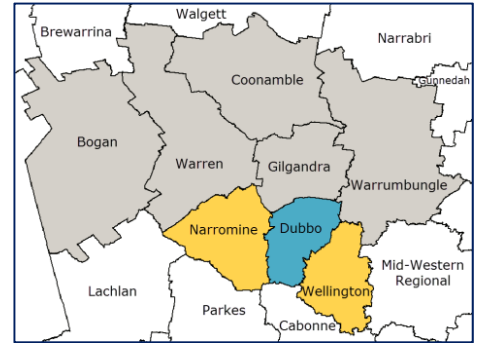


## DUBBO CITY COUNCIL - CIP

FIT				
Area (km <sup>2</sup> )	3,425	Population	2011	40,250
OLG Group	4		(2031)	46,500
ILGRP Group	E	Narromine merger	2011	47,100
			(2031)	52,800
		Wellington merger	2011	49,100
			(2031)	54,600
		All combined	2011	55,950
			(2031)	60,900
Operating revenue (2013-14)	\$56.4m	TCorp assessment	Moderate FSR	Neutral Outlook



ILGRP options (no preference) Council in Orana JO (all shaded) or merge with Wellington and/or Narromine (yellow).

Assessment summary	Scale and capacity	<b>Satisfies</b>
	Financial criteria:	<b>Satisfies overall</b>
	• Sustainability	Satisfies
	• Infrastructure and service management	Satisfies
	• Efficiency	Satisfies

### Fit for the Future - FIT

- The council satisfies the scale and capacity criterion.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.

### Scale and capacity – satisfies

- We consider the council currently meets or partially meets most of the elements of scale and capacity.
- The council has explored the alternative merger options with Narromine and Wellington councils. An evaluation of the financial statements of Dubbo City, Narromine and Wellington councils was undertaken to examine the performance of the merged entity. However, the council decided to submit a stand alone proposal.
- The council's proposal is consistent with the ILGRP's option to stand alone.

### Sustainability - satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmarks for the operating performance ratio, the building and infrastructure asset renewal and the own source revenue ratios by 2019-20.
- Improvement in its operating performance ratio is driven by a more accurate assessment of its depreciation expenses (\$6.2m reduction), and cost-saving initiatives (\$1m pa). The council plans to apply for a four-year special variation in 2016, of 1% above the rate peg each year (or 4.4% cumulative).
- The council has revised its infrastructure renewal requirements, and plans to increase its renewal expenditure using operational cost savings.
- In its proposal, the council relies on the successful application for and adoption of a special variation from 2016-17 of 14.8% cumulative over 4 years (4.1% above the rate peg).

### Infrastructure and service management - satisfies

- The council satisfies the criterion for infrastructure and service management based on meeting the benchmarks for the infrastructure backlog, asset maintenance and debt service ratios by 2019-20.
- The council plans to meet the asset maintenance ratio by better targeting asset maintenance expenditure consistent with its IP&R documents.

### Efficiency - satisfies

- The council satisfies the criterion for efficiency based on a forecast decline in real operating expenditure per capita to 2019-20.

## Other relevant factors

Social and community context	The council is classified as a Regional Town/City by OLG, and its population is expected to grow by around 10% by 2031. The LGA capital of Dubbo is the only city in the Orana region, and its cultural and business facilities help service the communities in the other Orana and neighbouring LGAs.
Community consultation	<p>The council has exhibited the draft proposal (along with supporting materials) for 28 days. The council broadly publicised its draft proposal, including an online exhibition, online self-selected poll and media promotions.</p> <p>The poll results showed that 83% of the voters were not in favour of merging with another council (151 of 182 votes), and that 81% were in favour of the council being part of the Orana JO (87 of 110 votes). The council interpreted the low number of responses as evidence of satisfaction with the existing council structure.</p>
Water and/or sewer	The council's water utility function achieved 100% compliance of the NSW Government Best Practice Management requirements for 2013-14. The council has identified around \$18m worth of capital works for its utility function and numerous strategies to improve its performance.
Submissions	We received one confidential submission relating to the council's proposal.

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