



# **Assessment of Capacity to Pay**

Dungog Shire Council

December 2018

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## Introduction

Dungog Shire Council has recently undertaken a review of their financial sustainability and has found that:

- the health of its overall asset network is diminishing
- Council is unable to meet its financial performance indicators by continuing its current operations
- its current revenue base (excluding capital) is very low.

In order to address this, Council is seeking approval from IPART for a Special Rate Variation (SRV) which would involve a cumulative rate increase of 98% over a seven year period (inclusive of an assumed 2.5% p.a. rate peg).

Council is proposing the following rate increases:

Year	1	2	3	4	5	6	7
SRV	15%	15%	10%	10%	10%	6%	6%

Council has expressed concerns regarding the affordability of such an increase and would like to investigate whether the community has the capacity and willingness to pay for the SRV.

## Methodology

This report assesses whether the Dungog Shire (LGA) community is potentially able and willing to pay for a proposed SRV by investigating the following:

- **Dungog Shire's Economic Profile and Growth**  
We will first look into the economic profile and growth trends for the Dungog Shire LGA by assessing 2016 and 2017 REMPLAN data.
- **Rates Comparison**  
In this section we will explore previous successful SRV applications (particularly those received by Group 10 councils) and then go on to compare Council's current residential, business, agricultural and mining rates to that of the other councils. These findings will then be used as a reference point throughout the remainder of the report.
- **Capacity to Pay**  
We will next investigate the community's capacity to pay for the increase in rates. This will be determined by comparing the relative wealth and socio-economic characteristics of the Group 10 councils, with a particular focus on those that have successfully applied for an SRV, as well as by investigating potential impacts on regional households' disposable income.
- **Willingness to Pay**  
We will then investigate the Dungog Shire community's willingness to pay for their current levels of service. This will be explored through indicators such as private health ownership and mortgage security levels.

## Dungog Shire Economic Profile and Growth

The local government area of Dungog Shire is classified as a Large Rural Agricultural Council (Group 10), and is located centrally within the Hunter. As can be seen in the table below, the primary industry is agriculture and the gross regional product (GRP) for the area is \$371 million which has on average had a real annual growth rate of 2.98% over the last 3 years.

**Table 1 Dungog Shire Business Types – Source REMPLAN**

Business Count	Count	%
Agriculture, Forestry and Fishing	418	40.82%
Construction	162	15.82%
Other	89	8.69%
Professional, Scientific and Technical Services	52	5.08%
Transport, Postal and Warehousing	39	3.81%
Accommodation and Food Services	38	3.71%
Other Services	38	3.71%
Manufacturing	35	3.42%
Retail Trade	29	2.83%
Wholesale Trade	26	2.54%
Administrative and Support Services	24	2.34%
Health Care and Social Assistance	24	2.34%
Rental, Hiring and Real Estate Services	17	1.66%
Education and Training	13	1.27%
Financial and Insurance Services	7	0.68%
Information Media and Telecommunications	4	0.39%
Electricity, Gas, Water and Waste Services	3	0.29%
Public Administration and Safety	3	0.29%
Arts and Recreation Services	2	0.20%
Mining	1	0.10%
<b>Total</b>	<b>1,024</b>	<b>100.00%</b>

Economic REMPLAN data was then assessed to identify the changes in growth trends for the region. By identifying the growth patterns for the region we are able to predict the future wealth and welfare of the community.

The databases that were used were:

- 2016 – This data was based on projections from 2011 Australian Bureau of Statistics (ABS) census. *(2016 projections over-estimated the population growth and size of the labour force in the region, these figures were proportionally scaled to allow for comparability between the two data sets)*
- 2017 – This data was based on the latest 2016 ABS census.

## Industry and Income Projections

The table below identifies the following:

- Number of jobs per industry sector – this includes the 2016 projections, 2017 actuals and the changes between the two data sets
- The total wages paid in 2017 for each industry sector
- Average annual income – this was calculated by dividing total wages by the equivalent number of 2017 jobs.

**Table 2** Dungog Shire Jobs and Wages Trends

Industry Sector	Yr16	Yr17	Δ	Total Wages (\$M)	Average Annual Income (\$)	Salary Rank
Construction	363	445	82	17.51	39,345.64	9
Health Care and Social Assistance	389	414	25	15.02	36,291.11	12
Agriculture, Forestry and Fishing	390	394	4	10.12	25,695.74	15
Retail Trade	347	328	-19	8.93	27,227.95	13
Education and Training	285	295	10	24.31	82,421.92	1
Professional, Scientific and Technical Services	180	223	43	11.63	52,142.48	7
Accommodation and Food Services	237	203	-34	7.89	38,859.29	11
Manufacturing	317	200	-117	4.42	22,096.82	17
Public Administration and Safety	186	198	12	13.78	69,588.03	2
Transport, Postal and Warehousing	207	193	-14	7.57	39,246.89	10
Other Services	159	161	2	3.90	24,194.12	16
Mining	141	149	8	1.52	10,208.90	19
Administrative and Support Services	92	115	23	6.72	58,440.79	4
Electricity, Gas, Water and Waste Services	54	70	16	4.86	69,457.56	3
Financial and Insurance Services	54	67	13	3.53	52,680.03	6
Wholesale Trade	95	60	-35	1.55	25,776.87	14
Rental, Hiring and Real Estate Services	57	40	-17	2.17	54,159.45	5
Arts and Recreation Services	20	23	3	0.42	18,084.73	18
Information Media and Telecommunications	13	7	-6	0.31	44,371.45	8

From Table 2 we can make the following observations:

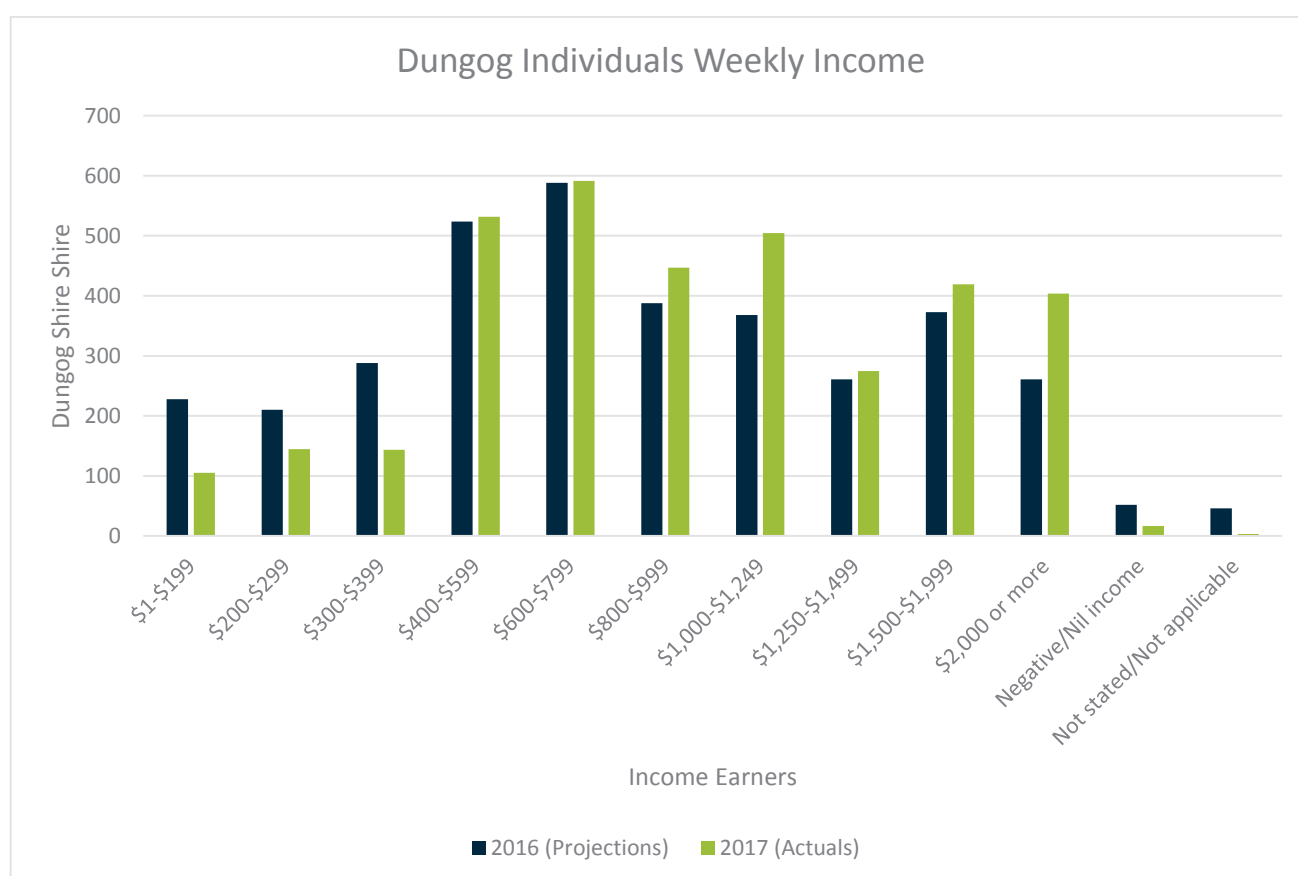
- Projections in Agriculture growth have been fairly consistent and it remains a significant employer in the region
- There has been a significant increase in the construction industry and a significant decrease in the manufacturing industry
- Health Care and Professional Services have both seen moderate increases
- Hospitality and Wholesale Trade industries have both seen moderate decreases.

From the observations above, we can see that alongside the primary industry agriculture, there has been a shift towards higher skilled industries. Correspondingly we can see that the higher skilled industries have higher ranked annual incomes resulting in greater levels of wealth in the region.

- Construction (9), Professional and Technical Services (7)
- Manufacturing (17), Whole Sale Trade (14)

This shift has also been reflected in REMPLANS Individual Weekly Income in Table 3 below.

**Figure 1 Dungog Shire Weekly Income Projections vs Actuals – Source REMPLAN**



We can see that there has been a noticeable shift towards higher income brackets resulting in increased wealth within the region.

## Profile of Pensioners

The following table provides information on the number and percentage of pensioners and those over 65 years of age as a portion of the total Council area population. There is not a direct correlation between the two and in all cases there are fewer pensioners.

**Table 3 Profile of Pensioners for Group 10 Councils**

Councils	Population	Age Pensions no.	No. Pension / Population	% Pop over 65
Berrigan	8,572	1,687	20%	28%
Bland	6,031	807	13%	21%
Blayney	7,418	892	12%	18%
Cobar	4,764	440	9%	13%
Dungog Shire	9,114	1,153	13%	19%
Edward River	8,951	1,222	14%	22%
Forbes	9,808	1,447	15%	21%
Glen Innes Severn	8,942	1,601	18%	25%
Gwydir	5,326	920	17%	25%
Junee	6,462	665	10%	15%
Kyogle	9,072	1,431	16%	22%
Lachlan	6,352	827	13%	20%
Liverpool Plains	7,874	1,180	15%	21%
Narrandera	5,976	907	15%	21%
Narromine	6,599	889	13%	20%
Oberon	5,399	695	13%	21%
Temora	6,236	1,034	17%	23%
Tenterfield	6,667	1,299	19%	26%
Upper Lachlan	7,841	1,064	14%	22%
Uralla	6,159	882	14%	20%
Walgett	6,369	918	14%	18%
Warrumbungle	9,541	1,697	18%	25%
Wentworth	6,920	923	13%	19%
<b>Average</b>			<b>15%</b>	<b>21%</b>

For Dungog Shire the number of pensions as a percentage of population is in the bottom 20% of the group, with 13% of the population pensioners. Dungog Shire has a younger population than the average of the group with only 19% over the age of 65.



## Rates Comparison

Council rates are taxes levied on property owners, are calculated on the basis of land value, and are one of the four primary sources of revenue for NSW Councils. These rates are subject to pegging legislation, whereby the amount of revenue councils can raise is capped by the Independent Pricing and Regulatory Tribunal (IPART). However, it is often the case that these rates are not equivalent to real increases in the Council's cost of wages, regulatory requirements, and utilities, and as such most councils have applied for an SRV within the last six years. Since 2013 there have been 106 successful SRV applications, 11 of which have come from Group 10 councils. Throughout this report, we will place particular focus on these councils and how they compare with Dungog Shire.

**Table 4 Group 10 SRV History – Source IPART**

Councils	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Berrigan							
Bland							
Blayney		4.69%	5.11%				
Cobar							
Dungog Shire							
Edward River							
Forbes							
Glen Innes Severn		11.21%	10.02%	5.59%			
Gwydir			15.00%	30.00%			
Junee	10.00%	11.90%	9.50%	9.00%			
Kyogle			12.43%	5.43%	5.43%	5.44%	5.44%
Lachlan				6.80%	7.40%	7.40%	7.40%
Liverpool Plains		12.50%					
Narrandera							
Narromine			5.90%	6.50%			
Oberon			6.50%	6.90%	6.95%	7.00%	7.00%
Temora							
Tenterfield		15.00%	10.00%	10.00%	10.00%		
Upper Lachlan							
Uralla							
Walgett	6.40%						
Warrumbungle							
Wentworth							

The table below details the average 'Residential, Business, Farmland and Mining' rates for all Group 10 councils. These figures were obtained from the OLG's 'Your Council' 16/17 time series data and were then pegged in accordance with IPART's 17/18 and 18/19 permissible rate increases, as well as any successful SRV applications (rate increases were assumed to be uniform across all categories and are inclusive of IPARTS permissible rate increases). Successful SRV applicants have been highlighted in blue and Dungog Shire has been highlighted in green for ease of reference.

**Table 5 Ranked Group 10 Council Rates for 18/19**

Residential		Business		Farmland		Mining	
Councils	Avg Rate (\$)	Councils	Avg Rate (\$)	Councils	Avg Rate (\$)	Councils	Avg Rate (\$)
Bland	1,743	Wentworth	5,430	Gwydir	5,465	Blayney	2,194,542
Cobar	1,336	Forbes	2,775	Walgett	4,525	Bland	466,736
Kyogle	941	Narromine	1,880	Liverpool Plains	4,274	Narromine	135,504
Junee	880	Junee	1,608	Narromine	3,889	Liverpool Plains	74,242
Oberon	880	Warrumbungle	1,588	Narrandera	3,668	Lachlan	57,443
Dungog Shire	863	Glen Innes Severn	1,525	Uralla	3,473	Cobar	57,073
Forbes	779	Narrandera	1,442	Lachlan	3,279	Upper Lachlan	3,115
Glen Innes Severn	762	Temora	1,380	Warrumbungle	2,918	Tenterfield	921
Wentworth	740	Blayney	1,379	Glen Innes Severn	2,901	Berrigan	-
Narrandera	723	Berrigan	1,364	Blayney	2,703	Dungog Shire	-
Gwydir	689	Kyogle	1,317	Junee	2,545	Edward River	-
Berrigan	688	Tenterfield	1,139	Forbes	2,367	Forbes	-
Uralla	677	Bland	1,104	Dungog Shire	2,214	Glen Innes Severn	-
Liverpool Plains	663	Cobar	1,075	Berrigan	2,062	Gwydir	-
Blayney	652	Upper Lachlan	1,046	Temora	1,871	Junee	-
Narromine	619	Liverpool Plains	1,027	Upper Lachlan	1,792	Kyogle	-
Temora	559	Oberon	973	Bland	1,786	Narrandera	-
Warrumbungle	547	Dungog Shire	914	Oberon	1,767	Oberon	-
Tenterfield	524	Gwydir	900	Kyogle	1,694	Temora	-
Lachlan	516	Uralla	741	Cobar	1,643	Uralla	-
Upper Lachlan	501	Lachlan	710	Wentworth	1,575	Walgett	-
Walgett	345	Walgett	710	Tenterfield	1,167	Warrumbungle	-
Edward River	-	Edward River	-	Edward River	-	Wentworth	-

From Table 5 we can make the following observations:

- Dungog Shire's residential rate of \$863 ranks 6<sup>th</sup> highest amongst group 10 councils. The average rate for the group 10 councils was \$723. Furthermore, Dungog Shire also ranked 6<sup>th</sup> in terms of number of residential assessments with 3,486.
- Dungog Shire's business rate of \$914 ranks 18<sup>th</sup> and is in the bottom quartile amongst Group 10 councils. The average of the group is \$1,392 and is 52% higher than Dungog Shire's current rates. Dungog Shire also ranked 9<sup>th</sup> in terms of number of business assessments with 367 undertaken.

- Dungog Shire farmland rate of \$2,214 ranked 13<sup>th</sup> amongst councils and well below the average of \$2,590. Furthermore, Dungog Shire ranked 14<sup>th</sup> in terms of number of farmland assessments with 977 undertaken.

Overall we can see that Dungog Shire's Farmland and Business rates are low relative to the other Group 10 councils. Given the magnitude of agriculture and growth in business in the region, this represents an opportunity to increase the level of rates. Furthermore, we can see that Council's residential rates are above average (78<sup>th</sup> percentile). Despite this, Dungog Shire's rates are still less than half of the most expensive Group 10 rate and again present a valid opportunity to support rate increases. On a comparable basis Dungog Shire Council is under-charging for the level of services it currently provides.

## Capacity to Pay

While understanding that there is a shortfall in Council revenue and that current service levels may be unsustainable, prior to applying for an SRV it is important to understand whether a community will be able to afford an increase in rates and whether this will have an overall detrimental effect on the region. We undertake this assessment primarily in two different ways:

1. A comparison of relative wealth indicators with other Group 10 councils, and in particular previous successful SRV applicants
2. An investigation into typical cost of living factors and their likely future trends.

## Regional Wealth Comparison

The following indicators from the 2016 ABS census data were used to compare the relative wealth of Dungog Shire's community to those of other large rural councils.

- Median Household Income
- SEIFA RANK

### ***Median Household Income***

Income, and in particular the collective effect of household income, is a major factor when considering wealth and is a strong comparative tool to assess Dungog Shire's capacity to pay for an SRV. Table 7 below shows the median household income for each Group 10 council, and once again to assist with comparability, past successful SRV applicants have been highlighted in blue and Dungog Shire has been highlighted in green.

**Table 6 Group 10 Councils Weekly Household Income**

Councils	Median Household Income (\$/week)
Cobar	\$ 1,495.00
Oberon	\$ 1,239.00
Blayney	\$ 1,227.00
<b>Dungog Shire</b>	<b>\$ 1,226.00</b>
Upper Lachlan	\$ 1,161.00
Junee	\$ 1,139.00
Bland	\$ 1,100.00
Edward River	\$ 1,080.00
Narromine	\$ 1,078.00
Forbes	\$ 1,069.00
Uralla	\$ 1,058.00
Wentworth	\$ 1,052.00
Lachlan	\$ 1,034.00
Temora	\$ 1,033.00
Liverpool Plains	\$ 1,032.00
Narrandera	\$ 1,030.00
Berrigan	\$ 967.00
Gwydir	\$ 910.00
Warrumbungle	\$ 878.00
Glen Innes Severn	\$ 838.00
Kyogle	\$ 832.00
Walgett	\$ 806.00
Tenterfield	\$ 767.00
<b>Average</b>	<b>\$ 1,045.70</b>
<b>Successful SRV Average</b>	<b>\$ 991.09</b>

Table 7 shows that Dungog Shire has the 4<sup>th</sup> highest weekly household income amongst all Group 10 councils. Furthermore, of the successful SRV applicants only Oberon and Blayney had higher median household incomes than that of Dungog Shire.

### **SEIFA**

The Socio-Economic Index for Areas (SEIFA) is an economic tool developed by the ABS to rank areas in Australia according to their relative socio-economic advantage and disadvantage. The primary variables used in determining the index include; income, education, employment, occupation, housing and other miscellaneous factors. For our analysis, it again serves as a strong comparative tool to determine the Dungog Shire community's relative wealth and capacity to pay.

**Table 7 Group 10 Councils SEIFA NSW RANK**

Councils	SEIFA NSW RANK	SEIFA Index
Upper Lachlan	93	998
<b>Dungog Shire</b>	<b>87</b>	<b>989</b>
Uralla	79	983
Bland	78	982
Blayney	66	973
Oberon	64	969
Berrigan	63	968
Temora	58	964
Wentworth	50	957
Edward River	49	957
Cobar	45	954
Forbes	42	953
Junee	33	942
Gwydir	32	941
Narromine	28	933
Narrandera	25	929
Lachlan	21	924
Glen Innes Severn	15	915
Liverpool Plains	14	914
Warrumbungle	13	913
Kyogle	12	910
Tenterfield	11	910
Walgett	3	832

Ranking 2<sup>nd</sup> amongst group 10 councils and 87<sup>th</sup> in the state, the ABS SEIFA rankings show that similar to the results of the household income Dungog Shire, relative to the other Group 10 Councils, has greater levels of wealth and socio-economic advantage within the community and as such has a greater capacity to pay for an increase in rates.

## Cost of Living Factors

The cost of living can best be described as the cost of maintaining a certain standard of living. Identifying trends in future costs for the community is a key consideration in their capacity to pay for an SRV. The factors which we will investigate include:

- Inflation
- Household Stress
- Electrical and Gas prices
- Water and Sewer prices
- Petroleum prices

## ***Inflation***

Inflation is the sustained increase in the general price level of goods and services and is the baseline factor when considering the cost of living. Table 9 below shows that on average over the past five years, the price of goods has annually increased by around 1.94%. However, as we previously identified, the Dungog Shire LGA has had real growth of around 2.98% p.a. and is growing greater than the level of inflation. This implies that households and businesses are becoming overall wealthier at a rate greater than the cost of goods is increasing.

**Table 8 Annual Inflation - Source ABS**

Year	Annual Inflation
2017	1.90%
2016	1.30%
2015	1.50%
2014	2.50%
2013	2.50%
<b>Average</b>	<b>1.94%</b>

## ***Household Stress***

Housing stress is the situation whereby the cost of housing is high relative to household income. Typically this is considered 30% and is a significant factor in determining the levels of disposable income and financial resilience in communities. Of all the group 10 councils, ABS data shows that Dungog Shire's residents on average have the highest mortgage repayments (\$1662) per month. Despite this, as seen in Table 10 below, very few residents were under household stress highlighting financial capacity and resilience within the Dungog Shire community.

**Table 9 Dungog Shire LGA Household Financial Stress**

Household Stress - Census	2016	2017
Households where mortgage repayments are less than 30% of household income	89.6 %	91.9 %
Households where rent payments are less than 30% of household income	94.6 %	93.9 %

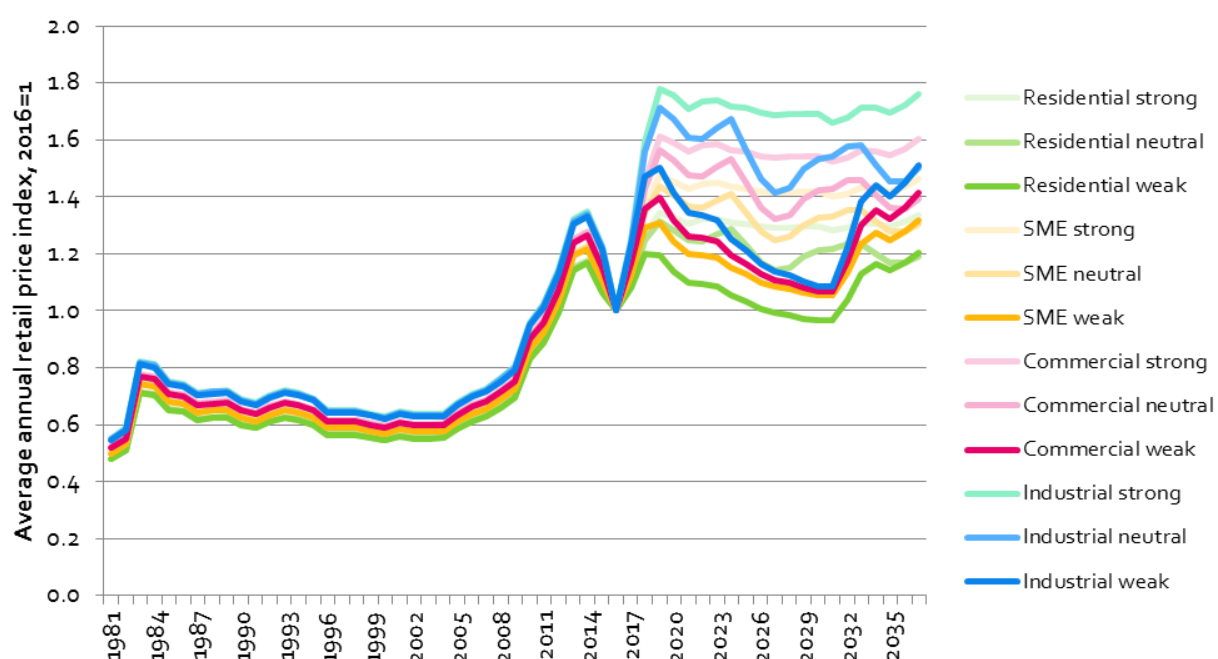
## ***Electrical and Gas prices***

A key component when considering the cost of living is the trend and direction of household utility prices. IPART has recently undertaken several reviews investigating regional electricity and gas price movements following the recent privatisation of the industries.

Their findings show that following de-regulation in 2015, the typical electricity bill has decreased for residential customers in regional areas by 4.5%. Once CPI is accounted for, this equates to a real price decrease of 13.1%. Also, although regional prices have traditionally been higher than those in metropolitan areas, following deregulation this gap has started to close (32% gap in 13/14 to 16% gap in 18/19).

To further illustrate the trend in NSW electricity prices over a 54 year time period is the following trend graph.

**Figure 2 Comparison of NSW retail price by scenario and market.**

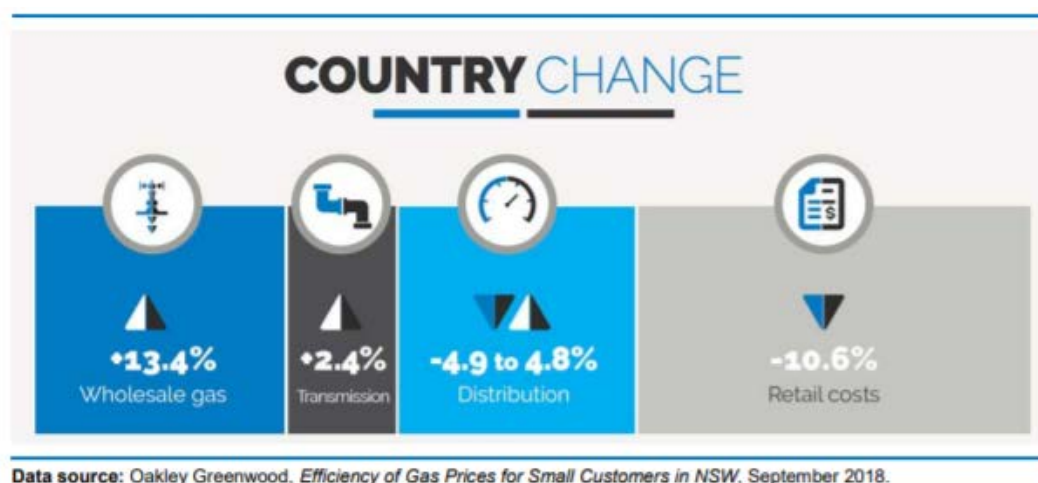


Source: Jacobs' analysis<sup>1</sup>

This clearly shows that electricity prices are expected to trend downward over the period of the proposed SRV of 2019 to 2026.

Similarly with regional gas prices, although wholesale prices have gone up, due to savings in transmission and distribution costs, regional retail prices have fallen 10% since deregulation.

**Figure 3 Changes in Regional Gas Prices - IPART**



These findings show that since de-regulation the utilities cost burden on households has fallen and has started to stabilise. For the Dungog Shire LGA this implies that over the life of the proposed SRV there are no foreseeable price shocks and the future prices of electricity and gas will not adversely impact their capacity to pay for an SRV.

<sup>1</sup> Jacobs - Retail electricity price history and projected trends; AEMO; Retail price series development 1; September 21, 2017 page 32

## Water Prices

Similar to gas and energy prices, movements in water utility rates will also impact household's cost of living. In 2016, IPART undertook a determination of Hunter Water's service costs until 2020. As part of this report, IPART identified that Hunter Water's non-residential customers were covering a disproportionate cost burden for Hunter Water's services. This has been adjusted and is reflected in the tables below, however after the adjustment period prices are expected to stabilise.

**Table 10 IPART Hunter Water - Water**

IPART Prices Residential - Water Service Charge \$ / Year	15/16	16/17	17/18	18/19	19/20	% Change
Houses	17.75	25.36	49.43	71.14	93.95	429.30%
Apartments	17.75	25.36	49.43	71.14	93.95	429.30%

**Table 11 IPART Hunter Water - Sewerage**

IPART Prices Residential - Sewerage Service Charge \$ / Year	15/16	16/17	17/18	18/19	19/20	% Change
Houses	593.58	596.58	598.07	602.26	606.01	2.1%
Apartments	430.35	447.43	463.51	481.81	499.96	16.2%

**Table 12 IPART - Hunter Water - Environmental Charge**

IPART Prices Residential – Environmental Charge \$ / Year	15/16	16/17	17/18	18/19	19/20
Environmental Improvement Charge	38.37	38.37	38.37	38.37	38.37

An implication of these changes is that although there will be an increase in residential household expenditure on water and sewer, businesses, and in particular agriculture, are expected to receive financial relief. Furthermore, the community is already halfway through the price transition and as prices are expected to stabilise in 2020 the impact on the community's capacity to pay will not be significant.

## Petroleum

Due to typical large travel distances and limited public transport infrastructure in regional NSW, the cost of petroleum is a significant factor when considering the cost of living. A review undertaken by the ACCC on retail petroleum prices in Australia found that regional petrol prices were greater than those in metropolitan areas due to higher freight and operating costs than in metropolitan areas. However, these prices were more stable than their metropolitan counterparts and were similarly primarily dictated by the global prices of crude oil and the Australian to US foreign exchange rate. The figure below shows the average regional price in fuel.

**Figure 4 Average Weekly Prices Regional NSW**





Over the past 12 months the average price of regional fuel has varied from 136 cents per litre to 164 cents, a variation of 20%.

## Willingness to Pay

Alongside Dungog Shire's capacity to pay it is also important to gauge the community's willingness to pay for its current levels of services. Dungog Shire has a very active and involved community to which Council has been facilitating community workshops and meetings to inform the community on their current unsustainable financial position. In light of this, there are several indicators which exhibit the community's willingness to pay for services. These include:

- Levels of Outstanding Rates
- Private Health Care Ownership

### Outstanding Rates

Council's outstanding rates ratios were sourced from their latest available audited financial statements and were compared to the other group 10 councils. These figures are indicative of not only a community's willingness to pay for the levels of service they are receiving, but also showcase a council's processes in place to support those facing financial hardship.

**Table 13 Group 10 Outstanding Rates Ratios**

Council	2015	2016	2017	2018
Blayney		2.23%	2.20%	2.07%
Upper Lachlan		2.36%	3.35%	2.94%
Berrigan		3.53%	3.72%	3.30%
Temora		3.12%	3.84%	3.68%
Gwydir		5.32%	4.42%	4.29%
Cobar		7.23%	8.21%	5.14%
Uralla		4.20%	4.33%	5.38%
Narrandera		8.21%	5.74%	5.73%
Dungog Shire	4.20%	3.60%	6.00%	6.10%
Liverpool Plains		8.79%	9.87%	6.63%
Glen Innes Severn		5.91%	4.72%	6.63%
Kyogle		7.51%	7.21%	6.89%
Bland	7.31%	7.43%	6.60%	6.93%
Tenterfield		5.96%	6.75%	7.12%
Oberon	7.48%	7.88%	7.68%	
Warrumbungle	8.44%	8.32%	7.91%	
Lachlan		6.56%	7.50%	8.43%
Junee		8.75%	8.75%	8.72%
Forbes		7.03%	10.29%	8.76%

Council	2015	2016	2017	2018
Edward River			5.49%	9.00%
Walgett		11.77%	10.37%	9.48%
Wentworth		10.03%	10.23%	9.96%
Narromine		8.10%	9.20%	11.61%

From Table 16 we can see that Dungog Shire Council currently has the 9th lowest level of outstanding council rates and is well below the industry benchmark of 10%, indicating a relatively lower level of financial hardship within the Dungog Shire community.

### ***Private Health Care Ownership***

The levels of private health care ownership are also a useful tool in assessing a community's willingness to pay for services and as an overall indicator of community wealth. To provide a comparison between the different Group 10 Councils, the total number of taxpayers with private health care was compared to the size of the labour force within an LGA, the results can be found in the table below.

**Table 14 Group 10 Council Private Health Care Ownership**

Councils	Private Health / Labour Force
Dungog Shire	83%
Temora	82%
Upper Lachlan	79%
Narromine	77%
Bland	76%
Tenterfield	76%
Cobar	75%
Berrigan	73%
Liverpool Plains	72%
Edward River	72%
Uralla	72%
Junee	71%
Warrumbungle	70%
Lachlan	69%
Forbes	68%
Gwydir	68%
Blayney	67%
Oberon	66%
Narrandera	66%
Glen Innes Severn	65%
Kyogle	63%
Wentworth	61%
Walgett	50%

Here we can see that Dungog Shire has the highest level of private health care ownership amongst all group 10 councils suggesting that the community is less price sensitive and has a greater level of overall community wealth.

## Summary of Findings

This report investigates and assesses whether the Dungog Shire ratepayers potentially have the capacity and willingness to pay for an SRV over seven years. Our research has shown that Dungog Shire is a growing region that although is primarily agricultural, has seen a shift towards higher skilled and higher paid occupations in its secondary industries. This trend has been reflected in the region's average household income and overall socio-economic standing as seen by the second highest SEIFA score amongst group 10 councils.

Further comparisons with the other 'Large Rural' councils show that Dungog Shire has:

- the 4<sup>th</sup> highest household income
- the 9<sup>th</sup> lowest level of outstanding rates
- the highest proportion of private health care ownership within the labour force.

These findings demonstrate that overall, the Dungog Shire community enjoys a relatively higher degree of wealth than the other group 10 councils. Despite this level of wealth and financial capacity, relative to the other councils, Dungog Shire's rates are comparably lower, which contributes to Council's financial unsustainability. It is apparent that additional rates income from all rating categories is largely affordable.

We have also ascertained that an increase in the community's rates is unlikely to occur in conjunction with any other foreseeable major increases in their cost living. There are low levels of mortgage stress in the community and the cost of utilities are stable or are stabilising over the next two years.

There is also a level of evidence, the extent of outstanding rates and private health cover, that indicate the majority of ratepayers are willing to pay for a range of services that meet the needs of the household.

In conclusion, our findings show that Dungog Shire's community has the capacity and willingness to pay for an SRV and is in a comparatively better position to do so than previous successful Group 10 SRV applicants.