DUBBO REGIONAL COUNCIL

2024/2025 RESOURCING STRATEGY

DRAFT

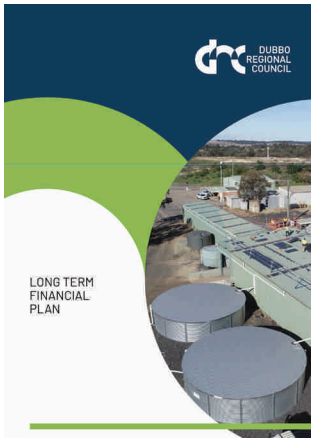
Acknowledgement of Country

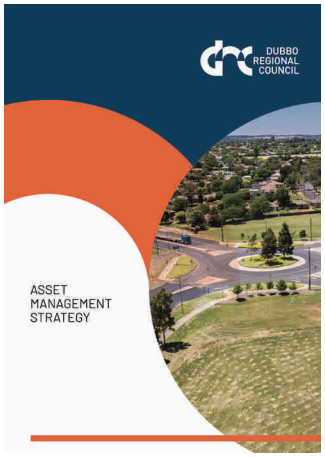
Dubbo Regional Council acknowledge the Wiradjuri People who are the Traditional Custodians of the land. Council pay respect to all Elders past, present and emerging of the Wiradjuri Nation and extend that respect to other First Nations peoples who are present.

DRAFT

Contents

Introduction	3
Long Term Financial Plan	5
Workforce Management Plan	19
Asset Management Strategy Plan	35





Introduction

Our Towards 2040 Community Strategic Plan identifies the main aspirations and priorities for the future of the Dubbo region through to 2040. The plan focuses on six guiding themes that encompass the values expressed by the community and informs Dubbo Regional Council in its decision-making. The 21 strategic objectives and over 70 principal activities provide a framework for action to be taken by Dubbo Regional Council and other levels of government and our communities.

The Integrated Planning and Reporting Framework provides the guidelines for the implementation of our Towards 2040 Community Strategic Plan and includes other key documents such as the Delivery Program and Operational Plan and this Resourcing Strategy.

This suite of documents provides a holistic approach to planning for the future. It ensures our community can see tangible results in the short term and the outcomes of our contribution in the long term.

Our Resourcing Strategy

To support the community's objectives expressed in the 2040 Community Strategic Plan, a long-term resourcing strategy is required as part of the Integrated Planning and Reporting Framework. This resourcing strategy should be read in conjunction with the operational plan which we review annually. For all activities to be undertaken, the level of service to be provided and the focus into the future we need to consider our available resources. This includes our workforce, our financial sustainability and assets.

The resource strategy outlines the actions and plans necessary to carry out our planned activities, maintain our assets to sustain their useful life, and meet our communities' priorities now and into the future.

Overall, the operational plan and related resourcing strategies ensure the necessary resources and levels of service required to implement the proposed projects and operate programs for the region. This serves to both inform and test the goals and objectives in the strategic plan and how Council's required actions might be achieved while maintaining the long-term sustainability of the organisation.

Figure 1 illustrates our integrated planning and reporting framework suite of documents and how they are interrelated. It is adapted from the NSW Office of Local Government Guidelines, available from olg.nsw.gov.au.

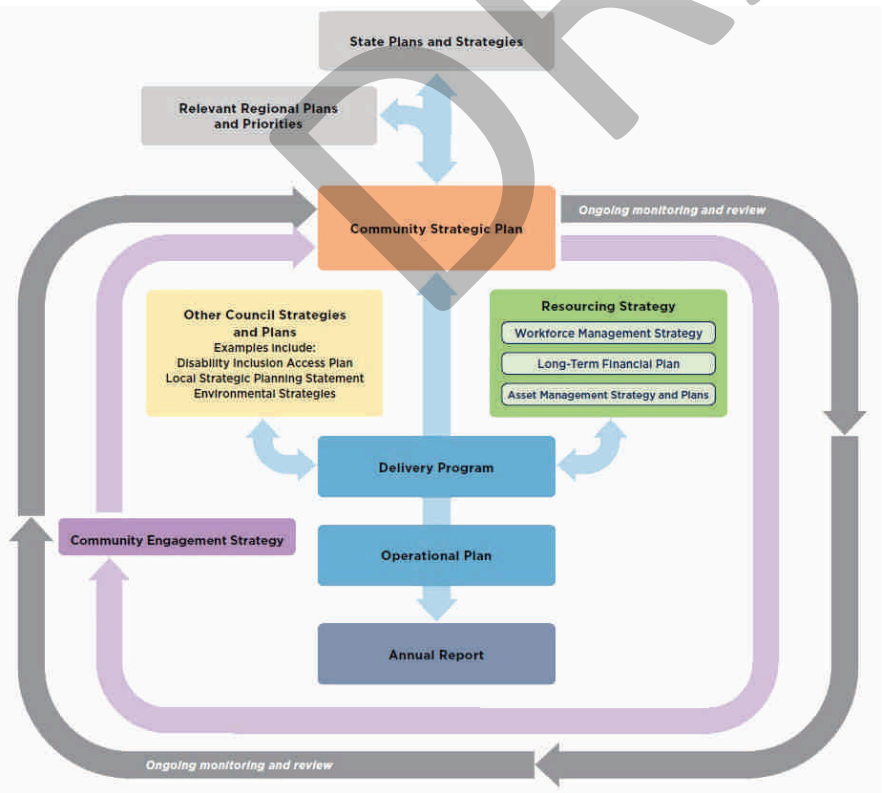


Figure 1

DRAFT

How the Document Relates

The suite of integrated planning documents represents the Dubbo Regional Council response to the statutory framework for planning and reporting. The Towards 2040 Community Strategic Plan for the Dubbo region is the highest-level plan that will prepare and addresses four key questions for the community.

Where are we now?
Where do we want to be in ten years' time?
How will we get there?
How will we know when we have arrived?

Our 2040 Community Strategic Plan was developed in consultation with the communities we serve. It identifies the communities' main priorities and guides all our other strategies and plans into the future.

We update this plan every four years, in line with government requirements, and to adapt to changing circumstances and community aspirations. The Delivery Program 2022-2026 (the delivery program) sets out the strategies from our Towards 2040 Community Strategic Plan that will be priorities for the Council term. The delivery program structure reflects the community strategic plan priorities and acts as the link between the long-term community strategic plan and the annual operational plan.
Our operational plan is an annual plan and guides Council's priorities for the next 12 months. It sets out the specific projects, programs and activities to be delivered in the year ahead and is aligned with our delivery program. It also includes the revenue policy for rates and annual charges, fees and charges, and other relevant budgetary information.

The Integrated Planning and Reporting Framework includes a reporting process to communicate how we are progressing to the Council and the community.

DRAFT

DUBBO REGIONAL COUNCIL

LONG TERM FINANCIAL PLAN

DRAFT

Introduction

In line with the NSW Local Government Integrated Planning and Review Framework, Dubbo Regional Council's Workforce Management Strategy serves as a roadmap to attract, develop, and retain a qualified and engaged workforce. This ensures the council can effectively deliver on its Community Strategic Plan and Delivery Program, ultimately providing efficient and effective services to the community.

The 2040 Community Strategic Plan (CSP) identifies the aspirations and priorities for the community, and the expectations they have for the future. However, these aspirations can only be achieved if sufficient and sustainable resources are available. This Long Term Financial Plan expresses, in financial terms, how Council's finances will operate over the next 10 years and how Council will fund activities over the short, medium and long term to meet the objectives of the CSP. It aims to provide a sound basis for strategic decision making to ensure Council achieves financial sustainability.

This Plan aims to:

- provide sound forecasts of Council's financial performance and position for a range of planning scenarios that respond to the aspirations of the community
- achieve and maintain a sound and stable financial position over the long term
- achieve a balanced budget over the long term
- address how Council will survive future financial pressures
- identify strategies that support the sustainable provision of services identified by the community, and whether Council can afford what the community requests
- ensure Council can meet its financial obligations as and when they are due
- provide a clear and transparent picture of Council's long term financial situation

The modelling that occurs as part of this Plan will help Council identify potential financial issues at an early stage and gauge their long term effect. The Plan will be updated annually as part of the development of the Operational Plan to reflect the changes in economic assumptions, better information and revised forecasts. It will also be reviewed in detail as part of the four yearly review of the Community Strategic Plan and Delivery Program

DRAFT

Financial Sustainability

Financial sustainability is broadly defined as the ability to provide acceptable, affordable and ongoing services to the community in a manner that ensures equitable treatment for the current and future generations of ratepayers.

Financial sustainability is a key challenge facing Council due to several factors including increased demand for services beyond those traditionally provided (particularly in the area of community services), cost shifting from other levels of government, ageing infrastructure, constraints on increasing revenue and risk of reliance on external funding sources. To respond effectively to these challenges, Council will take a holistic approach to maximise integration between strategic planning and the creation of community expectations that are deliverable.

Council modelled different scenarios as part of the sensitivity analysis, including conservative, planned and optimistic, that assumed both revenue and expenditure were reduced, maintained and above-average. This Plan is based on the planned model.

DRAFT

Our Financial Strategies

The following strategies will help ensure Council is financially sustainable over the short, medium and long term, and help support the achievement of the strategic targets in the CSP:

Objective	What will we do?	Why?
Achieve operating surpluses	Identify budget expenditure reductions	Each Division will review its current and anticipated expenditure to identify possible opportunities for improvement without significant reduction in service levels.
Continuous improvement of Council's financial position	Undertake productivity improvements and initiatives	Council is committed to continuous improvement that will contribute toward addressing the funding gap.
Maintain a positive unrestricted cash and investment balance	Review utilisation of internally restricted assets	At the end of the 2023/2024 financial year, Council estimates a total of $86 million will be held as general fund internally restricted assets. These restricted assets are set aside for specific purposes such as future capital replacement programs, future asset maintenance, property development requirements and Council business operations. Other restrictions are used to cover fluctuations in expenditure. Council has a greater degree of confidence in the amount of and timing of forecasts for major expenditure, which has provided an opportunity to review the level of restricted assets set aside for these purposes.
Maintain and/or improve service levels	Asset Rationalisation Program	Council will continue to review its property holdings to identify under-utilised assets or assets that were not contributing to the achievement of strategic goals. Divesting of these assets will provide an opportunity to redirect funds to facilities requiring additional funding. A number of properties that met the above criteria were identified, and an Asset Rationalisation Program was developed.
	Provide a robust Infrastructure Contributions System	Developer Contributions are an important source of funding for new infrastructure required to meet the increased demand generated by population growth. Council will continue to review its Infrastructure Contributions System to recognise this growth.

DRAFT

Objective	What will we do?	Why?
Increase funding for asset maintenance and renewal	Asset Management Enhancement Program	Asset enhancement initiatives will to be undertaken to refine cost estimates to bring assets to an appropriate condition, and clearly define service levels for all assets. This will ensure more accurate forecasts are available for long term financial planning.
	Loan funding	The financial strategies developed to deliver financial sustainability include the utilisation of a number of funding sources to fund new capital works. The funding sources include a combination of rates revenue, restricted assets, grants, developer contributions, other contributions and proceeds from any asset rationalisation program. In addition to the above sources of funds, the use of loan funds could be used to fund infrastructure assets where it can be justified that the loans can be serviced over the period of the loan and that Council's targeted maximum debt service ratio is not exceeded. The use of loans spreads the financing cost of an asset over a long period of time and provides an alternative to a larger increase in rates in the short and medium term. This may help meet the demand for additional facilities and other required capital works. The use of loans enables the cost of assets to be shared between current and future users, and therefore supports inter-generational equity.
	Government grants	Council will actively pursue grants that may be available for both operating and capital purposes. This Plan does not include expenditure that may be grant-funded, unless the grant has already been formally approved. Additional items will be included as and when grants are sourced
	Internally Restricted Asset requirements	Given the nature and diversity of the activities undertaken by Council, Council will set aside internally restricted assets to cover fluctuations in certain expenditure items and provide for contingencies. The financial strategy developed includes the setting aside of restricted assets for employee leave entitlements, property development, plant replacement, future asset maintenance and improvement to facilities and business operations.
Maintain a fair and equitable rating structure	Rates and annual charges	Revenue from rates and annual charges are a major component of Council's total revenue. Total Ordinary (General) Rates are proposed to increase in accordance with the rate pegging limit determined by the Minister for Local Government.
	Rates – Special Variation	An increase in rates via a special variation to general income could be a key component of any financial strategy to deliver financial sustainability in the long term

DRAFT

Financial Modelling Assumptions

Long term financial plans are inherently uncertain and based on a wide range of assumptions. Some of these assumptions have a relatively limited impact if they are wrong, but others can have a major impact on future financial plans. By assessing risks associated with assumptions made within this Plan, sensitivity scenarios can be considered.

The following planning assumptions have been used as a basis to forecast Council's long term financial position over the short, medium and long term:

Property/Economic Growth

Property growth impacts Council's financial performance by increasing rate revenue as a result of the increased number of rateable assessments. However, this increase is generally not in direct proportion to the increase in the number of rateable properties.

Inflation/Consumer Price Index (CPI)

Changes in inflation will impact both revenue and expenditure.
Forecast CPI is used as the inflator for the following items in Council's financial modelling:

- All revenue (excluding rates revenue)
- Operating expenditures excluding salary and employment overheads.

Where an expenditure item is identified as increasing by more than the CPI, these additional increases have been factored into expenditure projections.

Productivity Improvements and Initiatives

Council is committed to a process of continuous improvement and organisational development that will address any funding gap created by a growth in population. While a number of initiatives have been identified for either implementation or investigation in the short term, it is more difficult to identify specific initiatives in the medium to long term given that many of those initiatives will be made possible by new processes and technologies which are yet to be developed.

Major Projects and Capital Expenditure

Capital expenditure and asset lifecycle modelling is a key output of Council's asset management planning. The capital expenditure program totals $254M over the next four years. This covers new infrastructure, currently scheduled renewal works and additional renewal works required to maintain Council's infrastructure assets in a satisfactory condition.

The CSP identified that the community expects infrastructure to be maintained in a satisfactory condition. The 10 year projections are based on maintaining current facilities and infrastructure, with the majority of new projects relating to Grant Fund Projects.

The detailed capital expenditure program for the next four years is included in the Operational Plan Capital Works Program.

DRAFT

Rate Peg Increases in Rates

Council's capacity to generate rate income and increase Council's capacity to generate rate income and increase the overall annual rate revenue is controlled through rate pegging set by theIndependent Pricing and Regulatory Tribunal (IPART). The rate peg announced by IPART for 2024/2025 is 5.00%. Estimates for future rating revenue has been set at 2.5%.

Ordinary Rates

The rating structure is reviewed annually to ensure an equitable distribution among ratepayers. It is of note that any change to the structure does not equate to additional income to Council but a redistribution of the rating liability of the different property types.

Domestic Waste Management Charge

The Local Government Act 1993 requires the Domestic Waste Management Charges to reflect the reasonable cost of providing the service. The Domestic Waste Strategy is supported by a 10 year financial strategy which determines the annual charge. The forecast increase in the charges has been set in accordance with the Strategy.

Drainage Service Charge

Council levies a drainage service charge that will fund stormwater improvements and the management of urban stormwater. This charge is subject to rate pegging and as a result, Council has no scope to increase the charge in line with inflation or any other cost increase.

Water Charges

Water charges enable Council to operate and maintain the water supply service. Charges are set to meet the Best Practice Pricing guidelines, and consist of two components:

- a fixed annual access charge based on meter size
- a consumption charge based on actual water consumed.

Modelling has focused on consumption and future capital requirements to determine increases to be applied to future charges.

Sewer and Trade Waste Charges

Sewer charges enable Council to operate and maintain a sewerage service. An annual charge is levied for residential properties, and quarterly charges are levied on non-residential properties and based on a discharge factor. Trade waste charges are applied in accordance with the Liquid Trade Waste Regulation and fees in accordance with Council's Trade Waste Policy.

User Charges and Fees

Council reviews the basis for its user charges and fees each year, and it is assumed the pricing forecasts will increase at least in line with inflation.

The two categories of fees are:

- Regulatory – Council has no discretion to determine the amount of a fee for service as the amount is fixed by regulation or by another authority
- Discretionary – Council has the capacity to determine the amount of a fee for service.

New user charge and fee opportunities have been identified and will be included in the Operational Plan.

DRAFT

Grants and Contributions

It is unlikely that there will be any increase in grants or provision of new grants for current services. Grants, other than the Financial Assistance Grants, are tied to particular purposes and projects, and any reduction or discontinuance of grants will be offset by a corresponding reduction in expenditure. Developer Contribution Plans and Planning Agreements aim to generate contributions that will support the provision of new community infrastructure at current standards.

Interest

Forecast returns on Council's investment portfolio are based on budgeted funds available for investment, current investment rates and the impact on rates of the situation in international markets, in accordance with Council's Investment Strategy. A conservative approach has been taken to investment returns in the Plan.

Employee Costs

Salary and wage increases are based on the Local Government (State) Award increase plus an allowance for skill step progressions. An amount of 4% has been allocated for 2024/2025 and for each subsequent year of the Plan. Employee costs consist of salaries and wages, employee leave entitlements, Council's contribution to superannuation schemes, workers' compensation insurance, fringe benefits tax and employee training costs. The base year employee costs are calculated based on actual rates of pay.

The projections include employee on-costs for each employee as well as an allowance for known overtime. Forecast employee costs have been adjusted to reflect any identified changes in staff numbers, as well as growth in staff numbers required to satisfy increased service levels. Council sets aside a restricted asset to enable any spikes in employee leave entitlements, particularly resulting from the retirement or resignation of long term employees, to be funded.

Borrowing Costs

In the financial modelling scenarios detailed below, the strategy to address identified funding gaps includes the raising of loans to fund, or part-fund, some of the capital projects included in the capital expenditure program. It has been assumed that future loans will be for a 20 year term and interest rates will be fixed.

Materials, Contracts and Other Operating Costs

Expenditure on materials, contracts and other operating costs has been generally based on CPI. The exceptions to this are expenditures that are either:

- not recurrent every year;
- have been identified as increasing by an amount different to CPI; or
- area result of increased services or service levels.

DRAFT

TABLE OF ASSUMPTIONS

	2024/2025	2025/2026	2026/2027	2027/2028	Years 5 - 10
Consumer Price Index	4.20%	2.50%	2.50%	2.50%	2.50%
Rate pegging limited	5.00%	2.50%	2.50%	2.50%	2.50%
Stormwater management charge	5.00%	2.50%	2.50%	2.50%	2.50%
Domestic waste charge revenue	16.00%	2.50%	2.50%	2.50%	2.50%
Water user fees and charges	5.00%	2.50%	2.50%	2.50%	2.50%
Sewer services user fees and annual charges	5.00%	2.50%	2.50%	2.50%	2.50%
User fees and charges revenue	2.50%	2.50%	2.50%	2.50%	2.50%
Interest revenue	1.00%	1.00%	1.00%	1.00%	1.00%
Other revenues	2.50%	2.50%	2.50%	2.50%	2.50%
Operating grants and contributions	2.00%	2.00%	2.00%	2.00%	2.00%
Capital grants and contributions	2.00%	2.00%	2.00%	2.00%	2.00%
Employee costs	4.00%	4.00%	4.00%	4.00%	4.00%
Borrowing costs	0.00%	0.00%	0.00%	0.00%	0.00%
Material and contracts	2.50%	2.50%	2.50%	2.50%	2.50%
Depreciation	0.00%	0.00%	0.00%	0.00%	0.00%
Other expenses	2.50%	2.50%	2.50%	2.50%	2.50%

DRAFT

Risks to Our Financial Position

Council has implemented a comprehensive Enterprise Risk Management program that assesses all areas of Council's operations under risk considerations. The greatest risks associated with financial modelling is that income is overstated and/or expenditure is understated, which can result in there being insufficient capacity for Council to carry out the activities identified in the Delivery Program and Operational Plan.

The following risks may impact Council's long term financial position over the short, medium and long term:

Rate Pegging

Changes in rate pegging will impact revenue forecasts. Rate pegging is controlled the Independent Pricing and Regulatory Tribunal (IPART), and any fluctuation in rate pegging will have the opposite effect on the expected expenditure forecast.

Changes in Economic Conditions and Investment Markets

Changes in inflation will impact both revenue and expenditure.

Cost Shifting

Cost shifting describes the situation where the responsibility for, or the cost of, providing a certain service, concession, facility or regulatory function is shifted from a higher level of government to Council without the provision of corresponding funding or an ability to raise revenue to adequately fund the shifted responsibility. Cost shifting to local government from both federal and state governments is an issue of significant concern to NSW councils.

Contributions to the NSW Fire Brigade, Bushfire Council, lack of adequate funding for public libraries, the cost of regulation of companion animals and administration of environmental regulations are some examples of cost shifting that impacts Council's financial performance and places additional pressure on its financial sustainability.

Should Federal and State Governments continue to transfer responsibility and associated costs for service provision to Council, this will have a negative impact on Council's current financial position.

DRAFT

Grant Funding

Increases in capital grant funding over forecasts reduces Council's ability to deliver on planned Council-funded capital works but can also accelerate planned projects.

Changes in Employee Costs and Liability Conditions

Forecast employee costs have been adjusted to reflect any identified changes in staff numbers, as well as growth in staff numbers required to satisfy increased service levels. Council sets aside a restricted asset to enable any spikes in employee leave entitlements, particularly resulting from the retirement or resignation of long term employees, to be funded.

Changes in Future Community Service and Infrastructure Demands

Assumptions have been made on the current CSP and Asset Management Strategy. With future community engagement, this may alter current services levels and require adjustments to future funding requirements.

Conditions of Infrastructure Assets and Ageing

The identified shortfall in infrastructure renewal expenditure and a substantial backlog in infrastructure spending is a major issue facing Council. This is primarily due to limited funding opportunities available in addition to diverse and increasing demands on Council resources.

The development of asset management plans has confirmed that Council's infrastructure continues to deteriorate and that current levels of maintenance and renewal fall short of that required to maintain some assets in a satisfactory condition. This infrastructure challenge places further pressure on Council's ability to remain financially sustainable in the long term.

DRAFT

Finance Performance Measures and Scenarios

The Integrated Planning and Reporting Guidelines require this Plan to incorporate financial modelling for scenarios. This Plan brings the budget, resourcing and asset management components together to inform the community of the financial implications of the activities and the level of service outlined in the CSP.

Council modelled different scenarios as part of the sensitivity analysis, including conservative, planned and optimistic, that assumed both revenue and expenditure were reduced, maintained and above-average. This Plan is based on the planned model.

The planned scenario is based on ordinary rates increasing by the forecast rate peg limit each year. Future modelling will require the formulation of strategies to investigate a combination of loan borrowings, increased revenues, reduced expenditure and efficiency measures to meet identified future infrastructure backlog projects.

Another scenario relates to the funding of major transport, water supply, sewerage services and stormwater drainage infrastructure works to cater for growth. The financial implications are substantial, particularly when considered in conjunction with infrastructure backlog issues currently being investigated.

The 2024/2025 budget is based on current revenue and expenditure patterns to enable the community expectations, as determined in the CSP, to be undertaken.

DRAFT

Finance Performance Measures and Scenarios

	TARGET
Operating Performance Ratio Council's ability to contain operating expenditure within operating revenue.	>0.00%
Own-Source Operating Revenue The degree of reliance on external funding sources such as operating grants and contributions and its ability to generate own-source revenue.	>60%
Unrestricted Current Ratio The purpose of the Unrestricted Current Ratio is to assess the adequacy of working capital and its ability to satisfy financial obligations in the short term for the unrestricted activities of Council.	>1.5
Debt Service Ratio The debt service ratio is a measure of the degree to which revenues are committed to servicing debt. The purpose of the ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council.	>2.00
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage The rates and annual charges outstanding percentage is a measure of the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	<10.00%
Building and Infrastructure Renewals Ratio Used to assess whether Council is renewing or replacing its infrastructure assets at the same rate that it is consuming those assets.	>100%
Infrastructure Backlog Ratio The proportion of backlog is against the total value of Council's infrastructure.	<2.00%
Asset Maintenance Ratio Compares actual to required annual asset maintenance and ability to maintain increases in infrastructure backlog.	>100%
Cash Expense Ratio Indicates the number of months Council can continue to pay expenses without additional cash inflow.	>3 months

DRAFT

Review and Monitoring

This Plan will be updated annually as part of the development of the Operational Plan to reflect the changes in economic assumptions, more accurate information and revised forecasts. Each year, Council undertakes an extensive, detailed and complete budget process to identify emerging projects and proposes them for consideration in the forecast budgets.

This Plan will also be reviewed in detail as part of the four yearly review of CSP and Delivery Program.

Quarterly reporting

Each quarter, Council's responsible accounting officer is required to prepare and submit a quarterly budget review statement to the governing body of council.

The statement must show, with reference to the budget that was approved by Council, the actual and forecast performance for the relevant financial year and report reasons for variations. It must also show a revised estimate of income and expenditure for that year.

DRAFT

Dubbo Regional Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - CONSOLIDATED	Current Year	Projected Years									
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
	$	$	$	$	$	$	$	$	$	$	$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	74,178,044	77,850,674	79,895,240	81,994,331	84,149,533	86,253,271	88,409,603	90,619,843	92,885,339	95,207,473	97,587,660
User Charges & Fees	43,543,965	45,847,792	47,156,636	48,384,735	49,931,143	51,179,422	52,458,907	53,770,380	55,114,639	56,492,505	57,904,818
Interest & Investment Revenue	8,122,933	8,835,662	7,426,966	7,383,408	7,035,003	7,105,353	7,176,407	7,248,171	7,320,652	7,393,859	7,467,797
Other Revenues	2,953,606	3,335,024	3,311,735	3,408,042	3,507,630	3,595,321	3,685,204	3,777,334	3,871,767	3,968,561	4,067,775
Grants & Contributions provided for Operating Purposes	33,764,124	20,984,862	21,552,793	22,318,002	23,066,652	23,527,985	23,998,545	24,478,516	24,968,086	25,467,448	25,976,797
Grants & Contributions provided for Capital Purposes	31,539,316	19,555,404	7,654,068	6,835,719	7,236,130	7,380,853	7,528,470	7,679,039	7,832,620	7,989,272	8,149,058
Other Income:											
Net gains/(loss) from the disposal of assets	(566,229)	2,703,722	15,304,594	7,396,701	13,017,717	6,500,000	6,565,000	6,630,650	6,696,957	6,763,926	6,831,565
Total Income from Continuing Operations	**193,535,759**	**179,113,140**	**182,302,032**	**177,720,938**	**187,943,808**	**185,542,204**	**189,822,135**	**194,203,932**	**198,690,060**	**203,283,044**	**207,985,470**
Expenses from Continuing Operations											
Employee Benefits & On-Costs	50,856,516	50,821,758	52,476,613	54,494,749	56,476,999	58,736,079	61,085,522	63,528,943	66,070,101	68,712,905	71,461,421
Borrowing Costs	2,455,219	2,133,707	1,835,012	1,601,817	1,359,684	1,359,682	1,156,394	1,006,587	859,843	726,839	587,006
Materials & Contracts	38,242,566	40,605,155	41,546,586	42,904,444	43,926,310	45,024,468	46,150,079	47,303,831	48,486,427	49,698,588	50,941,053
Depreciation & Amortisation	56,958,466	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816	66,009,816
Other Expenses	16,748,086	19,766,663	19,679,271	20,356,187	21,121,790	21,649,835	22,191,081	22,745,858	23,314,504	23,897,367	24,494,801
Total Expenses from Continuing Operations	**165,260,853**	**179,337,099**	**181,547,298**	**185,367,013**	**188,894,599**	**192,779,880**	**196,592,892**	**200,595,035**	**204,740,691**	**209,045,515**	**213,494,096**
Operating Result from Continuing Operations	**28,274,906**	**(223,959)**	**754,734**	**(7,646,075)**	**(950,791)**	**(7,237,676)**	**(6,770,757)**	**(6,391,103)**	**(6,050,630)**	**(5,762,471)**	**(5,508,626)**
Net Operating Result for the Year attributable to Council	**28,274,906**	**(223,959)**	**754,734**	**(7,646,075)**	**(950,791)**	**(7,237,676)**	**(6,770,757)**	**(6,391,103)**	**(6,050,630)**	**(5,762,471)**	**(5,508,626)**
Net Operating Result before Grants & Contributions provided for Capital Purposes	**(3,264,410)**	**(19,779,363)**	**(6,899,334)**	**(14,481,794)**	**(8,186,921)**	**(14,618,528)**	**(14,299,227)**	**(14,070,142)**	**(13,883,250)**	**(13,751,743)**	**(13,657,684)**

DRAFT

Dubbo Regional Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - CONSOLIDATED	Current Year	Projected Years									
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
	$	$	$	$	$	$	$	$	$	$	$
ASSETS											
Current Assets											
Cash & Cash Equivalents	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Investments	142,430,154	154,392,044	152,783,203	151,255,120	161,278,850	168,119,405	174,927,745	181,882,662	188,682,533	195,396,559	201,921,984
Receivables	39,629,654	27,551,374	26,403,935	26,909,377	27,865,205	28,621,611	29,348,760	30,092,659	30,848,304	31,617,257	32,398,048
Inventories	8,563,654	4,227,338	4,278,701	4,352,783	4,408,534	4,468,447	4,529,858	4,592,804	4,657,324	4,723,458	4,791,244
Other	-	603,718	612,259	632,606	650,481	666,743	683,412	700,497	718,009	735,960	754,359
Total Current Assets	193,623,463	189,774,473	187,078,097	186,149,886	197,203,069	204,876,206	212,489,775	220,268,622	227,906,171	235,473,233	242,865,635
Non-Current Assets											
Investments	131,587,733	102,928,029	101,855,469	100,836,747	107,519,233	112,079,603	116,618,497	121,255,108	125,788,355	130,264,373	134,614,656
Receivables	7,578	301,504	309,839	317,931	328,026	336,227	344,632	353,248	362,079	371,131	380,410
Inventories	4,970,736	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671	4,694,671
Infrastructure, Property, Plant & Equipment	2,577,691,732	2,601,044,011	2,606,839,938	2,602,516,730	2,585,088,986	2,568,147,063	2,551,695,819	2,535,740,160	2,520,285,043	2,505,335,473	2,490,896,506
Investments Accounted for using the equity method	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963	1,948,963
Other	495,071	495,071	495,071	495,071	495,071	495,071	495,071	495,071	495,071	495,071	495,071
Total Non-Current Assets	2,716,701,812	2,711,412,249	2,716,143,950	2,710,810,113	2,700,074,951	2,687,701,598	2,675,797,653	2,664,487,221	2,653,574,183	2,643,109,682	2,633,030,276
TOTAL ASSETS	**2,910,325,275**	**2,901,186,722**	**2,903,222,047**	**2,896,959,999**	**2,897,278,020**	**2,892,577,804**	**2,888,287,428**	**2,884,755,844**	**2,881,480,354**	**2,878,582,915**	**2,875,895,911**
LIABILITIES											
Current Liabilities											
Payables	9,310,979	12,027,133	12,122,747	12,415,886	12,664,816	12,930,948	13,202,085	13,491,040	13,786,125	14,091,171	14,402,587
Income received in advance	9,041,308	1,082,022	1,110,304	1,139,441	1,175,653	1,205,044	1,235,170	1,266,050	1,297,701	1,330,143	1,363,397
Borrowings	6,230,139	3,064,886	3,184,108	3,384,730	2,211,991	2,361,798	2,089,712	2,221,000	2,233,423	2,377,164	2,529,816
Provisions	11,492,362	10,589,316	10,413,097	10,218,074	10,097,181	10,014,828	9,971,978	9,969,620	9,961,266	9,995,452	10,073,244
Total Current Liabilities	36,074,788	26,763,357	26,830,255	27,158,132	26,149,641	26,512,618	26,498,946	26,947,710	27,278,514	27,793,931	28,369,044
Non-Current Liabilities											
Payables	3,129	-	-	-	-	-	-	-	-	-	-
Borrowings	28,716,668	25,108,164	21,924,056	18,539,326	16,327,335	13,965,537	11,875,825	9,654,825	7,421,402	5,044,238	2,514,422
Provisions	11,664,483	11,309,513	11,300,238	11,289,974	11,283,611	11,279,276	11,277,021	11,276,897	11,276,457	11,278,257	11,282,351
Total Non-Current Liabilities	40,384,280	36,417,677	33,224,294	29,829,300	27,610,946	25,244,814	23,152,846	20,931,722	18,697,860	16,322,494	13,796,773
TOTAL LIABILITIES	**76,459,068**	**63,181,034**	**60,054,549**	**56,987,431**	**53,760,587**	**51,757,431**	**49,651,792**	**47,879,432**	**45,976,374**	**44,116,425**	**42,165,817**
Net Assets	**2,833,866,207**	**2,838,005,689**	**2,843,167,498**	**2,839,972,568**	**2,843,517,433**	**2,840,820,372**	**2,838,635,636**	**2,836,876,411**	**2,835,503,980**	**2,834,466,490**	**2,833,730,095**
EQUITY											
Retained Earnings	2,397,522,164	2,397,298,205	2,398,052,939	2,390,406,864	2,389,456,073	2,382,218,398	2,375,447,640	2,369,056,537	2,363,005,907	2,357,243,436	2,351,734,810
Revaluation Reserves	436,344,043	440,707,483	445,114,558	449,565,704	454,061,361	458,601,974	463,187,994	467,819,874	472,498,073	477,223,054	481,995,284
Total Equity	**2,833,866,207**	**2,838,005,689**	**2,843,167,498**	**2,839,972,568**	**2,843,517,433**	**2,840,820,372**	**2,838,635,636**	**2,836,876,411**	**2,835,503,980**	**2,834,466,490**	**2,833,730,095**

DRAFT

Dubbo Regional Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - CONSOLIDATED

	Projected Years									
	2024/2025	**2025/2026**	**2026/2027**	**2027/2028**	**2028/2029**	**2029/2030**	**2030/2031**	**2031/2032**	**2032/2033**	**2033/2034**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	77,575,227	79,721,924	81,815,876	83,986,815	86,072,876	88,268,363	90,475,625	92,738,082	95,057,115	97,434,138
User Charges & Fees	44,727,536	46,829,425	48,077,710	49,544,541	50,867,352	52,139,036	53,442,512	54,778,574	56,148,039	57,551,740
Interest & Investment Revenue Received	9,097,998	7,446,636	7,383,766	6,827,894	6,956,578	7,027,974	7,096,456	7,170,973	7,244,973	7,321,505
Grants & Contributions	34,594,355	30,623,537	29,160,364	30,159,149	30,833,081	31,449,742	32,078,737	32,720,312	33,374,718	34,042,212
Other	4,820,463	3,543,303	3,402,123	3,477,982	3,577,103	3,666,591	3,758,317	3,852,338	3,948,711	4,047,494
Payments:										
Employee Benefits & On-Costs	(50,477,233)	(52,234,523)	(54,220,442)	(56,281,950)	(58,572,131)	(60,960,067)	(63,442,896)	(65,974,399)	(68,658,507)	(71,449,307)
Materials & Contracts	(40,482,686)	(41,476,444)	(42,680,186)	(43,718,272)	(44,846,076)	(45,967,228)	(47,116,409)	(48,294,319)	(49,501,677)	(50,739,219)
Borrowing Costs	(2,334,888)	(1,926,039)	(1,696,385)	(1,460,210)	(1,425,379)	(1,226,539)	(1,068,652)	(925,806)	(793,172)	(657,607)
Other	(19,766,663)	(19,679,271)	(20,356,187)	(21,121,790)	(21,649,835)	(22,191,081)	(22,745,858)	(23,314,504)	(23,897,367)	(24,494,801)
Net Cash provided (or used in) Operating Activities	57,754,109	52,848,547	50,886,639	51,414,159	51,813,568	52,206,792	52,477,833	52,751,251	52,922,833	53,056,155
Cash Flows from Investing Activities										
Receipts:										
Sale of Real Estate Assets	8,496,000	23,584,490	18,614,712	23,324,135	9,750,000	9,847,500	9,945,975	10,045,435	10,145,889	10,247,348
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-
Payments:										
Purchase of Investment Securities	27,682,407	11,733,481	(1,804,300)	(14,450,054)	(7,151,559)	(8,304,749)	(8,009,083)	(8,133,517)	(7,748,531)	(7,439,897)
Purchase of Real Estate Assets	(2,703,722)	(15,304,594)	(7,396,701)	(13,017,717)	(6,500,000)	(6,565,000)	(6,630,650)	(6,696,957)	(6,763,926)	(6,831,565)
Purchase of Infrastructure, Property, Plant & Equipment	(84,998,655)	(67,398,668)	(57,235,463)	(44,086,415)	(44,527,279)	(44,972,552)	(45,422,277)	(45,876,500)	(46,335,265)	(46,798,618)
Net Cash provided (or used in) Investing Activities	(51,523,970)	(47,385,291)	(47,821,752)	(48,230,051)	(48,428,838)	(49,994,801)	(50,116,035)	(50,661,539)	(50,701,833)	(50,822,732)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings & Advances	(6,230,139)	(5,463,256)	(3,064,886)	(3,184,108)	(3,384,730)	(2,211,991)	(2,361,798)	(2,089,712)	(2,221,000)	(2,233,423)
Net Cash Flow provided (used in) Financing Activities	(6,230,139)	(5,463,256)	(3,064,886)	(3,184,108)	(3,384,730)	(2,211,991)	(2,361,798)	(2,089,712)	(2,221,000)	(2,233,423)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1)	-	-	-	-	-	-	-	-	-
plus: Cash, Cash Equivalents & Investments - beginning of year	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cash & Cash Equivalents - end of the year	**2,999,999**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
Cash & Cash Equivalents - end of the year	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Investments - end of the year	257,320,073	254,638,671	252,091,866	268,798,084	280,199,008	291,546,241	303,137,770	314,470,889	325,660,932	336,536,641
Cash, Cash Equivalents & Investments - end of the year	**260,320,073**	**257,638,671**	**255,091,866**	**271,798,084**	**283,199,008**	**294,546,241**	**306,137,770**	**317,470,889**	**328,660,932**	**339,536,641**

DRAFT

Dubbo Regional Council

10 Year Financial Plan for the Years ending 30 June 2033

EQUITY STATEMENT - CONSOLIDATED

	Projected Years									
	2024/2025	**2025/2026**	**2026/2027**	**2027/2028**	**2028/2029**	**2029/2030**	**2030/2031**	**2031/2032**	**2032/2033**	**2033/2034**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Opening Balance	2,833,866,207	2,838,005,689	2,843,167,498	2,839,972,568	2,843,517,433	2,840,820,372	2,838,635,636	2,836,876,411	2,835,503,980	2,834,466,490
a. Current Year Income & Expenses Recognised direct to Equity										
- Transfers to/(from) Asset Revaluation Reserve	4,363,440	4,407,075	4,451,146	4,495,657	4,540,614	4,586,020	4,631,880	4,678,199	4,724,981	4,772,231
Net Income Recognised Directly in Equity	4,363,440	4,407,075	4,451,146	4,495,657	4,540,614	4,586,020	4,631,880	4,678,199	4,724,981	4,772,231
b. Net Operating Result for the Year	(223,959)	754,734	(7,646,075)	(950,791)	(7,237,676)	(6,770,757)	(6,391,103)	(6,050,630)	(5,762,471)	(5,508,626)
Total Recognised Income & Expenses	4,139,481	5,161,809	(3,194,929)	3,544,866	(2,697,062)	(2,184,738)	(1,759,223)	(1,372,432)	(1,037,490)	(736,395)
Equity - Balance at end of the reporting period	**2,838,005,689**	**2,843,167,498**	**2,839,972,568**	**2,843,517,433**	**2,840,820,372**	**2,838,635,636**	**2,836,876,411**	**2,835,503,980**	**2,834,466,490**	**2,833,730,095**

DRAFT

DUBBO REGIONAL COUNCIL

WORKFORCE MANAGEMENT STRATEGY

DRAFT

Workforce Management Strategy

In line with the NSW local Government Integrated Planning and Reporting Framework, Dubbo Regional Council's Workforce Management Strategy serves as a roadmap to attract, develop, and retain a qualified and engaged workforce. This ensures that Council can effectively deliver on its Community Strategic Plan and Delivery Program, ultimately providing efficient and effective services to the community.

1

Meeting Community Needs

The strategy aligns the workforce with community priorities, ensuring services and actions delivered by the council truly reflect the community's vision.

2

Future-Proofing the Workforce

By anticipating future challenges and skill requirements, the plan invests in developing a workforce equipped to handle them, ensuring long-term sustainability.

3

Engaged and Productive Employees

The strategy fosters a positive and supportive work environment, leading to happier, more productive employees who contribute significantly to the community's well-being.

4

Sustainable Service Delivery

An engaged and skilled workforce translates to efficient service delivery, meeting community expectations outlined in the Delivery Program.

DRAFT

The Workforce Management Strategy bridges the gap between the Community Strategic Plan and the Delivery Program through workforce development. It recognises the crucial role of employees in achieving sustainable service delivery. The strategy focuses on building a future-proof workforce equipped with the necessary skills and experience, while fostering an engaging and productive work environment.

In implementing our Workforce Management Strategy, Dubbo Regional Council will ensure its workforce is aligned with the community, leading to efficient service delivery, a thriving community, and a sustainable future for all.

Vision Values Purpose

OUR VISION
Creating Community
for today and tomorrow

OUR PURPOSE
Lead, Connect, Deliver

OUR VALUES

PROGRESSIVE
BE CURIOUS, COURAGEOUS AND COMMITTED
- Challenging the status quo
- Finding better ways
- Seeking change and innovation

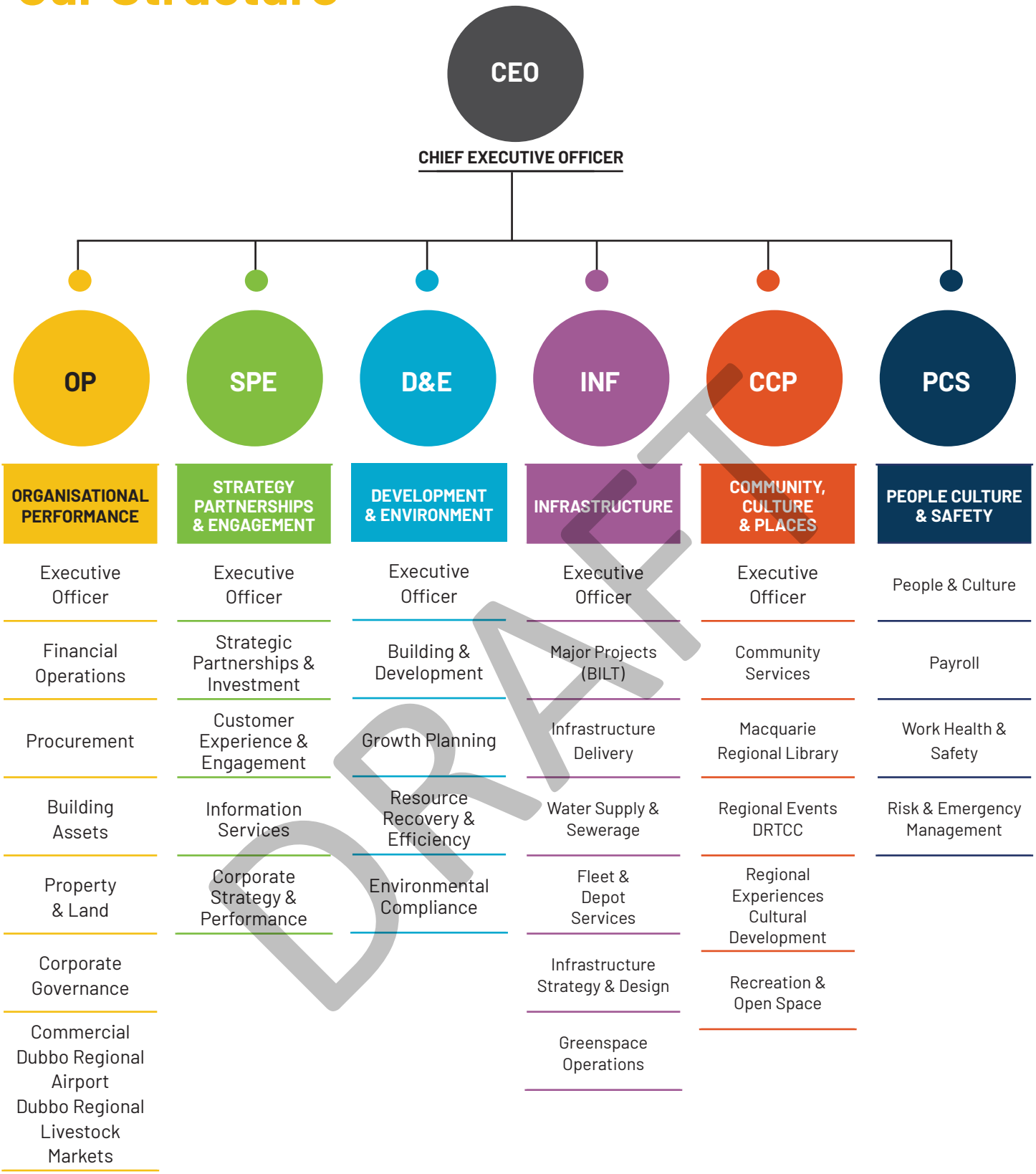
SUSTAINABLE
BALANCED APPROACH TO GROWTH AND OPPORTUNITY
- Financially sound
- Social equity
- Conscientious leadership and governance
- Environmentally responsible

ONE TEAM
WORKING TOGETHER
- We take care of each other and ourselves
- Partnering to deliver better outcomes
- Fostering positive experience
- Investing in people

INTEGRITY
ACCOUNTABLE FOR OUR ACTIONS
- Valuing and acknowledging our cultures
- Leading by example
- Open and ethical practices
- Upholding our commitments

DRAFT

Our Structure



DRAFT

Internal Analysis

Workforce Snapshot

TOTAL WORKFORCE

696
- Total Employees

HEADCOUNT
- 487 PERMANENT
- 26 TEMPORARY
- 183 CASUAL

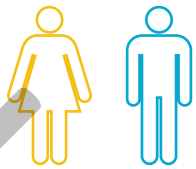
FTE
- 461.37 PERMANENT
- 24.43 TEMPORARY

TURNOVER
- 4.9% TURNOVER
- 7.87% YTD

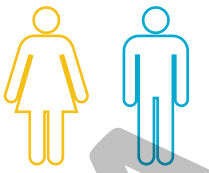
Permanent Employees

FULL TIME

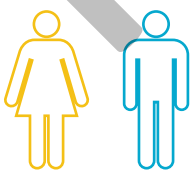
PART TIME



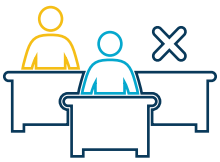
TEMPORARY



CASUAL



4.9% TURNOVER
7.87% YTD



3.51% ABSENTEEISM
999.70 Days Sick/
Carers Leave taken

DIVERSITY

13.1%

Employees identify as Aboriginal or Torres Strait Islander

6.2%

Employees from a Non-English Speaking Background

1.6%

Employees have a Disability

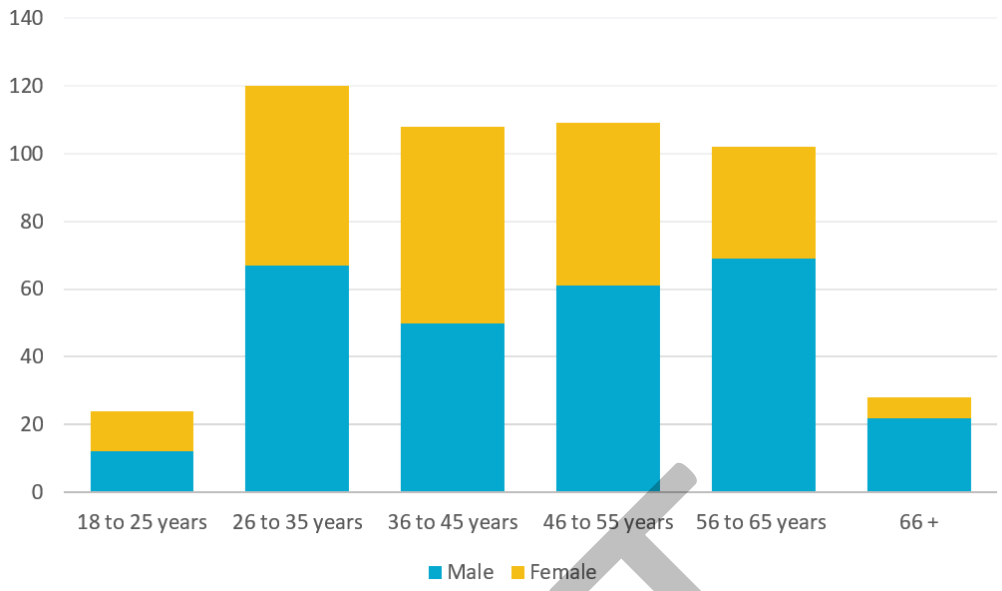
43.7%

Employees are Female

DRAFT

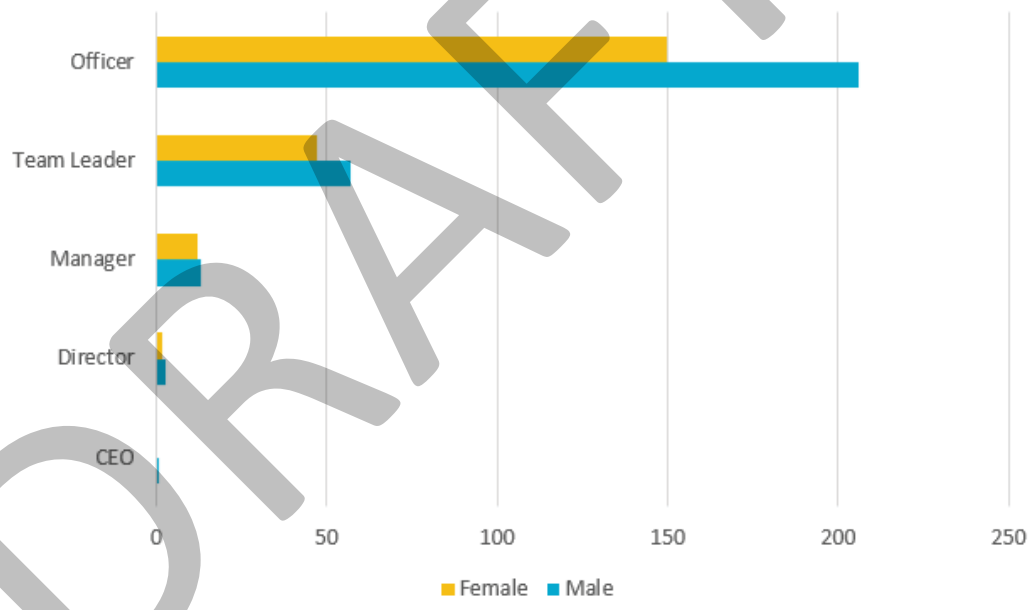
AGE

142 employees over the age of 55 years



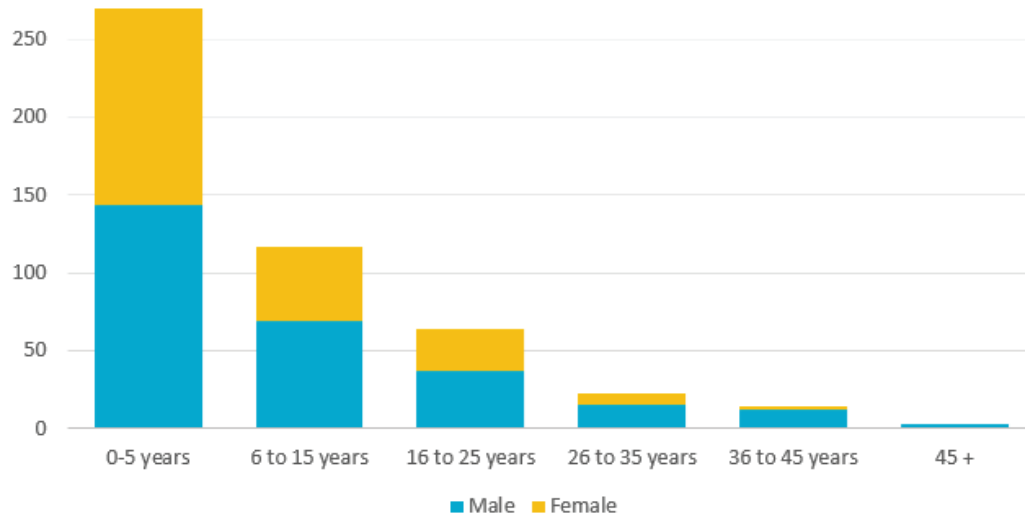
STAFF LEVEL

135 employees in Leadership Positions



COUNCIL SERVICE

17 employees with more than 35 years service



DRAFT

Internal capability survey

The following data was collected from our senior leadership team to understand our overall proficiency, desired proficiency, and the perceived importance of the capabilities. The capabilities are from the Local Government Capability Framework currently implemented.

CAPABILITY	CURRENT PROFICIENCY	DESIRED PROFICIENCY	IMPORTANCE
Personal Attributes			
Manage self	High	High	8
Display Resilience and Adaptability	Medium	Medium	4
Act with Integrity	High	High	1
Demonstrate Accountability	Medium	High	2
Relationships			
Communicate and Engage	Medium	Medium	3
Community and Customer Focus	Medium	High	5
Work Collaboratively	High	Medium	11
Influence and Negotiate	Low	Low	16
Results			
Plan and Prioritise	Medium	High	15
Think and Solve Problems	High	High	9
Create and Innovate	Low	Medium	14

DRAFT

CAPABILITY	CURRENT PROFICIENCY	DESIRED PROFICIENCY	IMPORTANCE
Resources			
Finance	Low	Medium	18
Assets and Tools	Low	Low	19
Technology and Information	Medium	High	6
Procurement and Contracts	Low	Low	20
People Managers			
Manage and Develop People	Low	Medium	12
Inspire Direction and Purpose	Low	Medium	13
Optimise Workforce Contribution	Medium	Medium	17
Lead and Manage Change	Low	High	10

DRAFT

Strategic Context

The strategic context for Dubbo Regional Council is multifaceted and influenced by various factors, including:

Economic:

- **Inflation and cost pressures:** Rising costs of materials, labour, and energy are putting pressure on Council budgets which are heavily reliant on rate revenues, grants and fees, requiring more efficiency and innovative solutions.
- **Shifting demographics:** Population growth and changing demographics require Council to adapt services and infrastructure to meet the needs of diverse communities.
- **Infrastructure management:** Maintaining and upgrading aging infrastructure including roads, water and sewerage systems, community facilities and public spaces is a significant challenge due to the expenses involved.

Social:

- **Climate change:** as a Local Government we are at the forefront of addressing climate change impacts, such as extreme weather events and rising sea levels. There is a need to develop and implement strategies for adaptation and mitigation.
- **Social inclusion and equity:** Council must effectively ngage with diverse communities to address social issues and inequalities like housing and health, ensuring access to essential services for all community members and promotion of social cohesion and inclusivity.

Political:

- **Relationship with the NSW Government:** As a Council we must navigate relationships and coordinate with state and federal governments, as well as other local councils, to secure funding, align policies, address shared challenges and collaborate on regional initiatives.
- **Legislative and regulatory requirements:** As a Council, our operations, finances, planning and service delivery are governed by the Local Government Act, other state and federal laws, regulations and policies.
- **Community engagement:** Increasing emphasis on community engagement and participation in decision-making processes.

Technological:

- **Digital transformation:** We are required to keep pace with and embrace digital technologies to improve service delivery, communication, and data management.
- **Cybersecurity:** Protecting critical infrastructure and data from cyber threats is a growing concern that needs to be effectively managed.

DRAFT

Megatrends

Megatrends are large scale and long-term transformative processes that reshape or transition our society. At Dubbo Regional Council, megatrends support our Workforce Management Strategy through anticipating challenges and opportunities, supporting informed decision making.

The following six megatrends were considered as part of developing the underlying initiatives for our Workforce Management Strategy:

Impactful technology

Accelerating individualisation

Demographic change

Rapid urbanisation

Climate and resource security

Economic power shift

https://sbi.sydney.edu.au/megatrends/our-megatrends/

Source: Sydney Business Insights – Megatrends for the future of business

DRAFT

MEGATREND	DRC IMPACT	IMPACT DEFINITION
Impactful Technology	Cyber Security	Increased vulnerability as critical infrastructure and data is managed and stored in public and private clouds with connected devices accessible remotely.
	AI & Machine learning	Increased uptake and development of Artificial Intelligence tools and machines suggestions augmenting human processes.
	Autonomous agents & sensors	Increased use of devices (remote sensors, drones, robotics etc.) undertaking activities with less and less human involvement.
	Mobile internet & cloud technology	Increased efficiency in delivering services and supporting customer interactions.
Accelerating Individualisation	Empowered customers & community	Increased expectations from customers and community including more control, choice, flexibility and digital options.
	Work innovations	Increased workplace innovations and technology changing the way people work including video conferencing, remote working and activity based working environments.
	Individual preferences	Increased flexibility and initiatives to support individual preferences for the diversity of employees, customers and community.
	Public wellbeing & cohesion	Increased social media and digital platforms that can support community connections but also distort public conversations resulting in positive and negative impacts for public wellbeing & cohesion.
Demographic Change	Generations	Increased generational diversity with up to four generations working together in the workplace.
	Population shifts	Increased global population coupled with a decreasing number of employees in the workforce relative to those over the age of 65.
	Ageing workforce	Increased proportion of employees over the age of 55 in the workforce which has doubled from 30 years ago.
Rapid Urbanisation	Urbanisation	Increased urban populations through shifting of regional and rural populations.
	Development & planning	Increased requirement to better plan for urbanisation to reduce carbon emissions, resource utilisation and improved standards of living.

DRAFT

MEGATREND	DRC IMPACT	IMPACT DEFINITION
Climate and Resource Scarcity	Climate change	Increased temperatures, extreme weather events and pollution of air, water and soil.
	Cost of living	Increased cost of living outpacing wage growth creating economic hardship for employees and the community.
	Resource scarcity	Decreased availability of water, energy sources, agriculture, materials and skilled labour.
	Vulnerable population	Increased impacts for vulnerable community members through weather, temperature and living condition changes.
Economic Power Shift	Geopolitical tensions	Increased geopolitical tensions impacting supply chains, tourism and security.
	Shifting affluence	Increased inequality impacting community cohesion, demands for services and local businesses.

DRAFT

Workforce Insights

As Dubbo Regional Council looks to the future, it is important that our Workforce Management Strategy addresses the key challenges and opportunities raised from the internal and external analysis. The following workforce insights have been identified as the focus areas to equip our people with the tools, skills, and supportive environment to thrive amidst rapidly evolving conditions.

Capability Building: The internal capability survey reveals gaps between the current and desired proficiency levels across various capabilities. The survey further highlighted the importance of leadership and strategic capabilities to align with the vision, values and purpose.

Workforce Adaptability: The megatrends analysis indicates the need for the workforce to be adaptable to trends like impactful technology, accelerating individualization, and climate and resource scarcity. Strategies to enhance workforce resilience and adaptability will assist in preparin for these trend impacts.

Digital Transformation: The impact of megatrends like Impactful Technology, Mobile Internet & Cloud Technology, and AI & Machine Learning suggests the need for a digitally skilled workforce. Council will focus on upskilling and reskilling employees to leverage these technologies effectively.

Generational Diversity & Demographic Management: At Council there is an ageing workforce, a high rate of employees with less than 5 years' experience, and up to four generations in the workforce. A strong focus on developing strategies to manage and leverage the diverse perspectives, skills, potential skill gaps and ensuring a sustainable talent pipeline is required.

Employee Engagement and Wellbeing: This review highlights the importance of engaged and productive employees for sustainable service delivery. To support this Council will prioritise initiatives that foster a positive work environment, employee engagement, and overall wellbeing.

"DRC looks to the future"

DRAFT

Initiatives

To support the workforce insights the following initiatives have been planned:

INITIATIVE	DESCRIPTION	TIMEFRAME	OUTCOME
Change Management Framework	Development of our change management framework to support change initiatives	2025 2026	Changes are managed effectively to reduce impacts and increase benefits
Digital Literacy Program	Development and delivery of our digital literacy program to maximise the potential of technology	2026 2027	Confident and skilled employees to thrive with increase technology uptake
Emerging Leaders Program	Delivery of our emerging leaders program for our high potential employees to improve our internal leadership capability	2026 2027	A pipeline of skilled and adaptable leaders available aligned to our culture and purpose
Employer Branding Project	Articulation and delivery of our employer brand to support attraction and retention	2024 2025	Increased ability for Council to attract and retain capable, skilled, and engaged employees
Inclusion, Diversity & Belonging Strategy	Development and delivery of our Inclusion, Diversity and Belonging initiatives to attract, retain and empower a diverse workforce	2024 2025 2026 2027	A thriving workplace where employees feel valued, respected, and empowered to contribute their skills and abilities
Leadership Development Program	Delivery of the next element of our leadership program to all employees at Council	2024 2025 2026	A Council culture that fosters empowerment, commitment and accountability
Resourcing & Entry Pipeline	Development and implementation of activities to support entry into Council	2024 2025	Increased pools of skilled and qualified candidates to recruit positions from
Reward & Recognition Program	Broadening of our employee reward and recognition program to support a wider range of motivations	2025	Increased employee engagement, performance, and wellbeing
Service Review Program	Continued delivery of our adopted Service Review Program to continuously refine and improve our services, supporting employee engagement and performance	2024 2025 2026 2027	Increase employee engagement, performance, and service delivery
Strategic Workforce Planning	Completion of our next Strategic Workforce Planning cycle to support sustainability	2027 2028	A resilient and sustainable workforce is available to meet the future needs of Council
Succession & Talent Planning	Design and implementation of our succession and talent planning framework and cycles to increase resilience	2026 2027 2028	A resilient and adaptable workforce is available to meet the future needs of Council
Wellbeing & Health Strategy	Development of the next wellbeing and health strategy to support thriving engaged employees.	2024 2025 2026	Increased employee health, engagement, and performance

DRAFT

Workforce Management

Dubbo Regional Council's Workforce Management Strategy serves as a comprehensive roadmap to build a future-ready, engaged, and adaptable workforce. By aligning our workforce capabilities with the community's evolving needs and priorities, we can ensure sustainable and efficient service delivery that meets the expectations outlined in our Delivery Program.

Through this strategy, we have identified key areas for capability development and recognise the need to equip our workforce with the necessary skills to navigate our challenges. Fostering a diverse and inclusive work environment that embraces generational differences and individual preferences will be crucial. We are committed to creating a positive and supportive culture that promotes employee engagement, wellbeing, and productivity, ultimately contributing to the overall well-being of our community.

By anticipating future challenges and investing in our workforce's development, we can future-proof our organization and ensure long-term sustainability. Our Workforce Management Strategy will serve as a guiding light, enabling us to attract, retain, and nurture a talented workforce who are passionate about serving our community.

Together, we will build a resilient, adaptive, and high-performing workforce that drives positive change and is dedicated to enhancing the quality of life for all residents of the Dubbo Regional Council area.

DRAFT

DUBBO REGIONAL COUNCIL

ASSET MANAGEMENT STRATEGY

DRAFT

Contents

1. Executive Summary 2
2. Asset Management Strategy 5
   2.1 What are our asset management principles 5
3 Our Assets 8
   3.1 Asset Values 8
   3.2 Our Assets 8
   3.3 Summary of future operation and maintenance expenditures 9
   3.4 Summary of future renewal and replacement expenditure 9
4 Our Asset Management 12
   4.1 Asset Management Vision 12
   4.2 Asset Condition, Function and Capacity 12
   4.3 Asset Management Indicators 12
   4.4 Levels of Service 14
   4.5 Useful Life 15
   4.6 Demand 15
   4.7 Asset Inspections 17
   4.8 Lifecycle Costs 17
   4.9 Creation/Acquisition/Upgrade Plan 17
   4.10 Risk Management Planning 17
   4.12 Critical Assets 18
5. Plan Improvement and Monitoring 19
   5.1 Status of Asset Management Practices 19
   5.2 Improvement Plan 19

DRAFT

1. Executive Summary

Dubbo Regional Council is responsible for the acquisition, operation, maintenance, renewal, and disposal of an extensive range of physical assets with a replacement value of $3.6B of which $2.9B is covered by specific Asset Management Plans.

These assets include land, buildings, parks, recreation areas, roads, footpaths, drainage systems, water, sewerage and associated operating assets and provide service essential to our community's quality of life.

Those assets not closely covered by this Strategy include other land, land held for re-sale, artworks, library and some assets associated with airport and saleyards activities.

This Strategy takes the organisational objectives in our 'Toward 2040' Community Strategic Plan, and develops the asset management objectives, principles, framework and strategies required to achieve our organisational objectives. The plan summarises activities and expenditure projections from individual asset management plans to achieve the asset management objectives.

1.1 Timeframe

The SAMP covers a 10-year timeframe, but there is reference to some investment required outside of this timeframe. This recognises the need to be able to respond to infrastructure needs over a strategic timeframe while supporting the necessary lead-time for major infrastructure items.

The budgets for the first four years are determined by the most recently approved budget at the time of finalising this Strategy.

Years five through to ten are activities that are being consolidated and confirmed. External funding with strong and ongoing patterns is included.

Condition assessments and other tools will be used to review those predictions and promote or postpone the activity as appropriate. Those changes will be reflected in future SAMP updates, Asset Management Plans (AMP) and the Long-Term Financial Plan (LTFP), through the amended source information.

1.2 Current situation

Our goal is to achieve what Council defines as a 'core' maturity for asset management activities and improve our maintenance management and asset condition data in line with our improvement plan. We intend to persist in advancing maturity wherever the benefits outweigh the associated costs. Improvement tasks with costs and target dates have been identified and documented in the Improvement Plan in this document.

1.3 What does it Cost?

<u>Operating Outlays (excluding depreciation)</u>

The projected operating outlays necessary to provide the services covered by this SAMP includes operation and maintenance of existing assets over the 10 year planning period is $59.2M on average per year.

<u>Capital Outlays</u>

The projected required capital outlays including renewal/replacement and upgrade of existing assets and acquisition of new assets over the 10 year planning period is $63.1M on average per year.

We have balanced the projected expenditures in the SAMP with financial outlays in the LTFP involving:

- Initial community consultation on desirable and affordable levels of service
- balancing service performance, risk and cost in a trade-off of projects and initiatives
- considering the impact of trade-offs and accepting the service and risk consequences

DRAFT

- identification of upcoming capital projects expected in the future that aren't covered by the standard budget projections, with a specific focus on transport.
- Identification of significant single infrastructure water treatment plant expansion currently projected to be in 2038, coinciding with the existing plant renewal.

1.4 What we will do

Our aim is to provide the services needed by the community in a financial sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

This Strategy is founded on continuation of currently provided levels of service. The introduction of higher expectations would be associated with corresponding increases in costs within that portfolio, prompting considerations regarding the funding of such decisions.

It may not be possible to meet all expectations for services within current financial resources. This is especially relevant to recent additions of short-life assets enabled through external funding. We will continue to engage with our community to ensure that required services are provided at appropriate levels of service at an affordable cost while managing risks.

1.5 What we have deferred

We do not have enough funding to provide all services at the desired service levels or provide new services. There is an ongoing and increasing gap between projected funding and the need for operations and maintenance. Major initiatives and projects that are deferred for the next 10 years under long-term financial plan funding levels are:

- $16M in water treatment plant renewal in 2038 (anticipated to be funded from Water fund.)
- Transport, recreation and open space and buildings 2024 renewal backlog, where the asset's useful life has triggered a renewal that has not occurred due to service level priorities and capacity. This backlog level will roll forward from 2024 as service level prioritisation and capacity constraints continue.
- There is an ongoing and increasing gap between projected funding and the need for Operations and Maintenance.

1.6 Renewal Funding Ratio

The renewal funding ratio assesses the rate at which assets are being renewed against the rate at which they are being consumed (measured as depreciation). Renewal is defined as the replacement of existing assets to equivalent capacity or performance capability, as opposed to the acquisition of new assets. Over a longer term assets will need to be renewed at the same rate as being consumed if the current levels of service are to be maintained. A renewal ratio result of greater than 100% is considered satisfactory.
It should also be noted that assets Council is not responsible for funding the renewal or replacement, or do not intend to replace the assets at end of life, may be a reason for targeting a renewal ratio less than 100%.

Currently the renewal funding ratio is at 55.5%. That is, the nominated renewals budget only accounts 55.5% of the nominated renewals (and backlog) over the first 10 years of the plan. This situation means that the backlog will increase unless that situation is addressed.

1.7 Backlog

Backlog is defined as where an asset's useful life has necessitated renewal but has been deferred due to service level priorities and capacity constraints. Condition assessments should be completed across all asset classes, based on criticality. This will determine the funding required to address all backlogs.

The current renewal backlog is $114.8M and is predicted to remain below $184M until 2033, but then trends upwards to $309.7M by 2042.

This measure is different from the amounts reported elsewhere as "Report on Infrastructure Assets", which is a financial model of the cost to " bring to satisfactory" by some lesser treatment than renewal.

DRAFT

1.8 Managing the Risks

There are risks associated with providing the service and not being able to complete all identified initiatives and projects. We have identified major risks as:

- Deteriorating transport infrastructure (especially bridges) dependent on grant funding for renewals.
- Growth in the asset portfolio of short lifecycle assets in Recreation and Open Spaces. The current budget is insufficient to support projected renewals.
- Inadequate urban drainage systems, not up to expectations for safety or service.
- Water and Sewerage infrastructure unable to support community growth.
- The funding gap for operations and maintenance will need to be managed, creating some level of continually reducing levels of service and re- directing funds from other actions to sustain services.
- Reduced service due to loss of key staff and skills shortages.

We will endeavour to manage these risks within available funding by:

- Ongoing pursuit of external funding opportunities to supplement internal transport budgets.
- Investigate efficiencies and lower cost renewal options for related assets.
- Specific urban drainage projects affecting safety and service identified through inspection to enable management.
- Fund specific management of system growth. System growth should support funding growth through user charges to offset capital and operational costs.
- Developer contributions, need to be reviewed.
- Managing community expectations for levels of service from existing and new assets.
- Succession plans and knowledge capture.

1.9 Confidence Levels

This SAMP is based on a medium level of confidence in the available information, which is identified as data based on sound records, procedures, investigations, and analysis which is incomplete or unsupported, or extrapolated from a limited sample.

While there is some confidence in the details of the asset portfolios, there is uncertainty relating to asset condition or age in some portfolios, in addition to assets not previously captured or recognised within a system.

1.10 The Next Steps

The actions resulting from this asset management plan are:

- implement the improvement plan.
- review outcomes of the 2024 community consultation to increase awareness of service performance, risk and cost pressures we are facing from community expectations.
- investigate options to responsibly extend the life of assets without affecting performance and risk.
- review asset renewal and replacement options and review asset renewal and replacement options to reduce service delivery lifecycle costs.
- implement lifecycle as part of the asset decision making to support budget preparation.

DRAFT

2. Asset Management Strategy

This Strategy is to document the relationship between the organisational objectives set out in the 'Community Strategic Plan – 2040" and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.[1]

The asset management objectives must be aligned with the organisation's strategic objectives set out in its strategic plan. Since this asset management strategy and the supporting AMP are focused on infrastructure held and managed by Council on behalf of the community, it's focus is on the role of "provider" in support of the other roles relating to leader, collaborator and advocate.

This Strategy encompasses the following services:

- Transport, that is the roads and associated infrastructure to enable the connectivity of the community and support our economy.
- Water and Sewerage infrastructure to support healthy outcomes for the community in a way that provides leadership and is environmentally sustainable.
- Recreation and Open Spaces infrastructure to encourage liveability and to enhance the utility of housing while supporting our local economy.
- Urban drainage infrastructure to support housing and economic amenity in the community with consideration for sustainable environmental outcomes.
- To manage our building infrastructure in a way that enables us to perform our roles across the community and to lead in provision of community opportunities that supplement the other roles.

The Strategy framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

- What assets do we have?
- Our assets and their management
- Where do we want to be?
- How will we get there?

The asset management objectives provide the essential link between the organisational objectives and the asset management plan(s) that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the asset management plans. Asset management objectives should be specific, measurable, achievable, realistic and time bound (i.e. SMART objectives).[2]

2.1 What are our asset management principles

The asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.[3] Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan. Our adopted asset management policy is available as "Council Policy – Asset Management".

[1] ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

[2] ISO, 2014, ISO 55002, Sec 6.2.1, p 9.

[3] ISO, 2014, ISO 55002, Sec 5.2, p 7.

DRAFT

The Asset Management Policy ensures that Dubbo Regional Council develops and maintains appropriate systems, processes, organisational structure, resources (both financial and human) and organisational commitment (culture), to deliver a consistent and sustainable level of services delivery in line with community expectation.

2.2.1 Legislative

We have to meet many legislative requirements including Australian and State legislation and State regulations. These are detailed in the various asset management plans summarised in this Strategy.

2.2.2 Communication and Engagement

We have identified community expectations for service levels to be generally consistent with current levels of service. We engage with the community through consultative processes in the development of the Community Strategic Plan. Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

This Strategy contains six inter-related themes, each with objectives and supporting strategies that help deliver the community's vision and aspirations for the future

2.2.3 Asset and Financial Management Maturity Improvements

The Asset Working Group will periodically complete a self-assessment to review the current maturity and target maturity, and to track progress over time, ensuring that Council are consistently progressing towards the desired level of maturity, and were possible benchmarking this against the maturity of other councils that are similar in size and characteristics, such as geography.

Every 5-10 years, Council will engage an independent assessor to complete an Asset Management maturity assessment, to maintain transparency, identify risks and appropriate mitigation plans.

The maturity assessment was a key factor in the development of this Strategy, and following a review of the results, adjustments were made. To ensure future alignment with this approach, the vision and improvement plan have both been developed in line with the elements of the maturity assessment.

2.2.4 Finance Capacity

The funding strategy to provide the services covered by this Strategy and supporting asset management plans is contained within the organisation's 10 year LTFP. The funding strategy is developed in conjunction with the AM Plans and LTFP. The funding strategy considers all available sources of funding, whether from fees and charges, grants or borrowings in order to deliver a sustainable outcome. Servicing of the borrowings is accommodated within the LTFP. This process is cyclic and this AM Strategy will inform future LTFP's as they are developed.

The 10 Year Capital Works Program (CWP) includes activities that are considered necessary for ensuring the long-term sustainability of Council services and facilitating future growth within Dubbo Regional Council.

The capital works program is developed based on levels of service, asset data and considerations for the city's anticipated expansion, all of which are closely aligned with our Asset Management Plans as part of the overarching Resourcing Strategy.

Activities can include renewal, upgrade, expansion, and the creation of entirely new assets. Potential projects are justified and grouped into asset class specific programs, but not approved for implementation until adoption of the annual budget.

The annual budgetary process refines the prioritisation of capital projects, a process that considers various factors such as alignment with the Community Strategic Plan, risk management, optimising asset renewal for best value, and adherence to statutory obligations. To ensure ongoing adaptability and responsiveness to changing circumstances, Budget Reviews are conducted, which assess factors impacting the capital works programs, including but not limited to weather events, resource availability (personnel, materials, etc.), and cost evaluations.

DRAFT

2.2.5 Focus on Maintenance and Renewals

Prioritisation on renewal and replacement expenditure is major work which does not increase the design capacity of assets, however, restores, rehabilitates, replaces or renews an existing asset to its original or diminished service capacity potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

2.2.6 Lifecycle Approach

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner.

DRAFT

3 Our Assets

3.1 Asset Values

We manage many assets to provide services to our community. The assets provide the foundation for the community to carry out its everyday activities, while contributing to overall quality of life.

Asset Class/Category	Dimension
Transport	1,420km sealed roads, 1,379km unsealed roads, 75 bridges, 566km Kerb and Gutter, 127km of paved footpaths, 3,652 culverts.
Water	742km of water mains, 4 treatment plants, 14 pump stations and 17 reservoirs.
Sewerage	600km of pipe network, 5 treatment plants and 30 pump stations.
Urban Drainage	274km pipe drainage, 9,626 drainage pits, 71 Gross Pollutant Traps, 9.8km of channels, 103 stormwater basins and 139 urban road culverts.
Recreation and Open Spaces	1,011Ha of public open space (217Ha of this irrigated) including 35 playgrounds, 3 swimming pools.
Buildings	More than 350 buildings including specialised, non-specialised and RFS. 31 are specifically utilised for Council activities such as depots or airport terminals.

Table 3.1: Assets covered by this Plan

3.2 Our Assets

The infrastructure assets covered by this Strategy are shown below. These assets are used to provide services to the community.

Asset Class/Category	Gross Replacement Cost *	Carrying Value	Annual Depreciation
Transport	1,377	756	24
Water	484	329	7
Sewerage	421	253	6
Urban Drainage	208	140	2
Recreation and Open space	114	52	11
Buildings	297	167	9
TOTAL	**2,901**	**1,697**	**59**

Table 3.2: Assets covered by this Plan ($M)

Note* Values are determined by routine independent revaluation in line with Office of Local Government and audit office expectations based on a cyclic timetable. There are other assets managed by Council that are not within the scope of these AM Plans with a recognised Gross Replacement Cost of $784M. These include land and some land improvements, Fleet and similar plant, runways, heritage and library collections and capital works not yet completed.

DRAFT

3.3 Summary of future operation and maintenance expenditures

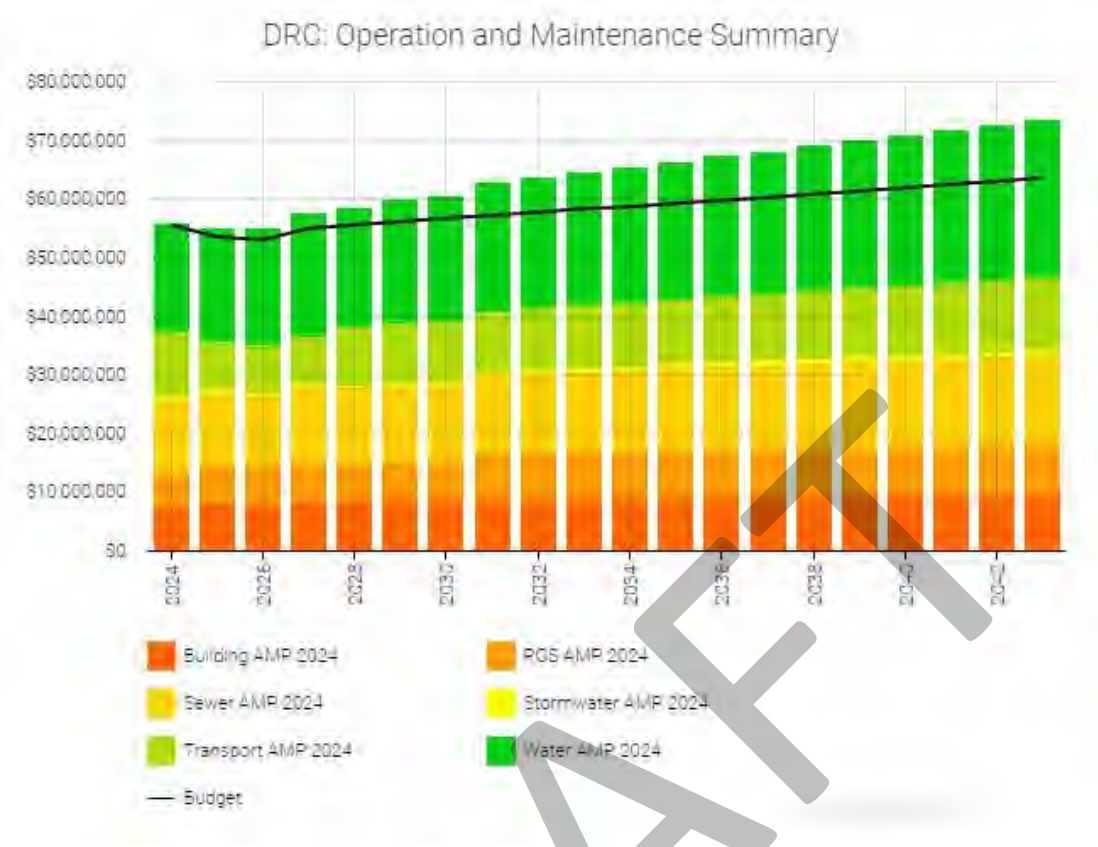


Figure 3.3: Projected Operation and Maintenance Expenditure and LTFP Outlays

The consequences of deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are to be included in the risk assessment and analysis in the infrastructure risk management plan.

3.4 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures are forecast to increase over time as the asset stock ages. Note that all amounts are shown in real values.

Projections beyond 10 years should be used with care. Those assets need to have condition assessments performed to confirm that actual renewal/replacement will be required or whether extension of useful life is an acceptable proposition.

DRAFT

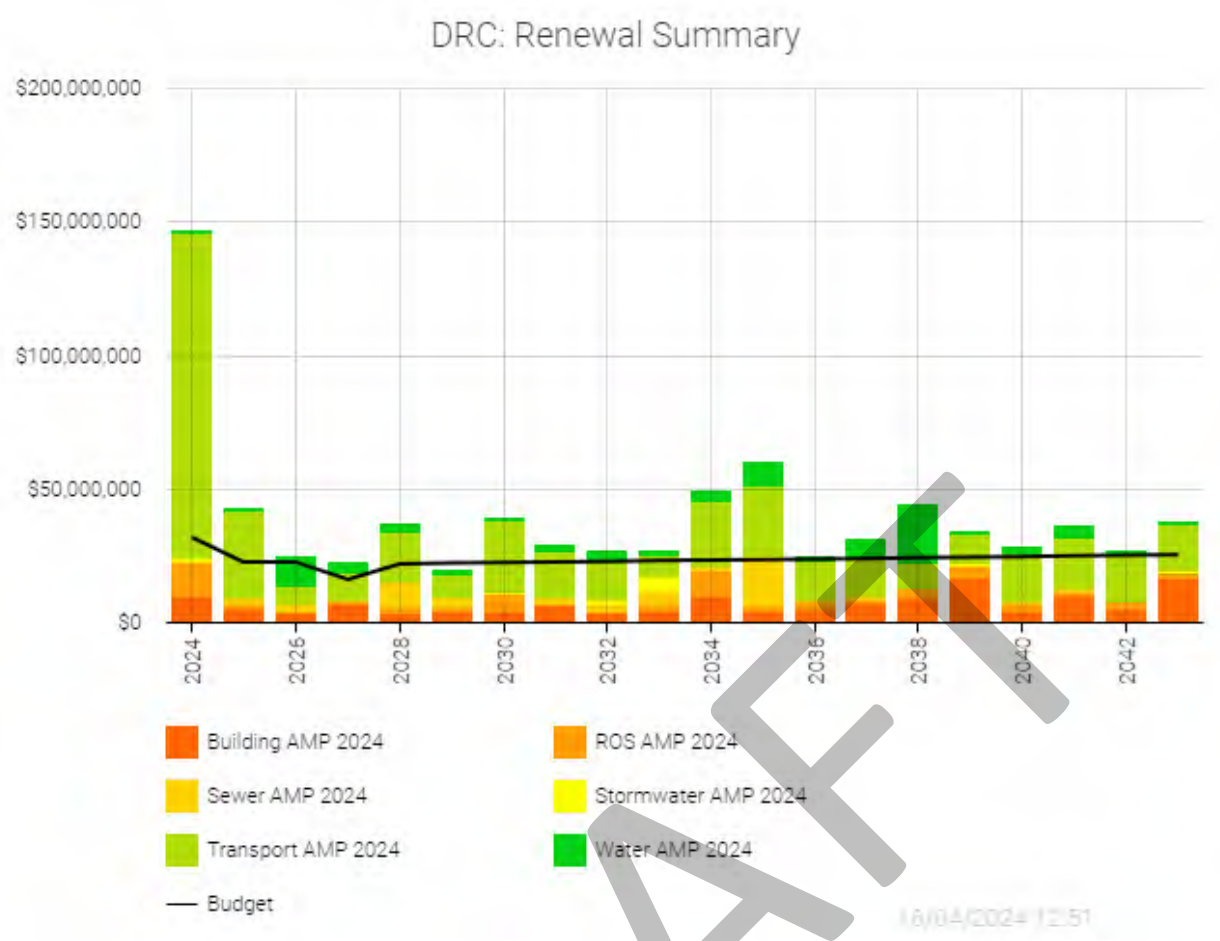


Figure 3.4.1: Projected Capital Renewal and Replacement Expenditure and LTFP Outlays

Where renewal projections are based on estimates of asset useful lives, the useful lives are documented in the relevant asset management plan(s). The projected renewal and replacement program makes no allowance for borrowings to fund high priority items, but does include allowance for significant external grants where historic patterns are consistent.

The renewal summary shows a situation that results in changes to the infrastructure backlog. The initial trend in backlog is there are some years where backlog reduction is predicted and others where the backlog will increase. The situation is relatively stable until 2033 when increases are more common.

Asset type	Replacement Value	Operations & Maintenance	Renewals	Upgrade & New	Funding Shortfall	Renewal Backlog Year 1	Renewal Backlog Year 20
$ million:	At 30/6/24	1st 10 year average				2024	to 2043
$ million:							
Transport	1,377.0	9.8	26.6	7.5	13.4	100.4	160.5
Water	484.0	20.5	2.7	5.6	0.3	(3.0)	(26.8)
Sewer	421.0	12.8	3.0	2.0	(0.4)	(2.6)	8.9
Drainage	208.0	0.6	0.8	1.6	0.7	0.6	6.8
Recreation and Open Space	114.0	7.0	3.0	2.0	4.5	11.0	36.4
Buildings	297.0	8.5	5.3	3.1	5.0	8.4	123.9
Other	784.2					-	-
Total	**3,685.2**	**59.2**	**41.4**	**21.7**	**23.5**	**114.8**	**309.7**
Infrastructure Backlog Ratio						**4.0%**	**10.7%**

Table 3.4.2: Renewals

DRAFT

By 2042, the backlog is projected to be $309.7M in the absence of additional funding. The renewal funding gap over the period of this plan is $23.5M per year, however, there is an initial backlog of $114M and almost $37M occurring in the final 10 years of this review. The Infrastructure Backlog Ratio of 4.0% in 2024 is slightly higher than the 2022 Regional Councils benchmark of 3.8%.The renewal backlog for transport, buildings and recreation and open spaces has increased by 2043 as renewal is more than the budget assumptions.

DRAFT

4 Our Asset Management

4.1 Asset Management Vision

To ensure the long-term financial sustainability of the organisation, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle.

Our vision for Asset Management is to establish a strategic, systematic, and sustainable approach, guided by effective leadership and governance. Our Asset Management System is underpinned by quality people, processes, and systems. We are committed to delivering efficient and effective asset management to support the delivery of quality services to our community, while optimising the value of our assets through continuous improvement and innovation.

4.2 Asset Condition, Function and Capacity

Our State of the Assets Report monitors the performance of the assets under three community service indicators:

- condition/quality – how good is the service?
- function - does it meet users' needs?
- capacity/utilisation – is the service usage appropriate to capacity?

Currently only "condition" is monitored explicitly. There are opportunities to improve our understanding of asset community service indicators by also introducing measures for function and capacity.

Assessment of performance of assets under condition (quality), service indicators assign Condition 1 as indicative of assets that are early in their lifecycle. Assets progress through the condition scores until condition 5 which represents an unserviceable asset.

Condition 1 also includes assets (like bulk earthworks for roads) that do not deteriorate in the timeframes considered for these assets. These assets should not ever need renewal, though there may be some maintenance performed. Condition information included in the asset attribute register is replicated in the financial asset register. Alignment is required in some cases where they are incorrectly shown as Condition 1. This will be part of the refinement to reflect the current financial year budget and forecast.

4.3 Asset Management Indicators

The purpose of this Strategy is to develop strategic objectives to achieve the asset management objectives through balancing asset service performance, cost and risk.

The budgets for the first four years are determined by the most recently approved budget at the time of finalising this Strategy. When the asset useful life ends prior to 2024 an overdue renewal occurs, and the 2024 projection includes this unfunded renewals backlog, mainly in Transport assets, but also Buildings, and Recreation and Open Spaces, that is not covered by available internal funding and known external grants. In some cases, a decision not to renew may be due to a reassessment of useful life that is not reflected in the asset register. Work on residual lives and acquisition dates is ongoing to increase confidence in asset register data. Funding and capacity not available to address genuine backlog levels in 2024 effectively become a rolling backlog. This will be part of the refinement to reflect the current financial year budget and forecast.

The years to 2034 (10 year timeframe) indicate an annual shortfall between anticipated funding and projected costs in the order of $18M per year. This may in part be addressed by continued and expanded grant funding for related infrastructure, but also indicates that restraint is necessary. A significant contribution to that shortfall is the anticipated operation and maintenance costs of the growing asset portfolio.

DRAFT

The projections from 2034 to 2042 warrant review and investigation to increase confidence in those predictions, especially relating to asset renewals. The funding shortfall in this period is mainly in transport, recreation and open spaces and buildings. The individual Water infrastructure item currently forecast into 2038 is expansion of the Dubbo Water Treatment Plant and the timing of that will ultimately be dependent upon the actual timing of growth in potable water usage by the community. It is anticipated that this item would be budgeted from the Water fund at that time.

Growth in the asset portfolio drives increases in operating and maintenance costs. For some asset types (water and sewerage especially) it is anticipated that these costs would be offset by increased customer charges that would be reflected in an increased available budget. Noting that the expansion needs to be completed before such increased revenue becomes available, a conservative approach has been taken.

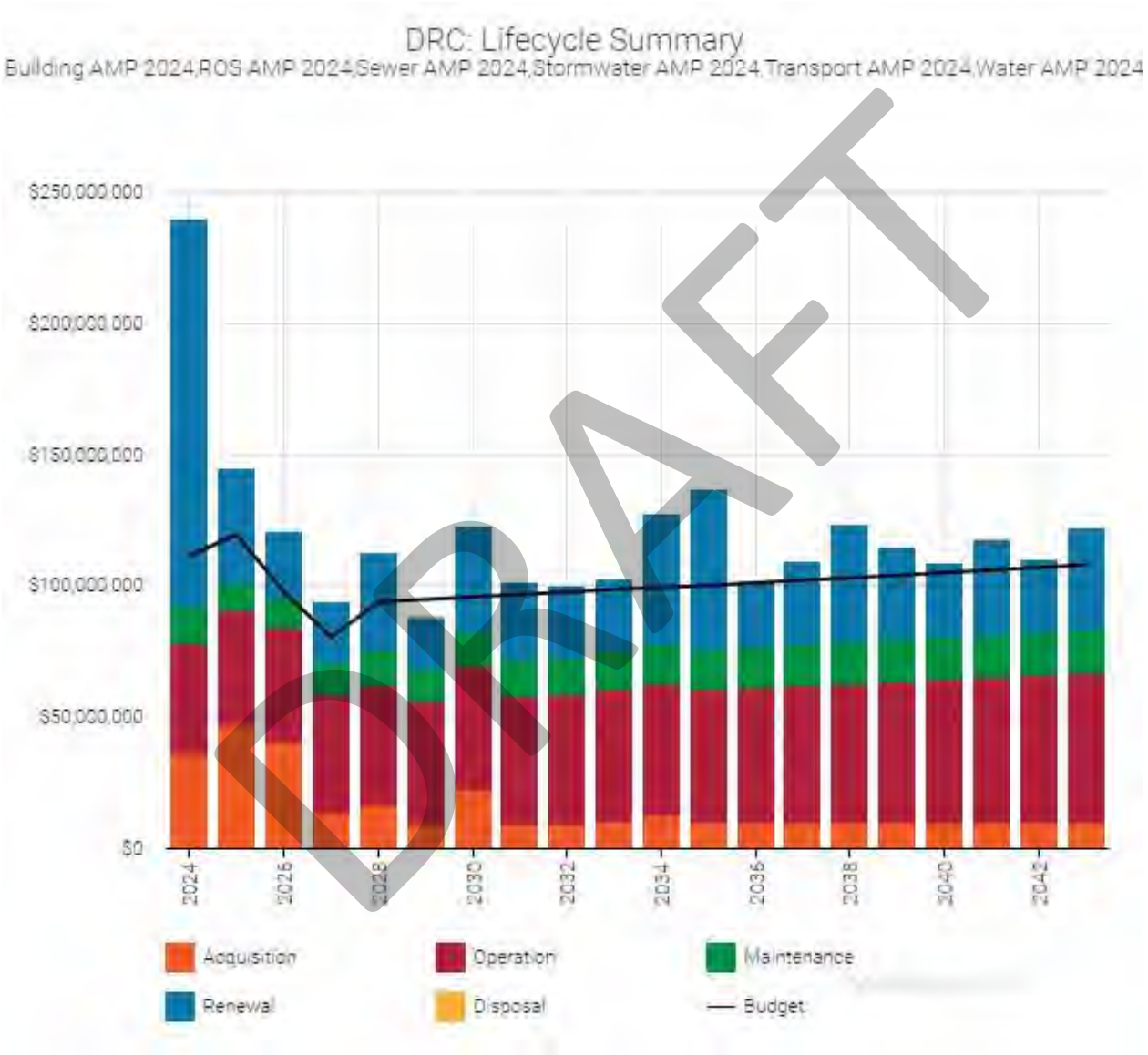


Figure 4.3: Projected Operating and Capital Expenditure

The graph above shows the results of balancing of service performance, risk and cost in the asset management plans and long-term financial plan to achieve an agreed and affordable position on service level and costs. This includes deferral of lower priority projects and initiatives for at least 10 years and identification and acceptance of the risks associated with the deferrals.

4.4 Levels of Service

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

Customer Levels of Service measure how the customer receives the service and whether the organisation is providing value.
Customer levels of service measures used in the asset management plan are:

Quality/condition	How good is the service?
Function	Does it meet users' needs?
Capacity/Utilisation	Is the service usage appropriate to capacity?

Our current and projected community levels of service for the services covered by this Strategy are shown in the AM Plans.

While we have some maturity in utilising quality/condition information where we utilise a graded scale, the other measures are basically measured on a two-point scale (adequate – inadequate)

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operation – the regular activities to provide services such as availability, cleansing, mowing, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset similar to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement) or to a lower service level,
- Acquisition – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Service managers plan, implement and control technical service levels to influence the customer service levels.[4]

Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

Our current and projected technical levels of service for the services covered by this Strategy are shown in the AM Plans and are summarised in this Strategy.

[4] IPWEA, 2011, IIMM, p 2.22

DRAFT

4.5 Useful Life

An asset's 'useful life' is the period from when it is constructed until it reaches its agreed intervention level. It is directly related to condition/ serviceability and impacts depreciation.

4.6 Demand

4.6.1 Demand Drivers

Drivers affecting demand include population change, changes in demographics, seasonal factors, climate change, vehicle ownership rates, consumer preferences and expectations, government decisions, technological changes, economic factors, agricultural practices, environmental awareness, etc.

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets.

Projection	Impact on services
Population increase	
Area population increases by 0.9% per annum	Increased utilisation of resources such as transport (traffic congestion), higher demand for potable water, increased utilisation of parkland, higher sewerage volumes.
	Growing demand for Council services relating to development approvals and planning support.
	Necessary growth of some infrastructure portfolios to support this growth, leading to increased assets to be maintained and operated with the associated costs.
	Increased income from fees and charges associated to higher service demand, especially for water and sewerage.
Climate variability	
Progressive temperature increases	Accelerated deterioration of temperature affected assets.
	Increased maintenance and operating costs for assets impacted by temperature such as sporting fields, playgrounds, parks and air conditioned buildings.
Increased rainfall variability	Potential increased severity of stormwater events impacting urban areas and the road networks.
Extended periods of heatwave conditions	Increased utilisation of air conditioned and other suitable public spaces for comfort and relief. E.g. libraries, swimming pools and riverfront locations.
	Staff working conditions adversely impacted. Additional relief methods to be implemented. Potentially need adaptable work practices.
Urban Density	
Increased urban density	Reduced rainfall absorption in urban areas, increasing stormwater runoff.
	Increased litter density impacting stormwater quality improvement initiatives and public spaces leading to increased maintenance/operation costs.
	Congestion in roadways, footpaths and similar areas.
Increased urban density with higher car ownership per household	Planning issues relating to urban development.
Water Availability	
Reduced water availability for prolonged periods. (drought)	Limitation on daily amounts available relative to community expectations.
Vehicle design	
Continued increase in heavy vehicle sizes	Expectation for transport infrastructure to accommodate larger and heavier vehicles (road strength) and clearance expectations (visibility distances and turning circles).
Larger passenger vehicles selected	Parking and lane size concerns, congestion in urban shopping precincts.

DRAFT

Increased proportion of electric vehicles (EVs) within and visiting region	Expectation of supporting infrastructure for EVs. Expectation of amenities relating to charging cycle times for drivers and passengers. Traffic management around those areas as utilisation becomes higher.
Sustainable Energy	
Solar and wind farms to become more established with localised infrastructure stress.	Development considerations relative to the scale/magnitude of those developments especially at initiation in a way that ensures "fairness" to those affected and the community as a whole.
Sustainable Energy hardware impacts relating to landscape "view".	Development considerations relating to location, orientation, scale and size of installed infrastructure. Council to behave as advocate on behalf of the community.
Recreation	
Increased passive participation	Increased utilisation of available open spaces. Potential expectation for increased amenities at those sites.
Increased active participation	Increased utilisation of sporting facilities with associated pressure on features of those sites.

Table 4.6.1: Demand Drivers, Projections and Impact on Services

4.6.2 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures[5]. Examples of non-asset solutions include providing joint services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified for demand management are as follows:

Service Impact	Demand Management Plan
Water Scarcity	Beneficial re-use of treated effluent in appropriate identified purposes, offsetting use of water sourced for potable use.
Water Scarcity	Additional extraction points to spread the impact on aquifers.
Increasing vehicle size and mass	Review and ongoing improvements to road construction and alignments aligned to renewal programs.
Urban area expansion expecting public spaces and amenities	Developer contributions of amenity features in these growth areas.
Population growth increasing utilisation of water, sewerage and waste services.	Cost recovery through user fees and charges should offset the increased operations and maintenance costs.
Increased rural activities impacting transport infrastructure	Traffic density and such will mostly impact state infrastructure, while OSOM traffic will continue to be monitored and controlled through active review of proposed loaded traffic.

Table 4.6.2: Demand Management Plan Summary

[5] IPWEA, 2015, IIMM, Sec 2.3.6, p 2|53.

DRAFT

4.7 Asset Inspections

Council completes inspections and maintenance across asset classes, with well-developed programs in the Open Space and recreation assets space. During these inspections, Council can proactively identify potential failures in asset performance and evaluate the need for preventive action. Inspections need to be programmed across all asset classes, with the frequency dependent on the asset type and criticality. On the ground findings do not appear to be regularly updated in the Asset Management System, or Council's Asset Management Information System.

4.8 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The lifecycle costs and expenditures averaged over the 10-year planning period will be part of the refinement to reflect the current financial year budget and forecast.

4.9 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the organisation from land development. These assets from growth are discussed in the Demand Section.

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in the respective asset management plans.

4.10 Risk Management Planning

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: 'coordinated activities to direct and control with regard to risk'[6].

An assessment of risks[7] associated with service delivery will identify critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock'. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluate the risks and develop a risk treatment plan for those risks that are deemed to be non-acceptable.

[6] ISO 31000:2009, p 2

[7] Dubbo Regional Council Risk Management Policy ED23/87380

DRAFT

Dubbo Regional Council has implemented an extensive risk management policy and methodology. Outcomes from those risk assessments represent the council assessment and response to those risks. Thus, the following is a brief description of some examples rather than an exhaustive review.

4.11 Opportunities

We have identified opportunities relevant to the services included in this Strategy including:

- Obtain additional grant funding, with a focus on Transport, to address backlog situation.
- Project anticipated income from additional users in Water and Sewerage infrastructure to update available budget.
- Invest in the completion of condition assessments to enhance asset knowledge and data, to enable enhanced planning.
- Collaborate with finance, engineers, and town planners to utilise lifecycle modelling, ensuing that assets are managed at the lowest lifecycle costs possible, while maintaining the level of service required.

4.12 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Examples if failure mode could include:

- Physical failure, collapse
- Essential service interruption

Critical assets have been identified and their typical failure mode and the impact on service.

Critical Asset(s)	Failure Mode	Impact
Bridges in Transport network	Collapse or load limitations	Need to divert traffic to alternate routes, reputational damage for council professionalism.
Water Treatment Plant	Processing failure – Pathogen in supplied water	Water treatment and supply interruption. Community health impacted, reputational damage, regulatory intervention.
Sewerage Network	Excessive leaks, blockage, electrical or chemical failure	Environmental contamination, reputational concerns, regulatory intervention.
Administration Buildings	Loss of Use	Service delivery/business disruption, financial and reputational loss.
Irrigation Systems.	Significant failure	Loss of services and increased cost of restoration.
Urban Drainage Network	Pipe collapse or blockage	Flooding, erosion, business and road disruption, reputational damage.

Table 4.12 Critical Assets

By identifying critical assets and failure modes an organization can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

DRAFT

5. Plan Improvement and Monitoring

5.1 Status of Asset Management Practices

Major changes to asset management practices identified in this plan are. Ongoing focus on the gaps identified in the Asset Management System Maturity Assessment (AMSMA) that was done in 2020 and the related improvement plan from that.

- Harmonisation of asset creation date in the financial and engineering systems.
- Investigation of elimination of "picket fence" impact of revaluation, creating an artificial grouping of asset RUL based on condition.
- Appropriate determination of asset "parts" to enable management of major assets.
- Data review for completeness. Being completed this year for water and sewerage networks.
- Increased performance on condition assessment for items identified in the later portion of this Strategy to confirm condition and thus actual need for renewal.

5.2 Improvement Plan

The asset management improvement tasks identified from an asset management maturity assessment and preparation of this Strategy. The table also includes relevant recommendations of local government audit office. Each improvement is referenced to the "Maturity Assessment Element" in the 2023 self-assessed Asset Maturity Assessment.

DRAFT

Task No	Maturity Assessment Element	Task/s
1	5.1 - Leadership and Commitment	- A comprehensive review and update of the Asset Management Policy are essential to ensure alignment with current organisational objectives and industry standards. The inclusion of a clear philosophy prioritising renewal first will provide a guiding principle for decision-making in asset management practices. - A thorough clarification and documentation of responsibilities within the AM framework are necessary to enhance accountability and streamline processes. - Council should Prioritise fostering cross-functional collaboration and integration within the organisation. This can be achieved through regular communication channels, interdepartmental workshops, and a holistic approach to aligning the SAMP and LTFP.
2	5.2 - Policy	- A comprehensive review and update of the Asset Management Policy are essential to ensure alignment with current organisational objectives and industry standards. The inclusion of a clear philosophy prioritising renewal first will provide a guiding principle for decision-making in asset management practices. - A thorough clarification and documentation of responsibilities within the AM framework are necessary to enhance accountability and streamline processes.
3	4.2 - Understanding the needs and expectations of stakeholders	- Develop and adopt a comprehensive set of criteria for asset management decision-making. These criteria should align with organisational objectives, community expectations, and industry best practices. Clearly define the factors that contribute to decision-making processes, ensuring transparency and accountability. Involve stakeholders in the development of criteria for decision-making. - Create a prioritisation model for both capital and operational investments. - Develop a criticality framework to support the prioritisation model, providing a systematic approach to resource allocation. Define the scale of criticality for assets, establishing a standardised method for measuring and prioritising their importance to the organisation and community. - Establish a robust framework for data management, recording, and reporting of both financial and non-financial information relevant to asset management. This framework should include protocols for data collection, storage, analysis, and reporting to enhance the Council's ability to make data-driven decisions.
4	6.2.1 - Asset management objectives	- Implement improved reporting mechanisms to provide transparent and comprehensive documentation of objective achievements within the asset management framework. This could involve regular assessments, key performance indicators (KPIs), and robust reporting protocols to enable effective monitoring and communication of progress.
5	4.1 - Understanding the organisation and its context	- Prioritise ongoing collaboration between asset management and organisational planning teams to continually ensure coherence between community aspirations and asset management goals. - Ensure periodic reviews and updates to the SAMP to adapt to evolving community needs and organisational priorities.

DRAFT

		- Emphasise stakeholder engagement to gather insights and feedback, fostering a more inclusive and informed decision-making process. Implementing clear communication channels will further enhance transparency, allowing stakeholders to understand the rationale behind asset management decisions and reinforcing a sense of shared responsibility in achieving the community's vision outlined in the "Towards 2040 Community Strategic Plan."
6	4.3 - Determining the scope of the asset management system	- Document internal and external issues related to Asset Management within the SAMP, reflecting the organisation's commitment to transparency and accountability. - Strengthen the identification and analysis of stakeholder needs and expectations. Develop and implement monitoring and reporting methods to assess satisfaction levels, providing a mechanism for continuous improvement in meeting stakeholder requirements.
7	6.1 - Actions to address risks and opportunities for the AM system	- Establish a systematic and cyclic program of condition assessments to inform proactive maintenance planning and minimize unforeseen failures. - Incorporate robust planning measures to accommodate growth in new developments, ensuring infrastructure keeps pace with increasing demands. - Integrate climate considerations into renewal planning processes to mitigate the impact of climate variability on asset deterioration. - Prioritise consistent and adequate staff resourcing to alleviate backlog concerns in asset renewal, maintenance, and management activities, ensuring the AMS operates efficiently. - Develop a comprehensive risk reporting & monitoring mechanism across the organisation, ensuring that risks are clearly understood, documented, and reported, accompanied by mitigation plans.
8	6.2.2 - Planning to achieve asset management objectives	- To address the identified implications, several recommendations are proposed. Firstly, enhance integration efforts by further aligning the AMS with Information Management/Technology. This can be achieved through collaboration between asset management and IT teams to ensure seamless integration and leverage technology for enhanced functionality. - Develop and implement a comprehensive process flow that highlights the planning process within the organisation. This flowchart should clearly outline the steps involved in asset management planning, fostering understanding and alignment across different departments. Regularly communicate and disseminate the process flow to ensure widespread awareness.

DRAFT

9	7.6.1 - Documented Information: General	- While progressing well in documenting legal and regulatory requirements, enhance efforts to achieve consistency across all aspects of AMS documentation.
10	8.1 - Operational planning and control	- Foster open communication within the team to ensure that everyone is aware of their responsibilities and how their tasks contribute to broader goals. Transparency promotes a shared understanding of the organisation's strategic direction. - Establish mechanisms for continuous performance monitoring against defined outcomes. Regular assessments provide insights into areas of improvement and allow for timely adjustments to enhance overall effectiveness. - Promote a culture of innovation and efficiency within the team. Encourage team members to identify ways to streamline processes, improve daily tasks, and contribute to overall productivity.
11	8.2 - Management of change	- Despite having an extensive risk management policy, it is crucial to embrace a culture of continuous improvement. Regularly review and update risk assessment methodologies, ensuring they remain aligned with the evolving operational landscape and industry best practices. - Encourage active engagement of stakeholders in the risk management process. Seek input from various departments, community representatives, and other relevant stakeholders to ensure a comprehensive and diverse perspective on potential risks and mitigation strategies. - Integrate risk management into the strategic planning process. Ensure that risk considerations are embedded in the formulation of organisational goals and objectives, creating a more cohesive and aligned approach to governance and risk mitigation.
12	9.1 - Monitoring, measurement, analysis and evaluation	- Conduct regular reviews to ensure that financial projections in the SAMP remain accurate and are consistently integrated into the Long-Term Financial Plan. - Foster collaboration between asset management teams and budgeting/business planning units to ensure ongoing alignment between overarching trends and specific program details. - Continuously monitor and adjust asset renewal strategies based on performance metrics, striving for a dynamic and adaptive approach to asset management.
13	4.4 - Asset management system	- Enhance the practical integration of Asset Management System interactions with other management systems within the Council. This can involve refining processes and communication channels to ensure consistency and alignment. - Clearly document the asset portfolio covered by the Asset Management System, providing a comprehensive overview of managed assets.
14	7.5 - Information Requirements	- Complete the integration of roles and responsibilities within the AM information system, ensuring clarity and accountability throughout the organisation.

DRAFT

		- Strengthen efforts to fully integrate AM processes, procedures, and activities within the information system to promote a comprehensive and standardised approach. - Accelerate the determination of attribute and quality requirements for identified information, specifying when and how information is collected, analysed, and evaluated. - Address the challenges in system integration, particularly with multiple maintenance management systems, to ensure consistency and traceability between financial and non-financial data, meeting legal, regulatory, and stakeholder requirements.
15	7.1 - Resources	- Conduct a comprehensive capability and capacity assessment. The assessment should involve collaboration with team members, leveraging their insights, and may include external expertise for a holistic evaluation. Based on the assessment findings, targeted training programs, skill development initiatives, or organisational restructuring can be implemented to enhance the team's overall capabilities and ensure alignment with the organisation's asset management objectives.
16	7.2 - Competence	- Conduct a comprehensive capability and capacity assessment. The assessment should involve collaboration with team members, leveraging their insights, and may include external expertise for a holistic evaluation. Based on the assessment findings, targeted training programs, skill development initiatives, or organisational restructuring can be implemented to enhance the team's overall capabilities and ensure alignment with the organisation's asset management objectives. Incorporating training initiatives into the policy is recommended to enhance staff expertise, promote best practices, and elevate the overall maturity of asset management processes.
17	7.3 - Awareness	- Implement comprehensive training programs and communication initiatives to enhance the organisation's understanding of individual contributions to the AM system. This includes clarifying roles, responsibilities, and the overall impact of each team member on the effectiveness of the system. - Establish feedback mechanisms to encourage continuous improvement in communication and awareness initiatives. Regularly assess the effectiveness of training programs and adjust them based on employee feedback to ensure ongoing relevance and engagement.
18	5.3 - Organisational roles, responsibilities and authorities	- A thorough clarification of responsibilities across the organisation is essential. This can be achieved through comprehensive documentation, communication, and training to ensure a clear understanding of roles and accountabilities. - Council should adopt a whole-of-Council approach in developing and implementing the AMS to support the SAMP, fostering collaboration and ensuring a unified strategy. - Council should prioritise extending the coverage of Asset Management Plans to include all assets, ensuring a comprehensive and systematic approach to asset management under the overarching SAMP. - To enhance reporting on AMS performance, there should be dedicated efforts to establish clear performance metrics, regular reporting mechanisms, and increased support from management to ensure the system's effectiveness is continually monitored and optimised.

DRAFT

19	7.4 - Communication	- Initiate the development of a comprehensive communication plan within the Strategic Asset Management Plan (SAMP). Define what information will be communicated, when, with whom, and the preferred communication methods. Assign responsibilities for plan development to ensure accountability. Involve key stakeholders in the development process of the communication plan.
20	7.6.2 - Documented Information: Creating and updating	- Implement protocols to enhance documentation identification. This includes clearly specifying titles, dates, authors, and reference numbers for each document. Establish standardised naming conventions and metadata practices to facilitate efficient document management. Introduce version control mechanisms to track changes and updates. - Strengthen the review and approval processes associated with the SAMP. Clearly define the steps involved, roles and responsibilities, and timelines for review cycles. Ensure that relevant stakeholders are engaged in the process, providing diverse perspectives for a more comprehensive evaluation.
21	7.6.3 - Documented Information: Control of documented information	- Develop and implement clear protocols for identifying and controlling externally created documented information. Establish procedures to verify the reliability and relevance of external data integrated into the AMS to ensure data accuracy and integrity. - Conduct ongoing training sessions for staff involved in information control processes. This ensures that all team members are familiar with established protocols and consistently adhere to best practices for document management.
22	8.3 - Outsourcing	- Continue refining the risk assessment process for outsourcing by staying informed about industry trends and emerging risks. Regularly update risk assessment methodologies to ensure they remain robust and aligned with organisational objectives. - Periodically review the determination of outsourced processes and activities, responsibilities, and authorities. This ensures that these aspects are aligned with evolving organisational strategies and goals. - Explore the use of technology and automated tools for more efficient monitoring of outsourced activities' performance. Implementing technology can streamline the monitoring process and provide real-time insights.
23	9.2 - Internal audit	- Develop and document clear protocols for conducting internal audits of the AMS at planned intervals. Specify the scope, frequency, and methodology of internal audits to ensure comprehensive coverage. - Implement a regular and planned schedule for internal audits, considering the complexity and criticality of asset management processes. This ensures consistent monitoring and evaluation of the AMS's adherence to established standards. - Periodically review the AMS to assess its conformance not only with ISO 55001 but also with evolving organisational requirements. Adjust internal audit protocols as needed to align with any updates or changes in standards.
24	9.3 - Management review	- Strengthen the documentation of decision outputs from management reviews, especially those related to continual improvement opportunities and changes to the AMS. Clearly outline action plans, responsibilities, and timelines to facilitate effective implementation of decisions.

DRAFT

		- Conduct regular training sessions to increase awareness among top management and stakeholders involved in the management review process. Ensure a comprehensive understanding of the importance of each aspect covered in the reviews and the impact on overall AMS effectiveness. - Periodically review the protocols and methodologies used for management reviews. Ensure that they remain relevant, comprehensive, and aligned with the organisation's evolving goals, industry standards, and regulatory requirements.
25	10.1 - Nonconformity and corrective action	- Establish a formalised process for systematically reviewing the effectiveness of corrective actions taken in response to nonconformities or incidents. Ensure that the review process includes an assessment of whether the root causes have been adequately addressed. - Integrate lessons learned from nonconformities or incidents into broader organisational training programs. This promotes a culture of continuous improvement and helps prevent similar issues by enhancing staff awareness and skills.

Table 5.2: Improvement Plan

DRAFT

DRAFT

Cnr Church and Darling streets, Dubbo
Cnr Nanima Crescent and Warne Street, Wellington

Ph: (02) 6801 4000
dubbo.nsw.gov.au

DUBBO
REGIONAL
COUNCIL