)
Dungog Shire Council	-8,201

4.3.6 Asset Maintenance

The maintenance ratio is based in part on the number Council reports as 'required maintenance'. The table below sets out the results of the modelling for Council, demonstrating it does not meet this benchmark. For simplicity, this is presented as an average of the years projected in Council's LTFP.

Table 6 Asset maintenance funding gap

Council	Actual Annual Maintenance (\$000)	Estimated Required Maintenance (\$000)	Gap (\$000)
Dungog Shire Council	2,852	2,867	-15

Based on the modelling, Council faces a small funding gap between what is spent currently and what is estimated to be required. The figures in red show the additional amount Council would need to spend annually on maintenance to satisfy the asset maintenance ratio.

4.3.7 Asset Renewal

The Asset Renewal Ratio is based on Council's assessment of annual depreciation on buildings and infrastructure and its actual expenditure on building and infrastructure renewals. If asset depreciation is calculated appropriately then this represents the loss of value of an asset on an annual basis and a renewal ratio of 100% reflects (at an overall level) restoring that lost value.

The assessment of depreciation is integral to the financial management of Council and its LTFP. Any change requires a proper assessment of the assets, condition, lives and values. The assessment of required asset renewals is based on Council's own assessment of depreciation and required renewals.

The table below sets out the difference between the required annual renewals and projected renewals expenditure. Based on the modelling, Dungog is funding less than is required and as a result the infrastructure backlog is increasing.

Table 7 Asset renewal gap

Council	Average predicted annual renewals (\$000)	Average required annual renewals (\$000)	Average Annual Gap (\$000)
Dungog Shire Council	3,071	4,984	-1,913

4.3.8 Infrastructure Backlog

The key driver of the Infrastructure Backlog Ratio is the estimated cost to satisfactory. However, there are no clear guidelines as to how the cost to satisfactory has to be calculated and, as such, the approach varies significantly across NSW.

The table below sets out what Council would need to spend on additional renewals, over and above maintaining a 100% asset renewal ratio, to reduce the Infrastructure Backlog Ratio to the benchmark within five years.

Table 8 Cost to bring assets to satisfactory

Council	Total value of assets ⁴ (\$000)	Cost to satisfactory (\$000)	Target Backlog (\$000)	Reduction Required (\$000)	Per year (5 years) (\$000)
Dungog Shire Council	329,358	16,739	3,832	-12,907	-2,581

4.3.9 Annual Funding Gap

The table below summarises the combined asset expenditure required by Council, based on its own analysis to meet the benchmarks over five years. Once the infrastructure backlog is brought to the benchmark then Council's required expenditure falls.

We have not included the funding gap related to the Operating Performance Ratio in this table as that would not present a realistic picture of the required expenditure. Once Council exceeds the Asset Renewal Ratio benchmark for the modelled period the infrastructure backlog reduces. Any increase in expenditure on maintenance or renewals will flow through to affect the operating revenue and expenses of Council and therefore the Operating Performance Ratio. Additionally, Council may choose to address the funding gaps identified in this report by increasing revenue, shifting funding from another service or activity, reducing overall costs or a combination of all the above. This will all affect the other ratio. It is therefore not considered possible to simply add the Operational Funding Gap and the Asset Funding Gap identified below together into a single figure.

Table 9 Combined asset funding gap

Council	Asset Maintenance	Renewals	Infrastructure Backlog	Average funding required per annum (5 years)	Average funding required per annum (5 years+)
Dungog Shire Council	-15	-1,913	-2,581	-4,509	-1,927

If the asset gap is to be addressed over the short term (five years) additional funding in the order of \$4.5m per annum is required.

⁴ Current replacement costs (2014)

5 RURAL COUNCIL MODEL

The ILGRP identified a number of potential Rural Councils (Group B or C). The implementation process for Rural Councils is still unclear. A set of Rural Council characteristics has been identified and Councils who consider themselves to be Rural Councils are asked to assess themselves against these characteristics.

Rural Councils are expected to explore a number of options as part of their improvement plan to become more sustainable including:

- Resource sharing within the Joint Organisation
- Shared Administration
- Developing specialty services
- Streamlined governance
- Streamlined planning, reporting and regulation
- Service reviews.

Rural Councils are also able to access the State Governments Innovation Fund.

Dungog Shire Council was not identified as a potential Rural Council by the ILGRP so in order to qualify for consideration as a Rural Council Dungog must demonstrate it meets most but not necessarily all these characteristics. The table below shows our assessment against these criteria.

Rural Council characteristics	Assessment against the characteristics
Small and static or declining population spread over a large area	Does not meet
Local economies that are based on agricultural/resource industries	Meets
High operating costs associated with a dispersed population and limited opportunities for return on investment	May not meet
High importance of retaining local identity, social capital and capacity for service delivery	Meets
Low-rate base and high grant reliance	Meets
Difficulty in attracting and retaining skilled and experienced staff	Meets
Challenges in financial sustainability and provision of adequate service and infrastructure	Meets
Long distance to a major regional centre	Does not meet
Limited options for mergers	Does not meet

Dungog can demonstrate that it meets the majority of the Rural Council characteristics, however the characteristics it does not meet suggest it may be more suited to the merger option which Dungog has explored and discounted.

To become Fit for the Future as a Rural Council, Dungog would need to consider a range of other improvement strategies such as

- Regional collaboration or resource sharing within the Joint Organisation or with another council(s). Potential activities include:
 - Community Strategic Plan
 - Back of house services
 - Procurement
 - Engineering technical services
 - Tourism and economic development
 - Children's and aged services
 - Library services
- Adopting specialty services such as a centre of excellence for one or more functions
- Sharing administration and staff such as senior management (including the General Manager) and senior officers
- Reducing governance cost through less elected councillors, fewer meetings and greater use of Section 355 committees
- Shared regional planning
- Reviewing services, changing service levels, exiting services, forming delivery partnerships with not for profit organisations or Joint Organisations and improved cost recovery.

Ultimately all of the above improvements are likely to reduce local control and may impact local employment, and in any event could be considered, by a standalone Council, as part of the improvement plan.

Without knowing all the benefits that would arise (i.e. reduced compliance cost) from becoming a Rural Council it is difficult to assess the full costs and benefits.

Even if it does satisfy the Rural Council criteria, there appears to be no advantages in Dungog becoming a Rural Council and completing a Template 3 proposal.

6 HOW WILL COUNCIL BECOME FIT FOR THE FUTURE?

Dungog Shire Council has investigated a number of further productivity improvements and cost containment strategies in addition to those already implemented, however its opportunities are limited. The Council only employs 65 staff and restricts itself to core services centred around its statutory functions and infrastructure service delivery. It provides a small range of non-core services to meet community expectations. Only 9% of its budget is spent on community services' functions and 8% on recreational and cultural activities.

Council has the lowest cost per capita for the delivery of services amongst its peer group councils⁵. At just over \$1,500 per capita for the delivery of services Dungog is less than half the peer group average and less than a quarter of the highest cost per capita. This supports Dungog's belief that it offers a smaller range of services comparatively and that Council has minimised the cost to ratepayers for its services as much as possible.

Council has progressively identified and transited services to the most efficient delivery model, for example:

- Solid waste, swimming pools and the caravan park are delivered under contract
- Council relies on Section 355 committees to assist with service delivery and maintenance of halls and sportsgrounds
- Library services are co-ordinated by the Newcastle Regional Library Service in relation to IT and book purchasing
- Council does not provide community service, youth or education functions apart from a small portfolio of aged housing
- A number of discretionary service levels are 'as required' rather than programmed e.g. street sweeping.
- Dungog does not hold a large amount of plant preferring to hire plant in when required, Council conducts an annual tender in respect of external plant hire to mitigate against the padding of hourly rates.

Having already made a number of improvements, Council's improvement plan has two central elements.

1. The methodology for calculating infrastructure backlog has also been reviewed and amended. In addition the asset gap discussed earlier in this report has been remodelled and any operating surplus or improvement savings have been applied firstly to improve renewals and address infrastructure backlog as quickly as possible. Once the backlog is addressed, renewals are reduced and maintenance increased until the maintenance ratio reaches 100% (if required). Thereafter, investment in maintenance is calculated at a level to maintain a ratio of 100%.
2. A Special Rate Variation that provides for rate increases of 13% for six years. Council has minimised rates as much as possible over recent years to a point where this has contributed to the asset backlog and projected operating deficit. Dungog rates are amongst the lowest in the Hunter, and the merger business case suggested that under a

⁵ NSW Local Government Comparative Data 2012-13

merged council Dungog rates would need to increase. Special Rate Variation is an essential element of Council's plan to be Fit for the Future.

7 HOW WILL THE PLAN IMPROVE PERFORMANCE?

The above improvement opportunities have highlighted some significant improvements that can be achieved across Dungog Shire Council.

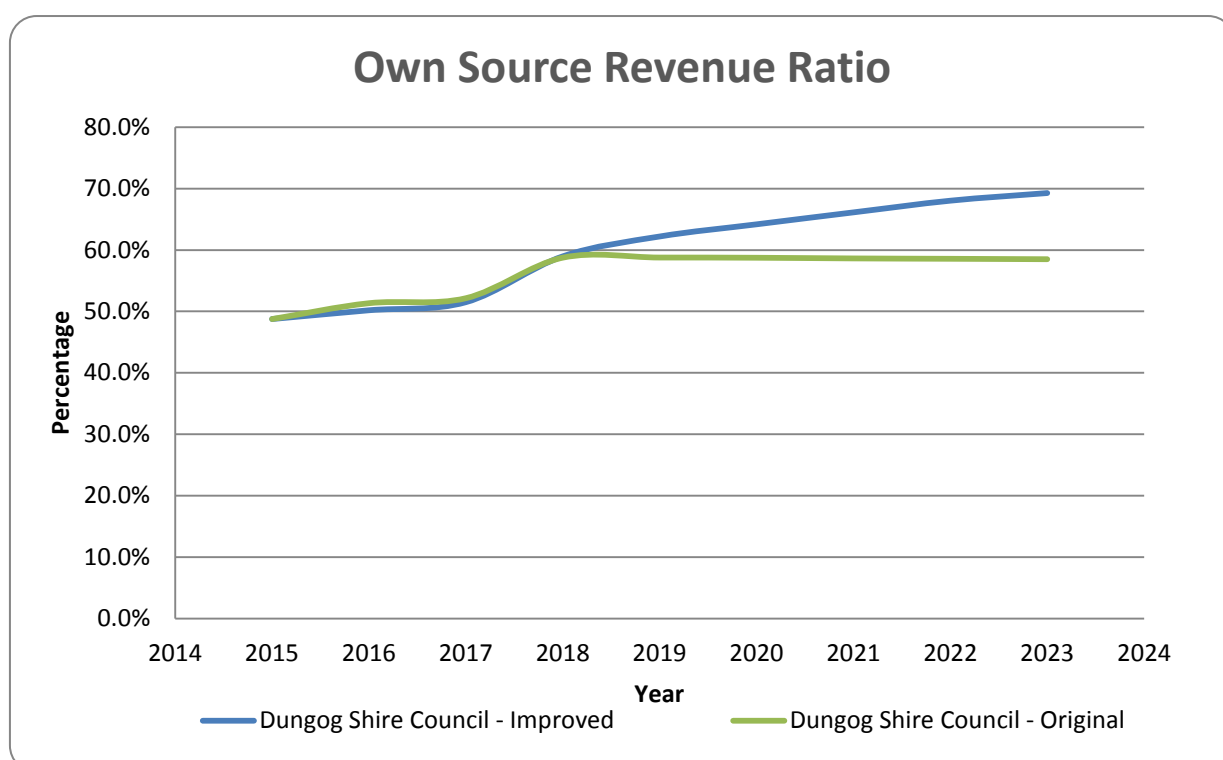
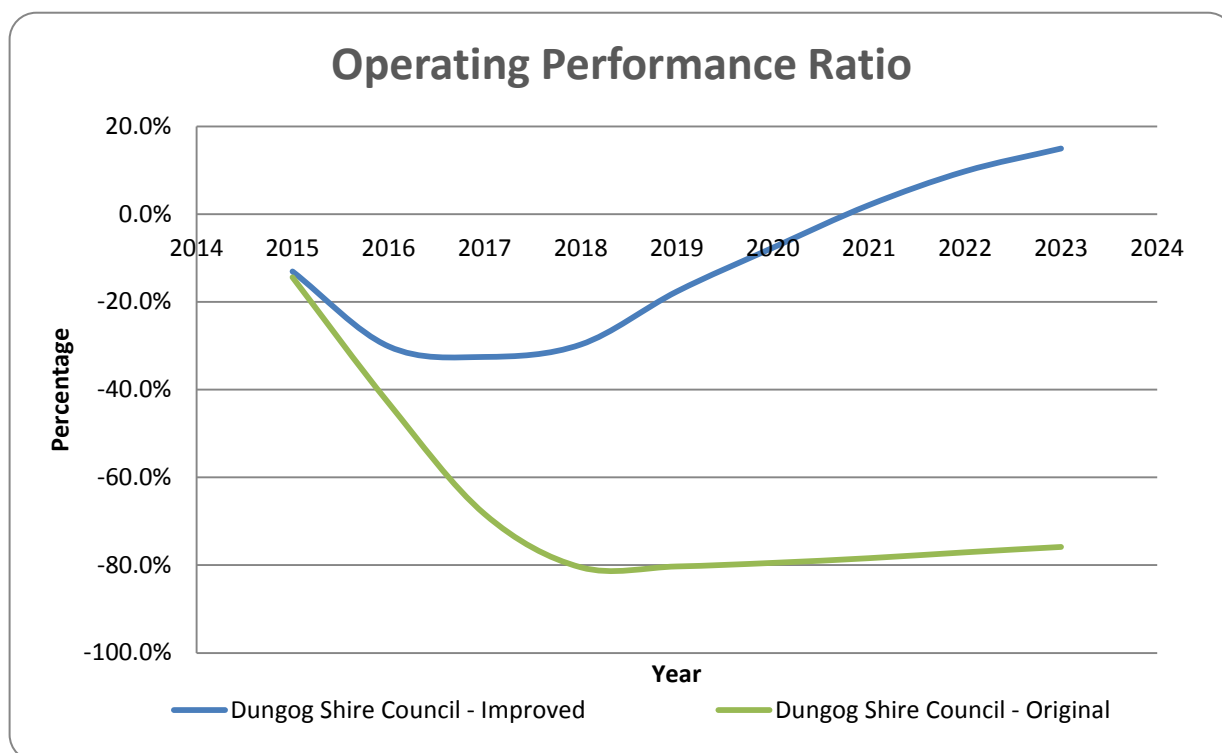
The total asset spend discussed early in this report has been remodelled and this has reduced the overall infrastructure gap.

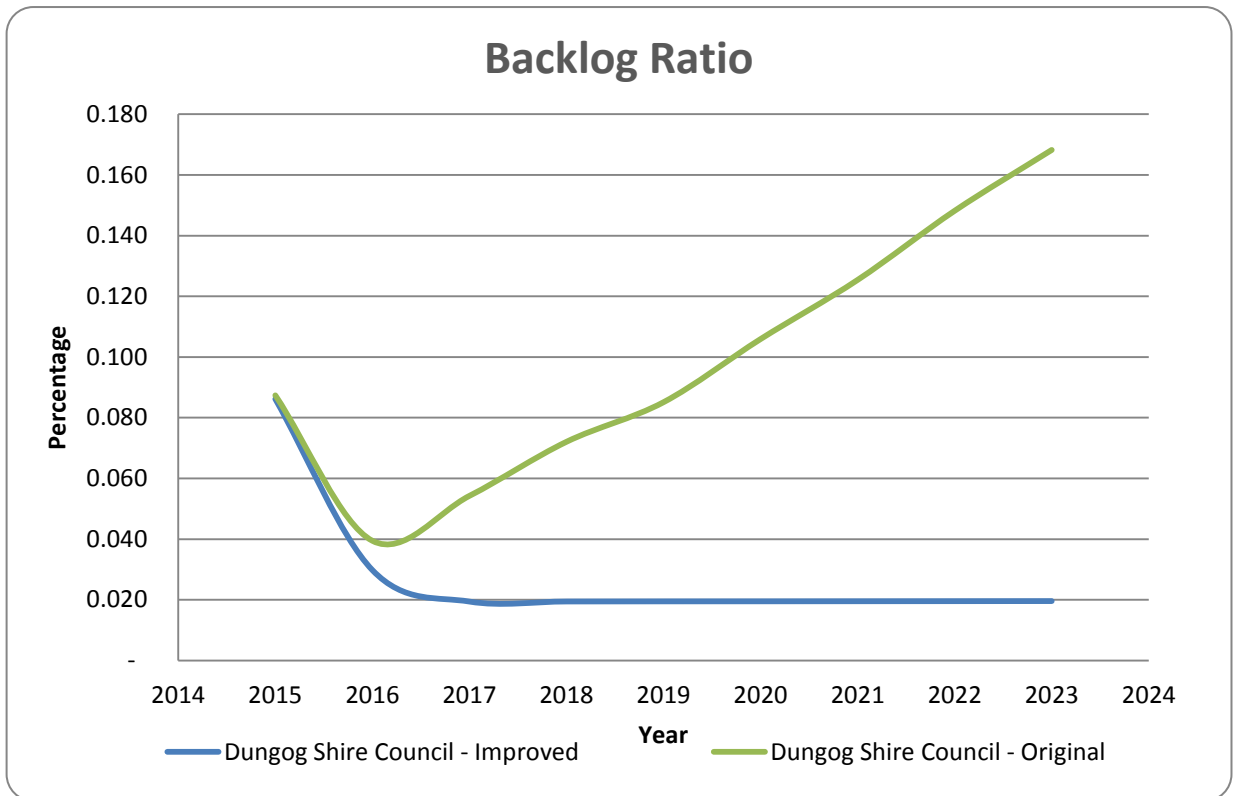
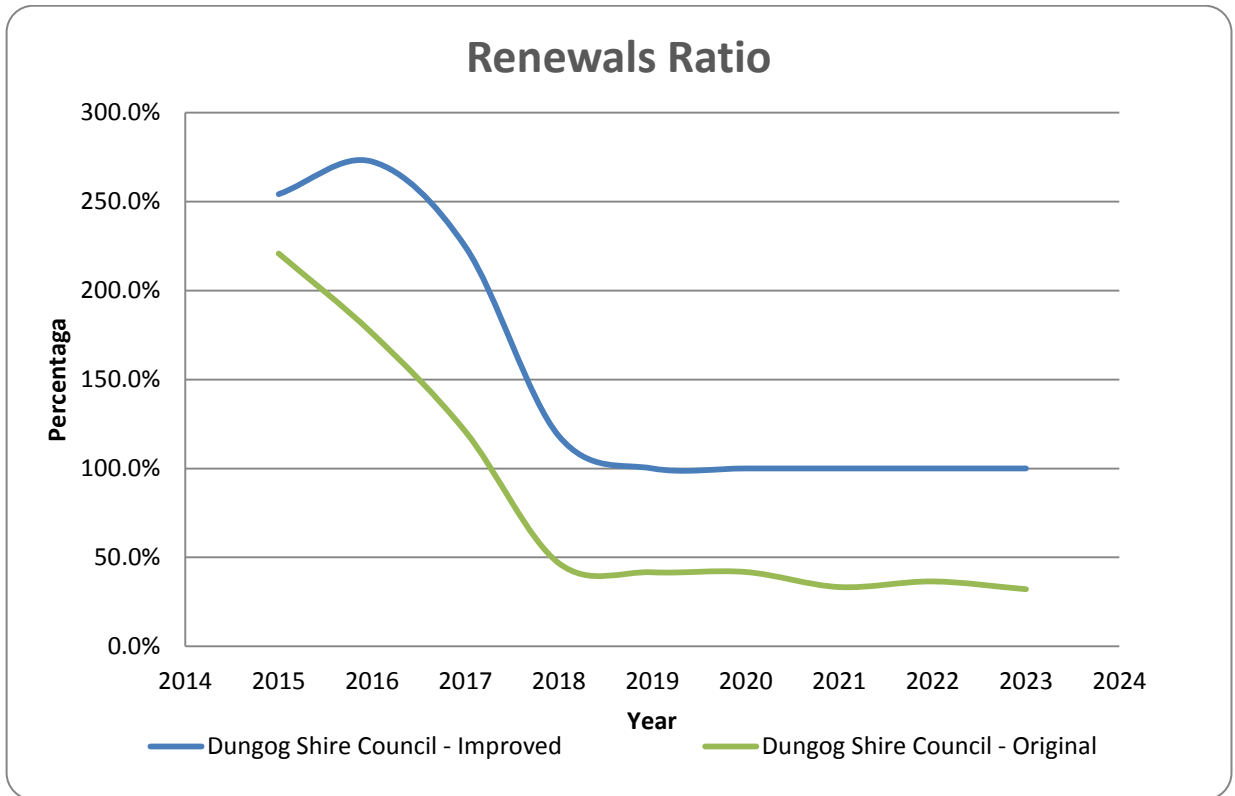
Modelling these cost improvements, including a Special Rate Variation, has provided an improvement on all the FFTF indicators. The following table shows the effect of the improvement opportunities identified above.

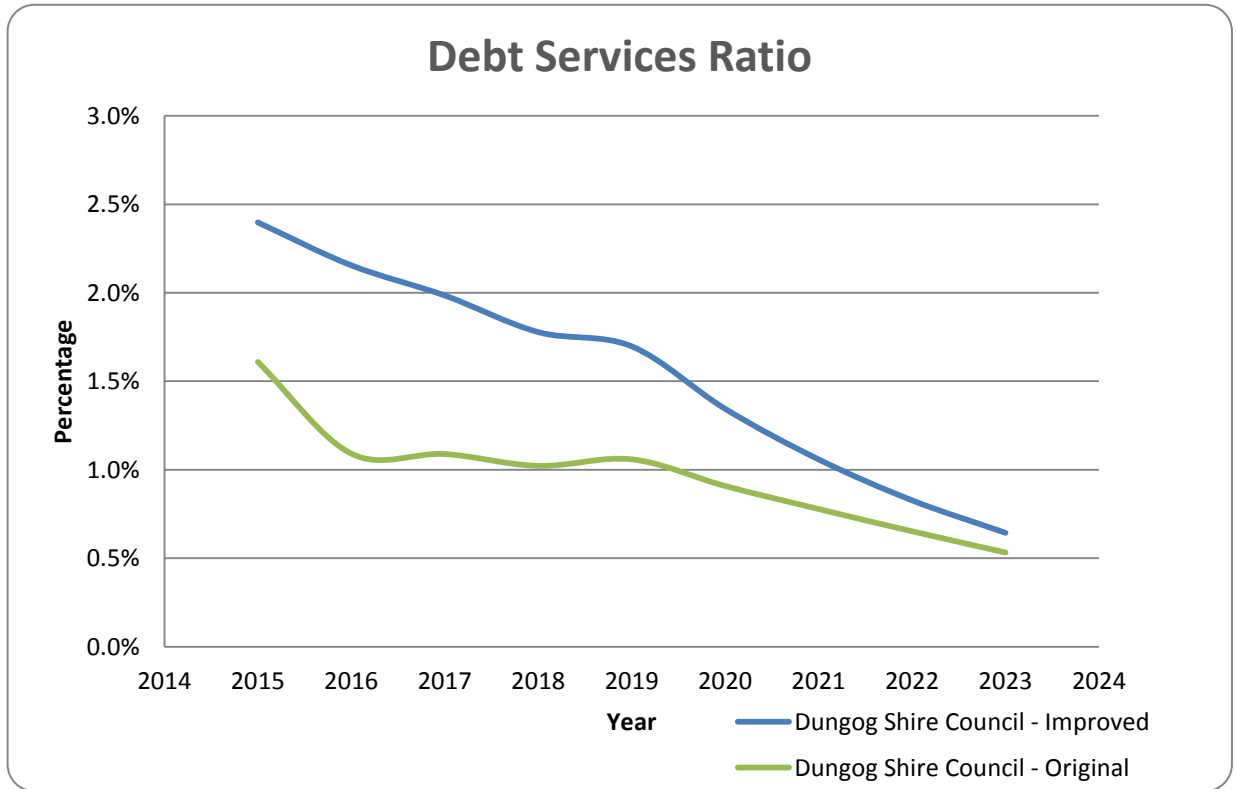
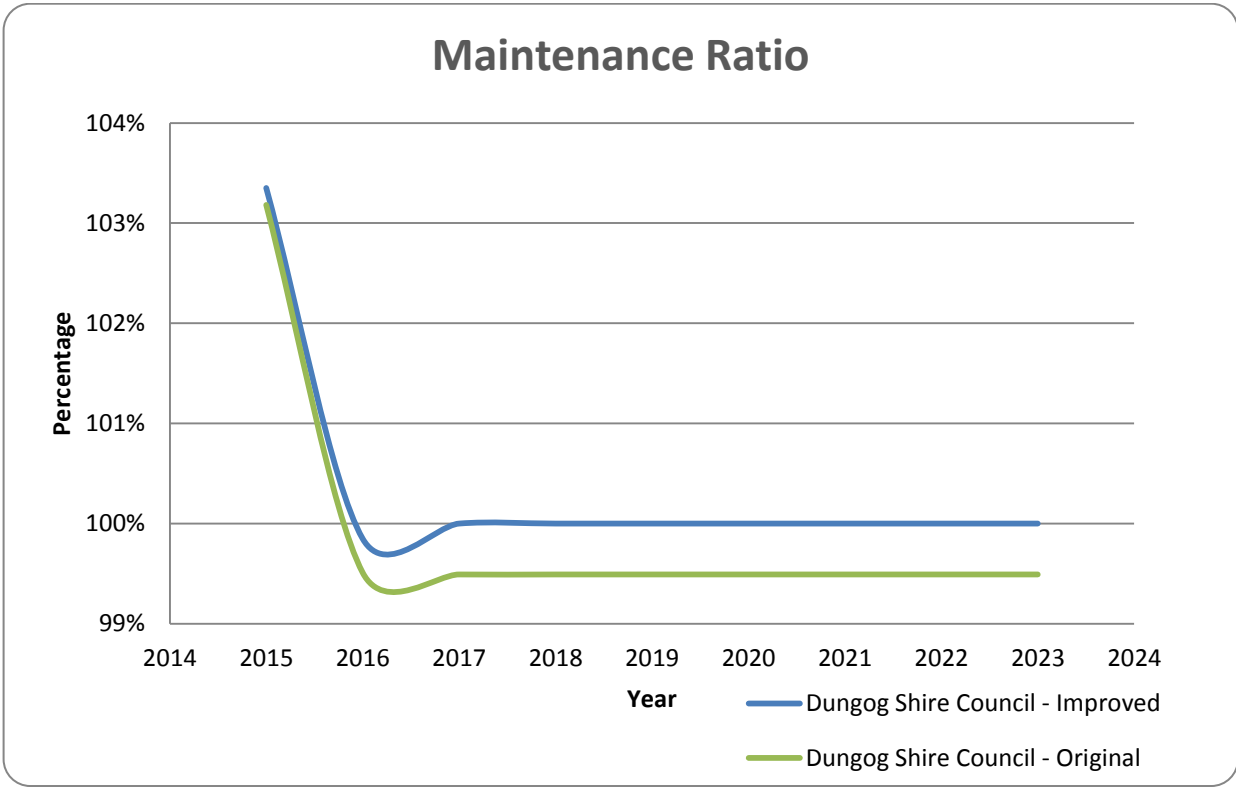
7.1 Expected Improvement in Performance

Measure / benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance (Greater than or equal to breakeven average over three years)	-13.1%	-30.1%	-32.6%	-29.7%	-17.7%	-7.7%	Yes meets in 2020/21
Own Source Revenue Ratio (Greater than 60% average over three years)	48.8%	50.0%	51.5%	59.0%	62.2%	64.2%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over three years)	254.2%	272.6%	224.6%	118.2%	100.0%	100.0%	Yes
Infrastructure Backlog Ratio (Less than 2%)	8.6%	3.0%	1.9%	1.9%	1.9%	1.9%	Yes
Asset Maintenance Ratio (Greater than 100% average over three years)	103.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over three years)	2.4%	2.2%	2.0%	1.8%	1.7%	1.3%	Yes
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	\$830	\$931	\$893	\$880	\$867	\$854	Yes

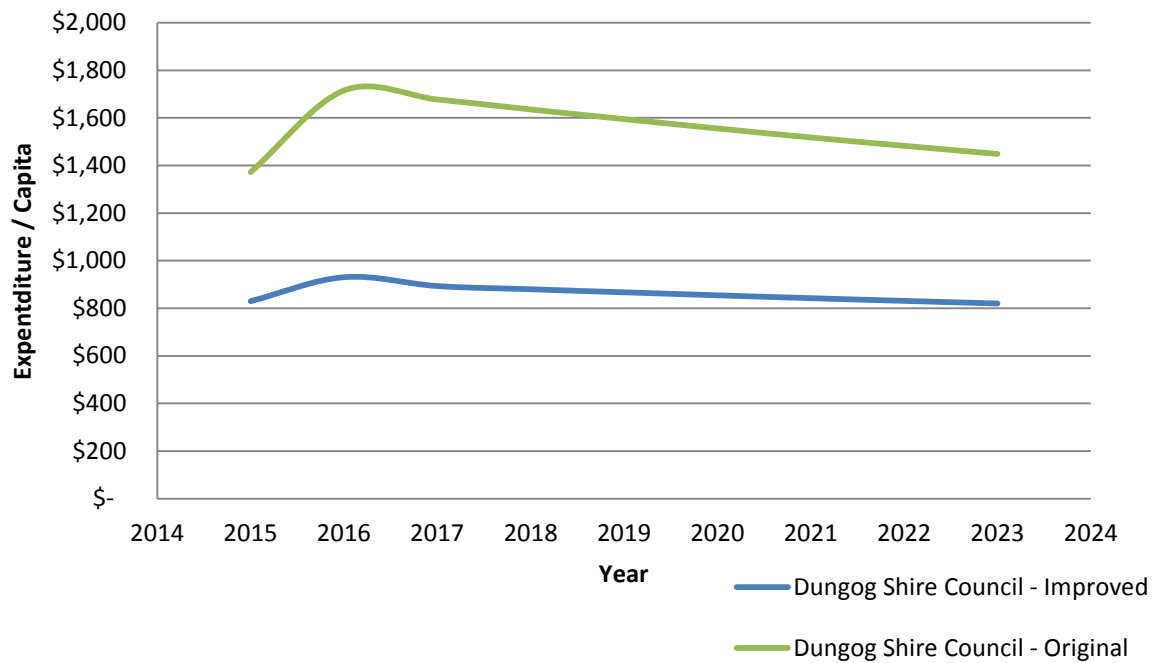
Council meets all but one (the Operating Performance Ratio) of the FFTF benchmarks by 2019/20. It meets all benchmarks from 2020/21 and thereafter continues to maintain or improve performance against the benchmarks criteria. The impacts of the improvements over the entire modelling period are shown in the charts below.







Operating Expenditure per Capita



8 CONCLUSION

The Independent Local Government Review Panel has expressed the view that Dungog could be sustainable as a standalone Council within a Joint Organisation. It has suggested that a merger with Maitland be investigated to address concerns by Dungog that it may be unsustainable.

Dungog has investigated a merger with Maitland and has established that it has no financial benefit, and substantially disadvantages Dungog residents.

The starting point for 'scale and capacity' is the Independent Local Government Review Panel recommendation. Unlike other councils there were no specific set of recommendations for the Hunter councils. All were considered potentially sustainable with the "possible exception of Dungog" and Dungog can argue that it may meet the tests of scale and capacity as a standalone council, if it can establish it is sustainable.

Dungog Shire Council was in a position where it did not meet four of the criteria established by the Office of Local Government. Council has identified improvements which quickly move towards and then achieve all the FFTF benchmarks, and place Council in a far better position.

These improvements against the benchmarks are shown in the table below.

Fit for the Future Criteria	Met in 2013/14	Meets in 2019/20
Scale and Capacity as per the ILGRP Recommendation	Yes	Yes
Operating Performance Ratio	Yes	Yes in 2020/21 ⁶
Own Source Revenue Ratio	No	Yes
Buildings and Infrastructure Asset Renewals Ratio	Yes	Yes
Infrastructure Backlog Ratio	No	Yes
Asset Maintenance Ratio	No	Yes
Debt Service Ratio	Yes	Yes
Real Operating Expenditure Over Time	No	Yes

⁶ Must meet within 10 years for Group 8,9,10 and 11 Councils



DUNGOG SHIRE COUNCIL

ATTACHMENT '2'

EXTRACT FROM COMMUNITY STRATEGIC PLAN

Table 72.2: The past and projected population of Dungog LGA by broad age group, 1996-2036

Year	Population ^a in age group			
	0-14	15-39	40-64	65+
<i>Past</i>				
1996	1,900	2,600	2,400	1,100
2001	1,900	2,500	2,900	1,100
2006	1,800	2,300	3,100	1,300
<i>Projected</i>				
2011	1,700	2,300	3,200	1,400
2016	1,700	2,300	3,200	1,600
2021	1,800	2,300	3,200	1,800
2026	1,800	2,300	3,200	2,100
2031	1,900	2,300	3,200	2,300
2036	1,900	2,300	3,200	2,500

Source:

Past data – Australian Bureau of Statistics;

Projections – Department of Planning

a Population numbers are for 30th June of the year shown.

The above tables which have been extracted from NSW Planning statistics also reflects that we have an ageing population and like many rural communities once our children leave school there is a tendency for them to move away from home for further education or for employment opportunities.

Without major employment markets within the Shire the continued trend of youth migration will not be overcome. Interestingly through the consultation process with Dungog High School students they want the opportunity to move away and experience other places and at the same time many of them also want to come back to the Shire when they grow older.

4. Issues/Challenges

In developing a Community Strategic Plan we will create a greater certainty about our future and the wellbeing of our community.

The right programs and services for our community is not an easy balance and as our community continues to evolve we need to ensure that our planning and service provision are appropriate and meet community needs and expectations. Service provision needs to be targeted and responsive to community need rather than relying on what has always been done in the past.

Making the most of what we have is one of the major challenges that this Council will have to deal with. That is the balance in terms of real enhancements and improvements for local communities with the need to undertake essential maintenance and renewal works on local infrastructure and to undertake such with limited resources.

This Councils' only guaranteed source of income is from rates. Our rates income is low and we have a significant amount of infrastructure to maintain across our area and in many instances we have a number of facilities that are duplicated or more, all of which at times are under-utilised. Also some of our infrastructure is approaching the end of its life and will need major capital investment to ensure that it remains in a satisfactory condition.

A Community Strategic Plan supported by long term financial plans and asset management strategy will help the Council find the best balance between competing pressures with the limited resources that we have.

The snapshot as presented to the community in the lead up to the community forums placed a number of elements into perspective these are outlined below:

Our Community

Our Shire is fortunate to enjoy a rich cultural heritage which has shaped our community in many ways, influencing our way of life, economy and demographics. Local identity is a key feature of our towns and villages who are very proud of their history.

Current Situation

- The Australian Bureau of Statistics advises that the estimated residential population of our Shire at 30 June 2010 is 8,673 people.
- NSW Planning predicts that the population of Dungog Shire in 2031 will be 9,700
- The populations in some of our villages are at best static and possibly declining.
- The Shire has many active community groups and volunteers contributing to our way of life.
- Most government and social services are delivered regionally
- The Shires demographic make-up is changing. Our Shire has an ageing population, in 2011 it is estimated that 23% of the population is aged 60 years plus, by 2031 this will increase to 31% of the Shires population.
- Council works closely with the community to seek thoughtful solutions to address identified needs, and takes a leadership role in bringing partners together including State and Federal Government.

Challenges

- Community safety is a major concern for many of our residents
- Our community wants a greater range of services

- We experience a loss of young people due to the narrow range of local jobs and educational opportunities
- There are limited public transport services available in our Shire.
- One major challenge is ensuring that appropriate and affordable housing is available for young families and older residents.
- The provision of lifelong learning opportunities will continue to be important

Our Economy

Our primary economic drivers are agriculture and tourism. Our greatest economic assets are also our natural assets. These include our agricultural lands, our forests and national parks and our rivers. The National Parks and State Forests attract more than 100,000 visitors annually.

- Jobs data from the 2006 census shows that there were 3466 employed residents in our Shire of which some 1400 were employed outside of the local government area.
- An attraction for prospective residents is our proximity to the lower Hunter employment markets and the Newcastle airport

Challenges

- Economic leakage to other regional centres is a major concern for local businesses
- We need to diversify our local economy and provide opportunities for business investment.
- The loss of locally delivered government services is impacting on jobs growth.

Our Environment

Critical to the success of the Shire is the natural environment and the rivers that flow from the Barrington Tops to the unique flora and fauna found in our area, the picturesque landscapes that change with the seasons highlight the beauty of our Shire.

- Our Shire consists of 224,800 ha of which 37,453 ha 16% is protected conservation area which comprises national parks, state conservation areas and nature reserves. A further 13,000 ha or 6% is State Forests.
- Weed infestation poses a constant threat to agricultural production and bio-diversity.
- 1,131 tonnes of waste was diverted from landfill in the year ending June 2010
- 25% of all on site sewerage management systems inspected by Council have required works to bring them up to Councils required standard.

Challenges

- The impact of climate change on our bio-diversity, agriculture, water supplies etc.
- The threat of major bushfire risk to public and private assets and impact upon bio-diversity as a consequence.
- Threats to the ecology of our rivers from human habitation and agricultural practices
- The balance between development and the environment
- Securing funding for sewerage systems to our villages

Infrastructure

Dungog Shire's infrastructure is extensive, Council maintains roads, drainage, waste infrastructure, as well as parks, ovals sporting grounds and community halls. Other community infrastructure is provided by a range of government providers, water, sewer, energy, rail etc. as well as some dedicated community organisations like Dungog & District Retirement Living Inc., Wallarobba Hall Committee.

- There are 318 Km's of sealed roads, 273 Km's unsealed roads and 123 Km's of regional roads in our Shire, all of which are maintained by Council.

Challenges

- There is still 46 timber bridges within our Shire that are Councils' responsibility, the replacement cost is in the vicinity of \$30Mil.
- 40% of Councils budget is derived from rates, as contributed by approximately 4,500 landholders. General rate income of \$4.566Mil
- Grant income is not guaranteed. Changes in government priorities and programs can impact on the funding Council receives.
- Addressing the disparity in relation to the funding of Regional roads.

Many of these elements were discussed at the community forums and are reflected in the following chapters.



**DUNGOG SHIRE
COUNCIL**

ATTACHMENT '3'

**COUNCIL
COMPARATIVE FAG &
REGIONAL ROAD
FUNDING**

Comparative Analysis

**Sort on the Value of Financial Assistance Grant per head of population
Based on 2014/2015 FAGS
OLG 2013/2014 Group 10 Councils**

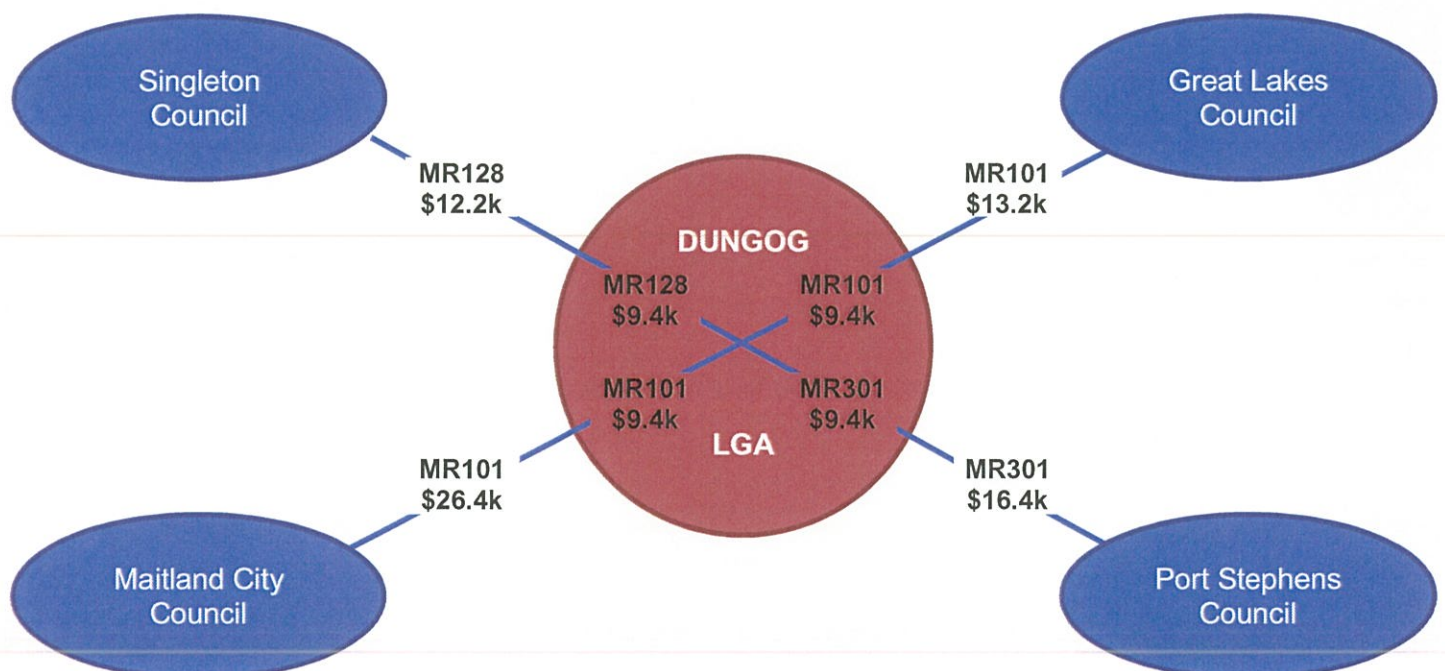
Rank	Council	Population	Area (km2)	Staffing	Staff to Population (1,000)	General FAG	Value of grant per head
1	Dungog	8,673	2,251	65	7.49	\$1,421,373.00	\$163.88
2	Uralla	6,287	3,229	105	16.70	\$1,368,891.00	\$217.73
3	Blayney	7,259	1,526	70	9.64	\$1,607,629.00	\$221.47
4	Kyogle	9,877	3,589	95	9.62	\$2,327,029.00	\$235.60
5	Glenn Innes Severn	9,311	5,487	130	13.96	\$2,328,778.00	\$250.11
6	Liverpool Plains	7,965	5,086	120	15.07	\$1,997,868.00	\$250.83
7	Cootamundra	7,729	1,524	82	10.61	\$2,005,550.00	\$259.48
8	Gloucester	5,181	2,952	86	16.60	\$1,354,770.00	\$261.49
9	Oberon	5,438	3,628	78	14.34	\$1,470,587.00	\$270.43
10	Wellington	8,875	4,112	111	12.51	\$2,453,591.00	\$276.46
11	Junee	6,298	2,030	65	10.32	\$1,765,499.00	\$280.33
12	Snowy River	8,188	6,029	139	16.98	\$2,321,760.00	\$283.56
13	Forbes	9,748	4,720	113	11.59	\$3,009,209.00	\$308.70
14	Upper Lachlan	7,559	7,128	133	17.59	\$2,346,853.00	\$310.47
15	Temora	6,216	2,802	86	13.84	\$1,960,530.00	\$315.40
16	Murray	7,319	4,344	85	11.61	\$2,517,168.00	\$343.92
17	Berrigan	8,644	2,066	87	10.06	\$3,022,233.00	\$349.63
18	Tenterfield	7,071	7,332	93	13.15	\$2,606,812.00	\$368.66
19	Narromine	6,841	5,263	92	13.45	\$2,558,824.00	\$374.04
20	Gwydir	5,425	9,274	165	30.41	\$2,183,653.00	\$402.52
21	Warrumbungle	9,778	12,381	185	18.92	\$3,944,295.00	\$403.38
22	Narrandera	6,280	4,116	129	20.54	\$2,605,083.00	\$414.82
23	Wentworth	7,120	26,266	94	13.20	\$3,395,634.00	\$476.91
24	Walgett	7,235	22,334	115	15.89	\$3,756,936.00	\$519.27
25	Bland	6,410	8,560	115	17.94	\$3,832,141.00	\$597.84
26	Cobar	5,178	45,605	132	25.49	\$3,238,440.00	\$625.42
27	Lachlan	6,844	14,973	131	19.14	\$4,622,104.00	\$675.35

Comparative Analysis

Councils of the Hunter Region

Rank *	Council	Population	Area (km ²)	Regional Road Block Grant Allocations 2014/2015				
				Road length Km's	Block Grant	Supplement ary	Traffic	Value of regional road funding per km
1	Lake Macquarie	200,796	648	38	\$635,000	\$181,000	\$558,000	\$36,157.89
2	Newcastle	158,553	187	44	\$928,000	\$130,000	\$416,000	\$33,500.00
3	Maitland	73,447	392	20	\$324,000	\$72,000	\$133,000	\$26,450.00
4	Port Stephens	68,935	859	56	\$690,000	\$100,000	\$129,000	\$16,410.71
5	Cessnock	54,313	1,966	91	\$995,000	\$117,000	\$176,000	\$14,153.85
6	Great Lakes	36,312	3,375	140	\$1,569,000	\$90,000	\$186,000	\$13,178.57
7	Singleton	23,751	4,896	83	\$805,000	\$78,000	\$130,000	\$12,204.82
8	Muswellbrook	16,851	3,407	40	\$182,000	\$69,000	\$41,000	\$7,300.00
9	Upper Hunter	14,650	8,102	174	\$1,004,000	\$126,000	\$69,000	\$6,890.80
10	Dungog	8,884	2,251	124	\$1,063,000	\$67,000	\$42,000	\$9,451.61
11	Gloucester	4,974	2,952	86	\$913,000	\$65,000	\$29,000	\$9,500.00

Notes; * Rank established on population basis



Comparative Analysis

Councils of the Hunter Region Road Network lengths that are Councils responsibility

Rank *	Council	Population	Area (km2)	Staffing **	Staff to Populati on (1,000)	General FAG ***	Value of FA grant per head of pop'n	Road lengths Council responsibility					Road length per capita
								Regiona l Rds Km's	Local Rds Urban	Non Urban Sealed	Non urban Unsealae	Total Road length Km's	
1	Lake Macquarie	200,796	648	927	4.4	\$13,211,860	\$65.80	38	1,027	185	51	1,301	0.006479
2	Newcastle	158,553	187	870	5.93	\$10,882,935	\$68.64	44	728	18	1	791	0.004989
3	Maitland	73,447	392	354	4.8	\$5,283,401	\$71.93	20	424	199	18	661	0.009
4	Port Stephens	68,935	859	405	6.03	\$4,951,933	\$71.83	56	364	213	62	695	0.010082
5	Cessnock	54,313	1,966	268	5.16	\$5,383,791	\$99.13	91	381	257	266	995	0.01832
6	Great Lakes	36,312	3,375	277	8.29	\$5,129,373	\$141.26	140	262	260	440	1,102	0.030348
7	Singleton	23,751	4,896	205	8.43	\$2,192,997	\$92.33	83	131	513	92	819	0.034483
8	Muswellbrook	16,851	3,407	164	9.05	\$2,485,267	\$147.48	40	106	378	96	620	0.036793
9	Upper Hunter	14,650	8,102	193	14.22	\$2,569,225	\$175.37	174	110	316	1,155	1,755	0.119795
10	Dungog	8,884	2,251	65	7.49	\$1,421,273	\$159.98	124	45	285	268	722	0.08127
11	Gloucester	4,974	2,952	86	17.56	\$1,354,770	\$272.37	106	30	217	402	755	0.151789

Notes; * Rank established on population basis

** Staffing information from the 2013/2014 DLG Comparative Analysis

*** General Purpose Financial Assistance grant Allocation 2014/2015 NSW Grants Commission

Road length data sources 2014/2015 NSW Grants Commission and RMS 2012/2013 Block Grant Allocations



DUNGOG SHIRE COUNCIL

ATTACHMENT '4'

FINANCIAL MODELLING



Dungog Shire Council

Draft Long Term Financial Plan

2014-2024

Base Model

DUNGOG SHIRE COUNCIL

Long Term Financial Plan Assumptions

Base Model

Rates – increase by rate pegging amount of 2.6%pa plus growth of 1.5%

Interest – Investments – 4%pa

Interest – Loans – 7%pa

Asset Management Plans used for asset maintenance and asset renewal

Loans – only loans approved in the 2015/16 Operational Plan have been included – no further loans have been included as potential funding sources.

Capital Grants – not included in Operating Surplus Ratio

Base Model
Dungog Shire Council - Working Paper: Operating Revenue and Operating Expense

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates	4,879	5,152	5,301	5,518	5,745	5,980	6,225	6,481	6,746	7,023	7,311
Charges	1,138	1,188	1,352	1,420	1,491	1,565	1,643	1,726	1,812	1,902	1,998
Users fees and charges	981	657	765	792	819	848	878	909	940	973	1,007
Commercial Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions - Operating	2,565	2,836	3,042	3,527	3,207	3,942	4,284	4,294	4,423	4,701	4,777
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Investment Income	465	441	338	264	226	181	176	7	(199)	(394)	(604)
Other	901	329	251	257	264	270	277	284	291	298	306
Total Operating Revenue	15,000	18,379	14,715	14,071	14,510	14,959	15,468	15,830	16,176	16,553	16,935
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Total Operating Revenue less cap grants	10,929	10,603	11,049	11,778	11,751	12,786	13,484	13,700	14,014	14,505	14,794
Operating Expenses											
Salaries & Wages	4,139	4,332	4,366	4,475	4,587	4,702	4,819	4,940	5,063	5,190	5,320
Contractual Services	2,622	3,094	3,253	3,334	3,418	3,503	3,591	3,680	3,772	3,867	3,963
Materials	1,623	1,524	1,990	1,543	1,581	1,621	1,661	1,703	1,745	1,789	1,834
Depreciation	3,033	3,593	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372
Finance Charges	143	126	82	129	112	100	86	75	62	49	36
Other	1,380	1,713	1,642	1,683	1,725	1,768	1,812	1,858	1,904	1,952	2,001
Total Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus / (Deficit)	2,060	3,997	(1,990)	(2,465)	(2,285)	(2,106)	(1,875)	(1,798)	(1,744)	(1,666)	(1,590)
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Operating Surplus / (Deficit) less cap grants	(2,011)	(3,779)	(5,656)	(4,758)	(5,044)	(4,279)	(3,859)	(3,928)	(3,906)	(3,714)	(3,731)
Physical Resources Free of Charge	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new or upgraded assets	0	0	0	0	0	0	0	0	0	0	0
Asset disposal & fair value adjustments	(1,283)	131	55	56	58	59	61	62	64	65	67
Net Surplus / (Deficit)	777	4,128	(1,935)	(2,409)	(2,227)	(2,047)	(1,814)	(1,736)	(1,681)	(1,601)	(1,523)
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	777	4,128	(1,935)	(2,409)	(2,227)	(2,047)	(1,814)	(1,736)	(1,681)	(1,601)	(1,523)

Base Model
Dungog Shire Council - Working Paper: Balance Sheet

As at 30 June:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS											
Financial Assets											
Cash and Cash Equivalents	6,942	4,752	2,733	1,700	452	334	(4,311)	(9,946)	(15,282)	(21,058)	(27,288)
Current Trade & Other Receivables	2,606	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current Other Financial Assets	3,516	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Non Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	13,064	9,252	7,233	6,200	4,952	4,834	189	(5,446)	(10,782)	(16,558)	(22,788)
Non Financial Assets											
Inventories	1,282	1,314	1,966	1,705	1,513	1,310	1,129	937	738	527	307
Investment Property	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	295,955	304,317	304,456	303,136	302,214	300,344	303,236	307,198	310,917	315,157	319,931
Other Non-current Assets	39	39	39	39	39	39	39	39	39	39	39
Total Non Financial Assets	297,276	305,670	306,461	304,880	303,766	301,694	304,404	308,175	311,694	315,724	320,277
Total Assets	310,340	314,922	313,694	311,080	308,718	306,528	304,594	302,729	300,912	299,166	297,489
LIABILITIES											
Current Liabilities											
Trade & Other Payables	999	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Borrowings	181	184	258	187	198	176	185	195	205	215	230
Provisions	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	2,980	3,029	3,149	3,125	3,185	3,213	3,272	3,335	3,398	3,463	3,534

Base Model
Dungog Shire Council - Working Paper: Balance Sheet

	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Non-current Liabilities											
Trade & Other Payables	96	100	100	100	100	100	100	100	100	100	100
Borrowings	710	1,052	1,687	1,499	1,301	1,125	940	745	540	325	95
Provisions	2,275	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	3,081	3,484	4,119	3,931	3,733	3,557	3,372	3,177	2,972	2,757	2,527
Total Liabilities	6,061	6,513	7,268	7,056	6,918	6,769	6,644	6,512	6,370	6,220	6,061
Net Assets	304,279	308,409	306,426	304,024	301,800	299,759	297,949	296,217	294,542	292,946	291,428
EQUITY											
Accumulated Surplus	122,440	126,568	124,633	122,224	119,996	117,949	116,135	114,400	112,719	111,118	109,595
Asset Revaluation Reserves	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800
Other Reserves	39	40	40	40	40	40	40	40	40	40	40
Adjustment to Cash & Borrowings for effects of inflation	0	0	(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
Total Equity	304,279	308,408	306,425	304,022	301,800	299,758	297,948	296,217	294,541	292,945	291,427
<hr/>											
Total Outstanding Borrowings / (Cash & Cash equivalents) discounted for effects of inflation											
Annual Inflation (cpi) rate			3%	3%	3%	3%	3%	3%	3%	3%	3%
<hr/>											
Total Borrowings / (Cash & Cash Equivalents)	(891)	(1,236)	(1,945)	(1,686)	(1,499)	(1,301)	(1,125)	(940)	(745)	(540)	(325)
Borrowings in real values		(1,236)	(1,898)	(1,645)	(1,462)	(1,269)	(1,098)	(917)	(727)	(527)	(317)
Cumulative Discount			(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
P.a. Increase			(47)	6	5	5	4	5	5	5	5

Council - Working Paper: Replacement Assets

[illegible]

Roads & Footpaths	3,881	11,313	4,513	2,795	3,032	2,528	7,238	8,587	8,096	8,707	8,975
Storm Water	0	52	53	54	56	57	58	59	61	62	64
Buildings	92	807	258	532	612	163	113	0	71	0	89
Sports and Recreation Facilities	152	65	142	28	51	32	34	35	46	37	37
Plant & Equipment	803	719	691	830	1,004	833	1,077	842	1,059	993	1,341
Other Non Current Assets	612	0	0	0	0	0	0	0	0	0	0
Total	5,540	12,956	5,657	4,239	4,755	3,613	8,520	9,523	9,333	9,799	10,506

[illegible]

**Base Model
Dungog Shire
Council - Working Paper: Replacement Assets**

Year Ending 30 June:

2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
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**Depreciation, Amortisation &
Impairment - New Assets**

Roads & Footpaths		0	0	0	0	0	0	0	0	0
Storm Water		0	0	0	0	0	0	0	0	0
Water Supply & W'water Disposal		0	0	0	0	0	0	0	0	0
Buildings		0	0	0	0	0	0	0	0	0
Sports and Recreation Facilities		0	0	0	0	0	0	0	0	0
Plant & Equipment		0	0	0	0	0	0	0	0	0
Other Non Current Assets		0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0

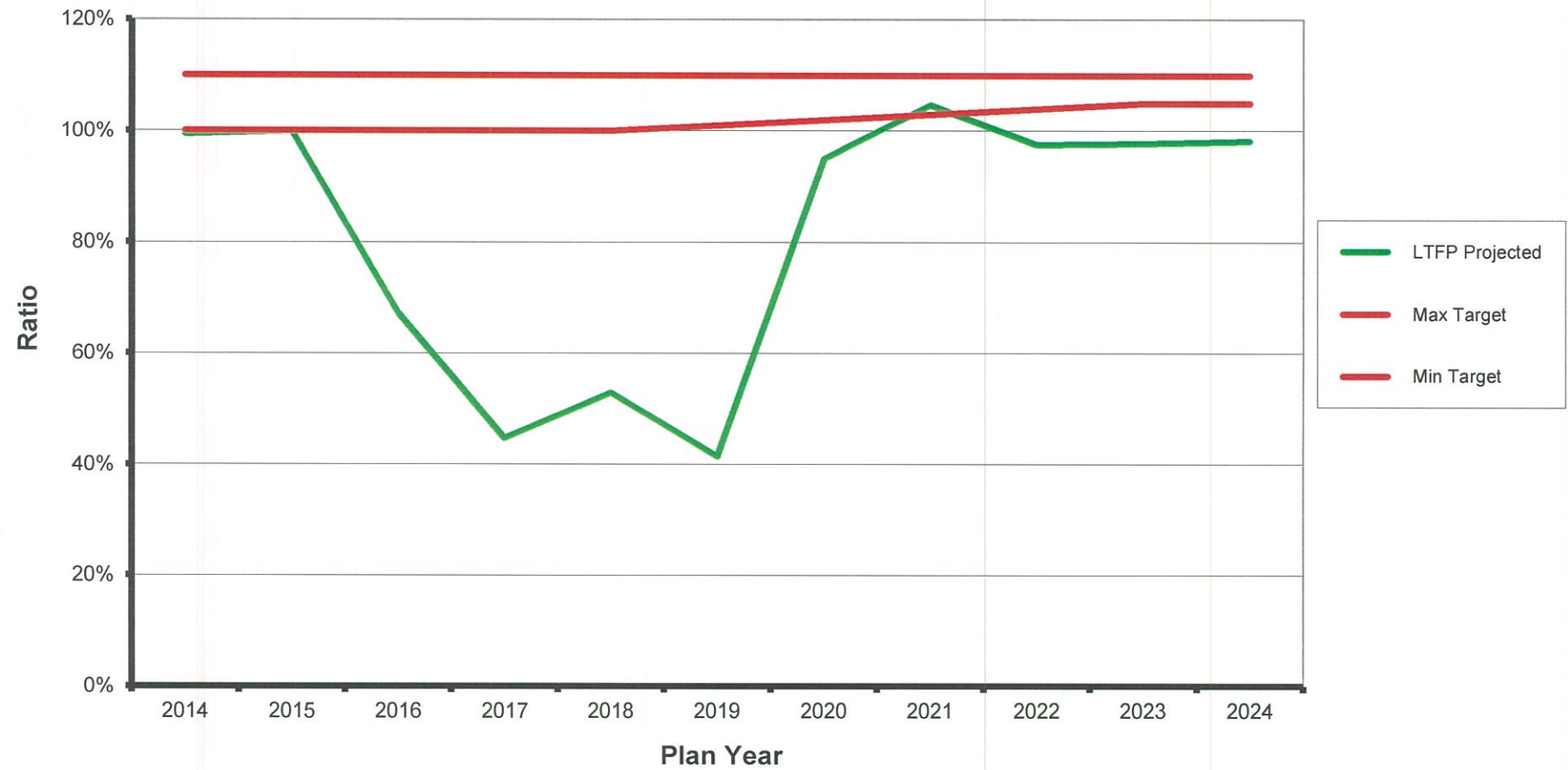
**Proceeds from Sale of Replaced
Assets:**

Motor Vehicles & Major Plant	318	183	201	243	363	170	317	251	306	252	427
Other 1											
Other 2											
Total	318	183	201	243	363	170	317	251	306	252	427

Dungog Shire Council Long-term Financial Plan
Summary of Financial Performance and Position for the Years Ending 30 June 2014 to the 30 June 2024
Base Model

Year Ending 30 June:	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Operating Revenues	15,000	18,379	14,715	14,071	14,510	14,959	15,468	15,830	16,176	16,553	16,935
less Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus/(Deficit) before Capital Amounts	2,060	3,997	(1,990)	(2,465)	(2,285)	(2,106)	(1,875)	(1,798)	(1,744)	(1,666)	(1,590)
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	5,540	12,956	5,657	4,239	4,755	3,613	8,520	9,523	9,333	9,799	10,506
less Depreciation, Amortisation & Impairment	(3,033)	(3,593)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)
less Proceeds from Sale of Replaced Assets	(318)	(183)	(201)	(243)	(363)	(170)	(317)	(251)	(306)	(252)	(427)
Net Outlays on Existing Assets	2,189	9,180	84	(1,376)	(980)	(1,929)	2,831	3,900	3,655	4,175	4,707
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Amounts Specifically for New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New or Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
EQUALS: Net Lending / (Borrowing) for Financial Year	(129)	(5,183)	(2,074)	(1,089)	(1,305)	(177)	(4,706)	(5,698)	(5,399)	(5,841)	(6,297)

Base Model
Dungog Shire Council - Asset Renewal Funding Ratio for FYE 2014 to FYE 2024



Base Model
Dungog Shire Council - Operating Surplus Ratio for FYE 2014 to FYE 2024





Dungog Shire Council

Draft Long Term Financial Plan

2014-2024

Model 1 – 13% for 6 years

DUNGOG SHIRE COUNCIL

Long Term Financial Plan Assumptions

Model 1 – 13% SRV for 6 yrs

Rates – increase by SRV amount of 13%pa plus growth of 1.5%

Interest – Investments – 4%pa

Interest – Loans – 7%pa

Asset Management Plans used for asset maintenance and asset renewal

Loans – only loans approved in the 2015/16 Operational Plan have been included – no further loans have been included as potential funding sources.

Capital Grants – not included in Operating Surplus Ratio

Model 1 - 13% for 6 years
Dungog Shire Council - Working Paper: Operating Revenue and Operating Expense

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates	4,879	5,152	5,301	6,070	6,950	7,957	9,111	10,432	11,945	12,363	12,796
Charges	1,138	1,188	1,352	1,420	1,491	1,565	1,643	1,726	1,812	1,902	1,998
Users fees and charges	981	657	765	792	819	848	878	909	940	973	1,007
Commercial Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions - Operating	2,565	2,836	3,042	3,527	3,207	3,942	4,284	4,294	4,423	4,701	4,777
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Investment Income	465	441	338	264	246	246	316	257	204	214	220
Other	901	329	251	257	264	270	277	284	291	298	306
Total Operating Revenue	15,000	18,379	14,715	14,622	15,735	17,001	18,493	20,031	21,778	22,501	23,245
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Total Operating Revenue less cap grants	10,929	10,603	11,049	12,329	12,976	14,828	16,509	17,901	19,616	20,453	21,104
Operating Expenses											
Salaries & Wages	4,139	4,332	4,366	4,475	4,587	4,702	4,819	4,940	5,063	5,190	5,320
Contractual Services	2,622	3,094	3,253	3,334	3,418	3,503	3,591	3,680	3,772	3,867	3,963
Materials	1,623	1,524	1,990	1,543	1,581	1,621	1,661	1,703	1,745	1,789	1,834
Depreciation	3,033	3,593	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372
Finance Charges	143	126	82	129	112	100	86	75	62	49	36
Other	1,380	1,713	1,642	1,683	1,725	1,768	1,812	1,858	1,904	1,952	2,001
Total Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus / (Deficit)	2,060	3,997	(1,990)	(1,914)	(1,060)	(64)	1,151	2,404	3,858	4,282	4,720
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Operating Surplus / (Deficit) less cap grants	(2,011)	(3,779)	(5,656)	(4,207)	(3,819)	(2,237)	(833)	274	1,696	2,234	2,579
Physical Resources Free of Charge	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new or upgraded assets	0	0	0	0	0	0	0	0	0	0	0
Asset disposal & fair value adjustments	(1,283)	131	55	56	58	59	61	62	64	65	67
Net Surplus / (Deficit)	777	4,128	(1,935)	(1,858)	(1,002)	(5)	1,211	2,466	3,922	4,347	4,787
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	777	4,128	(1,935)	(1,858)	(1,002)	(5)	1,211	2,466	3,922	4,347	4,787

Model 1 - 13% for 6 Years
Dungog Shire Council - Working Paper: Balance Sheet

As at 30 June:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS											
Financial Assets											
Cash and Cash Equivalents	6,942	4,752	2,733	2,251	2,229	4,153	2,533	1,100	1,366	1,538	1,618
Current Trade & Other Receivables	2,606	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current Other Financial Assets	3,516	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Non Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	13,064	9,252	7,233	6,751	6,729	8,653	7,033	5,600	5,866	6,038	6,118
Non Financial Assets											
Inventories	1,282	1,314	1,966	1,705	1,513	1,310	1,129	937	738	527	307
Investment Property	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	295,955	304,317	304,456	303,136	302,214	300,344	303,236	307,198	310,917	315,157	319,931
Other Non-current Assets	39	39	39	39	39	39	39	39	39	39	39
Total Non Financial Assets	297,276	305,670	306,461	304,880	303,766	301,694	304,404	308,175	311,694	315,724	320,277
Total Assets	310,340	314,922	313,694	311,631	310,495	310,347	311,438	313,774	317,560	321,762	326,395
LIABILITIES											
Current Liabilities											
Trade & Other Payables	999	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Borrowings	181	184	258	187	198	176	185	195	205	215	230
Provisions	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	2,980	3,029	3,149	3,125	3,185	3,213	3,272	3,335	3,398	3,463	3,534

Model 1 - 13% for 6 Years
Dungog Shire Council - Working Paper: Balance Sheet

	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Non-current Liabilities											
Trade & Other Payables	96	100	100	100	100	100	100	100	100	100	100
Borrowings	710	1,052	1,687	1,499	1,301	1,125	940	745	540	325	95
Provisions	2,275	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	3,081	3,484	4,119	3,931	3,733	3,557	3,372	3,177	2,972	2,757	2,527
Total Liabilities	6,061	6,513	7,268	7,056	6,918	6,769	6,644	6,512	6,370	6,220	6,061
Net Assets	304,279	308,409	306,426	304,575	303,577	303,577	304,793	307,263	311,190	315,542	320,334
EQUITY											
Accumulated Surplus	122,440	126,568	124,633	122,775	121,773	121,768	122,979	125,446	129,367	133,714	138,501
Asset Revaluation Reserves	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800
Other Reserves	39	40	40	40	40	40	40	40	40	40	40
Adjustment to Cash & Borrowings for effects of inflation	0	0	(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
Total Equity	304,279	308,408	306,425	304,574	303,576	303,576	304,792	307,263	311,189	315,541	320,333
Total Outstanding Borrowings / (Cash & Cash equivalents) discounted for effects of inflation											
Annual Inflation (cpi) rate			3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Borrowings / (Cash & Cash Equivalents)	(891)	(1,236)	(1,945)	(1,686)	(1,499)	(1,301)	(1,125)	(940)	(745)	(540)	(325)
Borrowings in real values		(1,236)	(1,898)	(1,645)	(1,462)	(1,269)	(1,098)	(917)	(727)	(527)	(317)
Cumulative Discount			(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
P.a. Increase			(47)	6	5	5	4	5	5	5	5

Dungog Shire Council Long-term Financial Plan

Summary of Financial Performance and Position for the Years Ending 30 June 2014 to the 30 June 2024

Model 1 - 13% for 6 Years

Year Ending 30 June:	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Operating Revenues	15,000	18,379	14,715	14,622	15,735	17,001	18,493	20,031	21,778	22,501	23,245
less Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus/(Deficit) before Capital Amounts	2,060	3,997	(1,990)	(1,914)	(1,060)	(64)	1,151	2,404	3,858	4,282	4,720
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	5,540	12,956	5,657	4,239	4,755	3,613	8,520	9,523	9,333	9,799	10,506
less Depreciation, Amortisation & Impairment	(3,033)	(3,593)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)
less Proceeds from Sale of Replaced Assets	(318)	(183)	(201)	(243)	(363)	(170)	(317)	(251)	(306)	(252)	(427)
Net Outlays on Existing Assets	2,189	9,180	84	(1,376)	(980)	(1,929)	2,831	3,900	3,655	4,175	4,707
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Amounts Specifically for New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New or Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
EQUALS: Net Lending / (Borrowing) for Financial Year	(129)	(5,183)	(2,074)	(538)	(80)	1,865	(1,680)	(1,496)	203	107	13

Dungog Shire Council - Working Paper: Replacement Assets

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure on Renewal or Replacement of Existing Assets:											
Roads & Footpaths	3,881	11,313	4,513	2,795	3,032	2,528	7,238	8,587	8,096	8,707	8,975
Storm Water	0	52	53	54	56	57	58	59	61	62	64
Buildings	92	807	258	532	612	163	113	0	71	0	89
Sports and Recreation Facilities	152	65	142	28	51	32	34	35	46	37	37
Plant & Equipment	803	719	691	830	1,004	833	1,077	842	1,059	993	1,341
Other Non Current Assets	612	0	0	0	0	0	0	0	0	0	0
Total	5,540	12,956	5,657	4,239	4,755	3,613	8,520	9,523	9,333	9,799	10,506

Depreciation, Amortisation & Impairment - Existing and Replaced Assets

[illegible]

Dungog Shire Council - Working Paper: Replacement Assets

Year Ending 30 June:

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Depreciation, Amortisation & Impairment - New Assets

Roads & Footpaths			0	0	0	0	0	0	0	0	0
Storm Water			0	0	0	0	0	0	0	0	0
Water Supply & W'water Disposal			0	0	0	0	0	0	0	0	0
Buildings			0	0	0	0	0	0	0	0	0
Sports and Recreation Facilities			0	0	0	0	0	0	0	0	0
Plant & Equipment			0	0	0	0	0	0	0	0	0
Other Non Current Assets			0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0

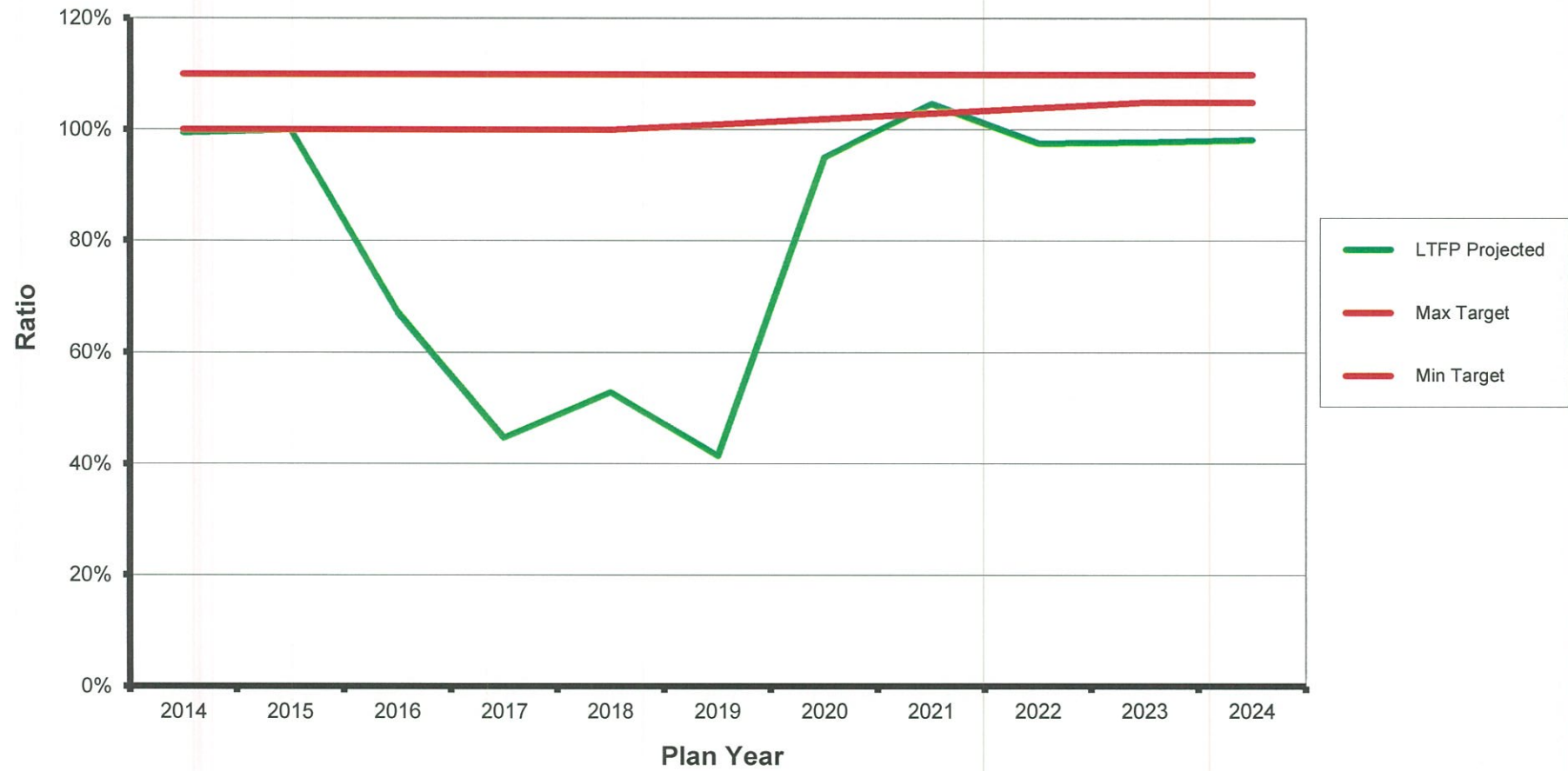
Proceeds from Sale of Replaced Assets:

Motor Vehicles & Major Plant	318	183	201	243	363	170	317	251	306	252	427
Other 1											
Other 2											
Total	318	183	201	243	363	170	317	251	306	252	427

Model 1- 13% for 6 years
Dungog Shire Council - Operating Surplus Ratio for FYE 2014 to FYE 2024



Model 1 - 13% for 6 years
Dungog Shire Council - Asset Renewal Funding Ratio for FYE 2014 to FYE 2024





Dungog Shire Council

Draft Long Term Financial Plan

2014-2024

Model 1 – 13% for 6 years

With Financial Assistance Grant – Roads included in Operating grants

DUNGOG SHIRE COUNCIL

Long Term Financial Plan Assumptions

Model 1 – 13% SRV for 6 yrs – FAG – Roads included in operating grants

Rates – increase by SRV amount of 13%pa plus growth of 1.5%

Interest – Investments – 4%pa

Interest – Loans – 7%pa

Asset Management Plans used for asset maintenance and asset renewal

Loans – only loans approved in the 2015/16 Operational Plan have been included – no further loans have been included as potential funding sources.

Capital Grants – not included in Operating Surplus Ratio

Model 1 - 13% for 6 years
Dungog Shire Council - Working Paper: Operating Revenue and Operating Expense

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates	4,879	5,152	5,301	6,070	6,950	7,957	9,111	10,432	11,945	12,363	12,796
Charges	1,138	1,188	1,352	1,420	1,491	1,565	1,643	1,726	1,812	1,902	1,998
Users fees and charges	981	657	765	792	819	848	878	909	940	973	1,007
Commercial Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions - Operating	2,565	2,836	3,042	4,373	4,053	4,788	5,152	5,183	5,334	5,635	5,735
Grants & Contributions - Capital	4,071	7,776	3,666	1,447	1,913	1,327	1,116	1,241	1,251	1,114	1,183
Investment Income	465	441	338	264	246	246	316	257	204	214	220
Other	901	329	251	257	264	270	277	284	291	298	306
Total Operating Revenue	15,000	18,379	14,715	14,622	15,735	17,001	18,493	20,031	21,778	22,501	23,245
Grants & Contributions - Capital	4,071	7,776	3,666	1,447	1,913	1,327	1,116	1,241	1,251	1,114	1,183
Total Operating Revenue less cap grants	10,929	10,603	11,049	13,175	13,822	15,674	17,377	18,790	20,527	21,387	22,062
Operating Expenses											
Salaries & Wages	4,139	4,332	4,366	4,475	4,587	4,702	4,819	4,940	5,063	5,190	5,320
Contractual Services	2,622	3,094	3,253	3,334	3,418	3,503	3,591	3,680	3,772	3,867	3,963
Materials	1,623	1,524	1,990	1,543	1,581	1,621	1,661	1,703	1,745	1,789	1,834
Depreciation	3,033	3,593	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372
Finance Charges	143	126	82	129	112	100	86	75	62	49	36
Other	1,380	1,713	1,642	1,683	1,725	1,768	1,812	1,858	1,904	1,952	2,001
Total Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus / (Deficit)	2,060	3,997	(1,990)	(1,914)	(1,060)	(64)	1,151	2,404	3,858	4,282	4,720
Grants & Contributions - Capital	4,071	7,776	3,666	1,447	1,913	1,327	1,116	1,241	1,251	1,114	1,183
Operating Surplus / (Deficit) less cap grants	(2,011)	(3,779)	(5,656)	(3,361)	(2,973)	(1,391)	35	1,163	2,607	3,168	3,537
Physical Resources Free of Charge	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new or upgraded assets	0	0	0	0	0	0	0	0	0	0	0
Asset disposal & fair value adjustments	(1,283)	131	55	56	58	59	61	62	64	65	67
Net Surplus / (Deficit)	777	4,128	(1,935)	(1,858)	(1,002)	(5)	1,211	2,466	3,922	4,347	4,787
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	777	4,128	(1,935)	(1,858)	(1,002)	(5)	1,211	2,466	3,922	4,347	4,787

Model 1 with Financial Assistance Grant - Roads as operating grant

Model 1 - 13% for 6 Years
Dungog Shire Council - Working Paper: Balance Sheet

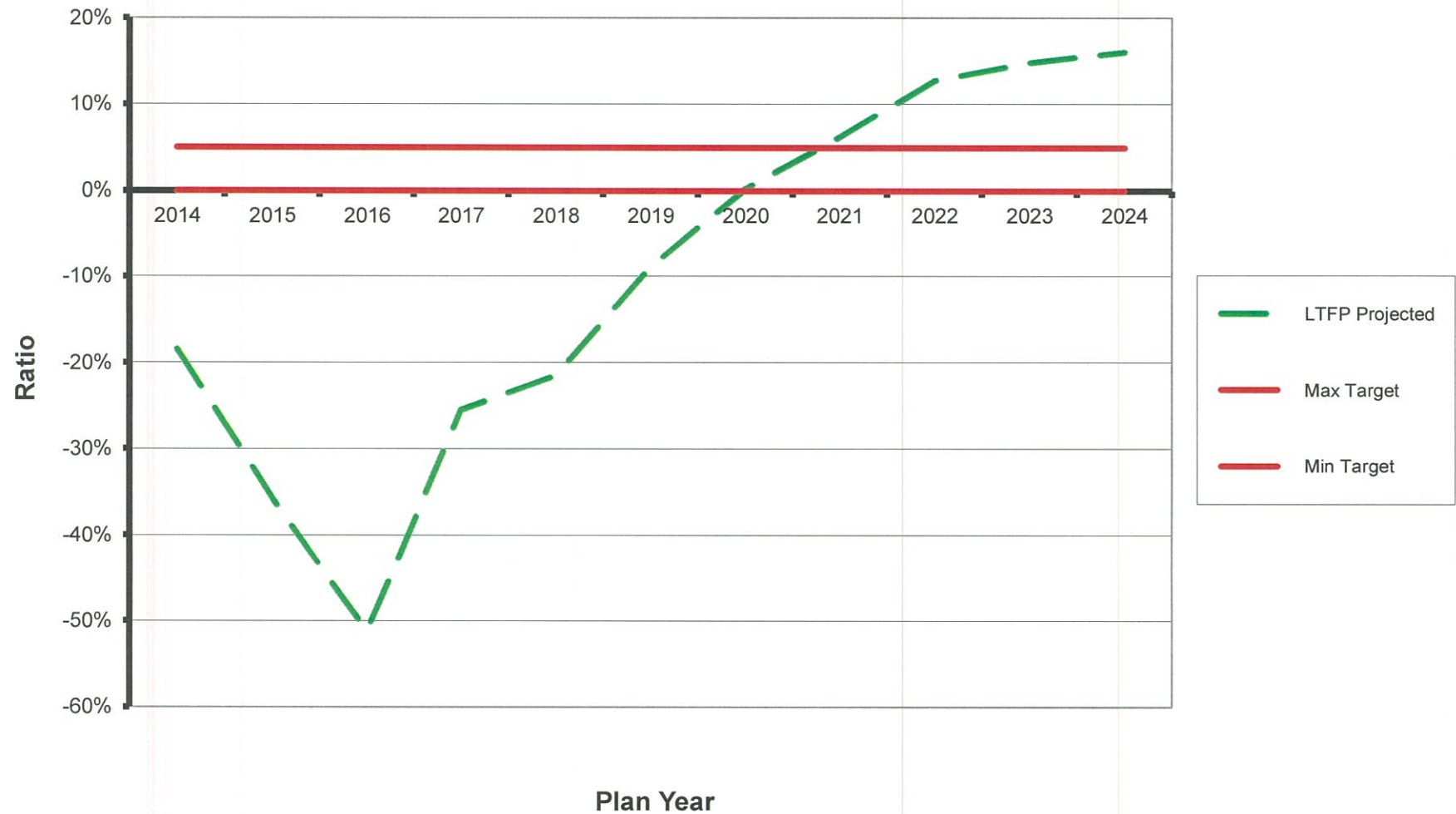
As at 30 June:

	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
ASSETS											
Financial Assets											
Cash and Cash Equivalents	6,942	4,752	2,733	2,251	2,229	4,153	2,533	1,100	1,366	1,538	1,618
Current Trade & Other Receivables	2,606	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current Other Financial Assets	3,516	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Non Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	13,064	9,252	7,233	6,751	6,729	8,653	7,033	5,600	5,866	6,038	6,118
Non Financial Assets											
Inventories	1,282	1,314	1,966	1,705	1,513	1,310	1,129	937	738	527	307
Investment Property	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	295,955	304,317	304,456	303,136	302,214	300,344	303,236	307,198	310,917	315,157	319,931
Other Non-current Assets	39	39	39	39	39	39	39	39	39	39	39
Total Non Financial Assets	297,276	305,670	306,461	304,880	303,766	301,694	304,404	308,175	311,694	315,724	320,277
Total Assets	310,340	314,922	313,694	311,631	310,495	310,347	311,438	313,774	317,560	321,762	326,395
LIABILITIES											
Current Liabilities											
Trade & Other Payables	999	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Borrowings	181	184	258	187	198	176	185	195	205	215	230
Provisions	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	2,980	3,029	3,149	3,125	3,185	3,213	3,272	3,335	3,398	3,463	3,534

Model 1 - 13% for 6 Years
Dungog Shire Council - Working Paper: Balance Sheet

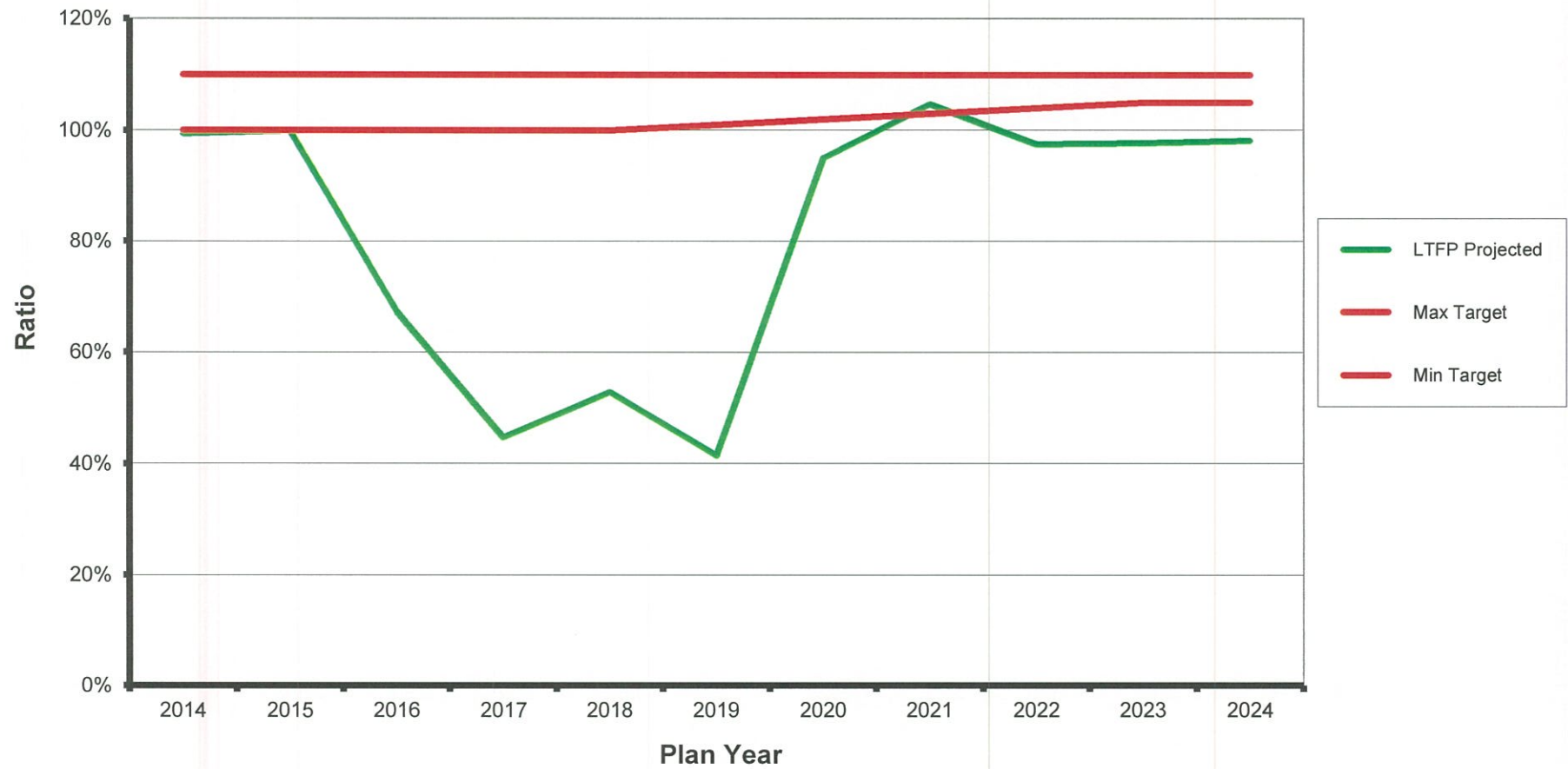
	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Non-current Liabilities											
Trade & Other Payables	96	100	100	100	100	100	100	100	100	100	100
Borrowings	710	1,052	1,687	1,499	1,301	1,125	940	745	540	325	95
Provisions	2,275	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	3,081	3,484	4,119	3,931	3,733	3,557	3,372	3,177	2,972	2,757	2,527
Total Liabilities	6,061	6,513	7,268	7,056	6,918	6,769	6,644	6,512	6,370	6,220	6,061
Net Assets	304,279	308,409	306,426	304,575	303,577	303,577	304,793	307,263	311,190	315,542	320,334
EQUITY											
Accumulated Surplus	122,440	126,568	124,633	122,775	121,773	121,768	122,979	125,446	129,367	133,714	138,501
Asset Revaluation Reserves	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800
Other Reserves	39	40	40	40	40	40	40	40	40	40	40
Adjustment to Cash & Borrowings for effects of inflation	0	0	(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
Total Equity	304,279	308,408	306,425	304,574	303,576	303,576	304,792	307,263	311,189	315,541	320,333
<hr/>											
Total Outstanding Borrowings / (Cash & Cash equivalents) discounted for effects of inflation											
Annual Inflation (cpi) rate			3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Borrowings / (Cash & Cash Equivalents)	(891)	(1,236)	(1,945)	(1,686)	(1,499)	(1,301)	(1,125)	(940)	(745)	(540)	(325)
Borrowings in real values		(1,236)	(1,898)	(1,645)	(1,462)	(1,269)	(1,098)	(917)	(727)	(527)	(317)
Cumulative Discount			(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
P.a. Increase			(47)	6	5	5	4	5	5	5	5

Model 1- 13% for 6 years
Dungog Shire Council - Operating Surplus Ratio for FYE 2014 to FYE 2024



Model 1 - with Financial Assistance Grant - Roads as operating grant.

Model 1 - 13% for 6 years
Dungog Shire Council - Asset Renewal Funding Ratio for FYE 2014 to FYE 2024





Dungog Shire Council

Draft Long Term Financial Plan

2014-2024

Model 2 – 7% for 7 years

DUNGOG SHIRE COUNCIL

Long Term Financial Plan Assumptions

Model 2 – 7% SRV for 7 yrs

Rates – increase by SRV amount of 7%pa plus growth of 1.5%

Interest – Investments – 4%pa

Interest – Loans – 7%pa

Asset Management Plans used for asset maintenance and asset renewal

Loans – only loans approved in the 2015/16 Operational Plan have been included – no further loans have been included as potential funding sources.

Capital Grants – not included in Operating Surplus Ratio

Model 2 - 7% For 7 years
Dungog Shire Council - Working Paper: Operating Revenue and Operating Expense

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Actual	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates	4,879	5,152	5,301	5,752	6,240	6,771	7,346	7,971	8,648	9,384	9,712
Charges	1,138	1,188	1,352	1,420	1,491	1,565	1,643	1,726	1,812	1,902	1,998
Users fees and charges	981	657	765	792	819	848	878	909	940	973	1,007
Commercial Revenue	0	0	0	0	0	0	0	0	0	0	0
Grants & Contributions - Operating	2,565	2,836	3,042	3,527	3,207	3,942	4,284	4,294	4,423	4,701	4,777
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Investment Income	465	441	338	264	235	208	233	107	(41)	(161)	(277)
Other	901	329	251	257	264	270	277	284	291	298	306
Total Operating Revenue	15,000	18,379	14,715	14,304	15,015	15,777	16,645	17,420	18,235	19,146	19,664
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Total Operating Revenue less cap gra	10,929	10,603	11,049	12,011	12,256	13,604	14,661	15,290	16,073	17,098	17,523
Operating Expenses											
Salaries & Wages	4,139	4,332	4,366	4,475	4,587	4,702	4,819	4,940	5,063	5,190	5,320
Contractual Services	2,622	3,094	3,253	3,334	3,418	3,503	3,591	3,680	3,772	3,867	3,963
Materials	1,623	1,524	1,990	1,543	1,581	1,621	1,661	1,703	1,745	1,789	1,834
Depreciation	3,033	3,593	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372	5,372
Finance Charges	143	126	82	129	112	100	86	75	62	49	36
Other	1,380	1,713	1,642	1,683	1,725	1,768	1,812	1,858	1,904	1,952	2,001
Total Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus / (Deficit)	2,060	3,997	(1,990)	(2,232)	(1,781)	(1,289)	(697)	(208)	316	927	1,139
Grants & Contributions - Capital	4,071	7,776	3,666	2,293	2,759	2,173	1,984	2,130	2,162	2,048	2,141
Total Operating Revenue less cap	(2,011)	(3,779)	(5,656)	(4,525)	(4,540)	(3,462)	(2,681)	(2,338)	(1,846)	(1,121)	(1,002)
Physical Resources Free of Charge	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new or upgraded assets	0	0	0	0	0	0	0	0	0	0	0
Asset disposal & fair value adjustments	(1,283)	131	55	56	58	59	61	62	64	65	67
Net Surplus / (Deficit)	777	4,128	(1,935)	(2,176)	(1,723)	(1,229)	(636)	(146)	379	993	1,206
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	777	4,128	(1,935)	(2,176)	(1,723)	(1,229)	(636)	(146)	379	993	1,206

Model 2 - 7% for 7 years
Dungog Shire Council - Working Paper: Balance Sheet

As at 30 June:

	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
ASSETS											
Financial Assets											
Cash and Cash Equivalents	6,942	4,752	2,733	1,933	1,190	1,890	(1,577)	(5,623)	(8,898)	(12,081)	(15,582)
Current Trade & Other Receivables	2,606	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current Other Financial Assets	3,516	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Non Current Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	13,064	9,252	7,233	6,433	5,690	6,390	2,923	(1,123)	(4,398)	(7,581)	(11,082)
Non Financial Assets											
Inventories	1,282	1,314	1,966	1,705	1,513	1,310	1,129	937	738	527	307
Investment Property	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	295,955	304,317	304,456	303,136	302,214	300,344	303,236	307,198	310,917	315,157	319,931
Other Non-current Assets	39	39	39	39	39	39	39	39	39	39	39
Total Non Financial Assets	297,276	305,670	306,461	304,880	303,766	301,694	304,404	308,175	311,694	315,724	320,277
Total Assets	310,340	314,922	313,694	311,313	309,456	308,083	307,327	307,052	307,296	308,143	309,195
LIABILITIES											
Current Liabilities											
Trade & Other Payables	999	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Borrowings	181	184	258	187	198	176	185	195	205	215	230
Provisions	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248	2,304
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	2,980	3,029	3,149	3,125	3,185	3,213	3,272	3,335	3,398	3,463	3,534

Model 2 - 7% for 7 years
Dungog Shire Council - Working Paper: Balance Sheet

	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Non-current Liabilities											
Trade & Other Payables	96	100	100	100	100	100	100	100	100	100	100
Borrowings	710	1,052	1,687	1,499	1,301	1,125	940	745	540	325	95
Provisions	2,275	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332
Other Non-current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	3,081	3,484	4,119	3,931	3,733	3,557	3,372	3,177	2,972	2,757	2,527
Total Liabilities	6,061	6,513	7,268	7,056	6,918	6,769	6,644	6,512	6,370	6,220	6,061
Net Assets	304,279	308,409	306,426	304,257	302,538	301,314	300,683	300,540	300,926	301,923	303,134
EQUITY											
Accumulated Surplus	122,440	126,568	124,633	122,457	120,734	119,505	118,869	118,723	119,103	120,095	121,301
Asset Revaluation Reserves	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800	181,800
Other Reserves	39	40	40	40	40	40	40	40	40	40	40
Adjustment to Cash & Borrowings for effects of inflation	0	0	(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
Total Equity	304,279	308,408	306,425	304,256	302,537	301,313	300,681	300,540	300,924	301,922	303,133
<hr/>											
Total Outstanding Borrowings / (Cash & Cash equivalents) discounted for effects of inflation											
Annual Inflation (cpi) rate			3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Borrowings / (Cash & Cash Equivalents)	(891)	(1,236)	(1,945)	(1,686)	(1,499)	(1,301)	(1,125)	(940)	(745)	(540)	(325)
Borrowings in real values		(1,236)	(1,898)	(1,645)	(1,462)	(1,269)	(1,098)	(917)	(727)	(527)	(317)
Cumulative Discount			(47)	(41)	(37)	(32)	(27)	(23)	(18)	(13)	(8)
P.a. Increase			(47)	6	5	5	4	5	5	5	5

Dungog Shire Council Long-term Financial Plan
Summary of Financial Performance and Position for the Years Ending 30 June 2014 to the 30 June 2024
Model 2 - 7% for 7 Yrs

Year Ending 30 June:	2014 Year 0 Actual \$'000	2015 Year 1 Budget \$'000	2016 Year 2 Plan \$'000	2017 Year 3 Plan \$'000	2018 Year 4 Plan \$'000	2019 Year 5 Plan \$'000	2020 Year 6 Plan \$'000	2021 Year 7 Plan \$'000	2022 Year 8 Plan \$'000	2023 Year 9 Plan \$'000	2024 Year 10 Plan \$'000
Operating Revenues	15,000	18,379	14,715	14,304	15,015	15,777	16,645	17,420	18,235	19,146	19,664
less Operating Expenses	12,940	14,382	16,705	16,536	16,795	17,065	17,342	17,628	17,920	18,219	18,525
Operating Surplus/(Deficit) before Capital Amounts	2,060	3,997	(1,990)	(2,232)	(1,781)	(1,289)	(697)	(208)	316	927	1,139
LESS: Net Outlays on Existing Assets											
Capital Expenditure on Renewal or Replacement of Existing Assets	5,540	12,956	5,657	4,239	4,755	3,613	8,520	9,523	9,333	9,799	10,506
less Depreciation, Amortisation & Impairment	(3,033)	(3,593)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)	(5,372)
less Proceeds from Sale of Replaced Assets	(318)	(183)	(201)	(243)	(363)	(170)	(317)	(251)	(306)	(252)	(427)
Net Outlays on Existing Assets	2,189	9,180	84	(1,376)	(980)	(1,929)	2,831	3,900	3,655	4,175	4,707
LESS: Net Outlays on New or Upgraded Assets											
Capital Expenditure on New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Amounts Specifically for New/Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
less Proceeds from Sale of Surplus Assets	0	0	0	0	0	0	0	0	0	0	0
Net Outlays on New or Upgraded Assets	0	0	0	0	0	0	0	0	0	0	0
EQUALS: Net Lending / (Borrowing) for Financial Year	(129)	(5,183)	(2,074)	(856)	(801)	640	(3,528)	(4,108)	(3,339)	(3,248)	(3,568)

Model 2 - 7% for 7 years
Dungog Shire Council - Operating Surplus Ratio for FYE 2014 to FYE 2024



Model 2 - 7% for 7 years
Dungog Shire Council - Asset Renewal Funding Ratio for FYE 2014 to FYE 2024

