

Exhibition Draft

Resourcing Strategy

ABOUT THIS RESOURCING STRATEGY

The Dungog Shire Council Community Strategic Plan 2035 (CSP) provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources (i.e. positive cash flow, functional assets and skilled and available personnel) to actually carry them out. The Resourcing Strategy is a critical link when it comes to translating objectives of the CSP into actions.

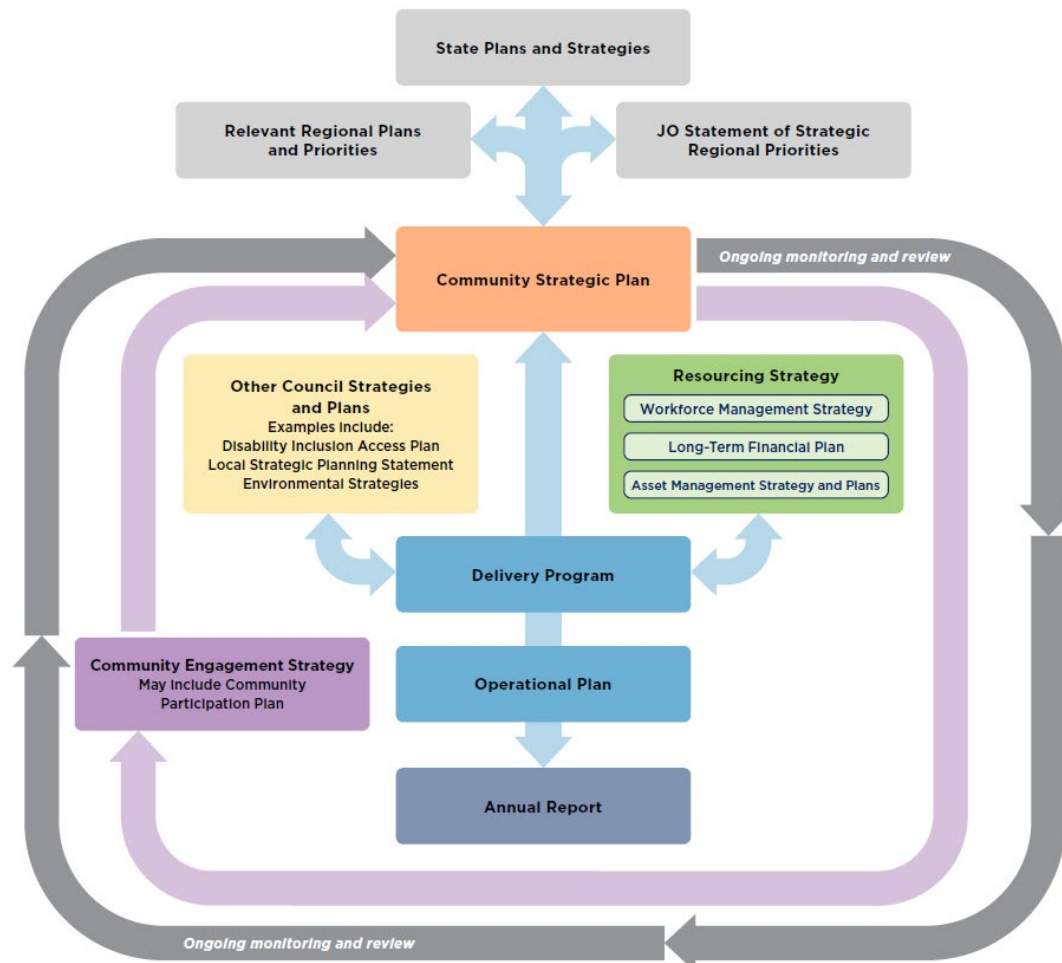
This Resourcing Strategy has been prepared in accordance with the requirements of the *NSW Local Government Act 1993* and the Integrated Planning and Reporting framework.

The Strategy considers the resources that Council needs in order to work towards its areas of responsibility in the CSP and consists of three elements:

- Asset Management Planning
- Long Term Financial Planning
- Workforce Management Planning

This Resourcing Strategy is a ten (10) year rolling forecast that will be updated annually as part of the development of Council's Delivery Program and Operational Plan. It will be reviewed in detail as part of the four yearly review of the CSP.

The Resourcing Strategy supporting the Delivery Plan is informed by Council's Asset Management Planning (AMP), Workforce Management Plan (WMP) and Long Term Financial Plan (LTFP) which are intrinsically linked to the Community Strategic Plan.



The Resourcing Strategy

Asset Management Planning

Council's infrastructure assets include assets such as roads, bridges, stormwater drainage, footpaths, buildings, sporting fields and playgrounds, recreation facilities, parks and reserves. Non-infrastructure assets include land, motor vehicles, plant and equipment, office furniture, office equipment, art works and library books. These assets enable Council to provide residents, businesses and visitors with a wide range of goods and services aimed at meeting their social, economic, environmental and recreational needs.

Asset Management Planning (AMP) is intended to establish the framework, strategies and processes required to improve the management of assets to enable Council to deliver upon the corporate goals and strategies and achieve the outcomes set in the CSP. Council's AMP will provide extensive benefits relating to governance, public accountability, risk management, service delivery, community satisfaction and financial efficiency in the short, medium and long term.

Workforce Management Planning

The Workforce Management Plan will assist Council to plan for the future by anticipating and managing change in our workforce to deliver the outcomes of Council's Delivery Program. It provides a framework for making decisions that align with meeting the strategic goals of the community and it identifies how future council staffing and skill needs will be met.

Long Term Financial Planning

The Long Term Financial Plan (LTFP) is the point where long term community aspirations and goals outlined within the CSP are tested against financial realities. The LTFP provides a dynamic framework, in which Council maintains financial sustainability in the delivery of its core functions and assists in measuring the performance of implementing objectives within the CSP.

The LTFP contains a set of financial projections and assumptions covering a period of ten (10) years.

ASSET MANAGEMENT PLAN

Asset Strategy

INTRODUCTION

Dungog Shire Council continues to face increasing demand for services in an environment of reduced funding, ageing infrastructure, increasing maintenance costs and an expanding new assets. Dungog Shire Council has over \$0.648 billion invested in infrastructure assets as at 30 June 2025.

It is essential that Council as the responsible authority for the community's public assets has a clearly defined direction, with appropriate standards and procedures, for the management of infrastructure assets.

A well-structured asset management process ensures Council is in the best position to achieve the objectives of Dungog's community strategic plan.

The asset management strategy covers four key areas:

- Asset management framework
- Current situation
- Where do we want to be?
- How will we get there?
- Monitoring and review

The strategy:

- Is formulated within the framework of the Asset Management Policy 2024 adopted by Council.
- Analyses the current external and internal context of the asset management framework and assesses its implications for Council's asset management
- Endeavors to foresee the future asset management systems and resources necessary to deliver the asset planning related objectives of community strategic plan, over the planning horizon of 10 years
- identifies the actions required to close the gap, as the basis for the strategy formulation
- develops monitoring mechanisms for measurement and continuous performance improvement of the asset management strategy
- Improves the overall asset management capabilities of the Council.

ASSETS COVERED BY THIS STRATEGY

This Asset Management Strategy includes all Councils infrastructure assets, typically

- Roads
- Pathways
- Stormwater assets
- Bridges and major culverts
- Buildings
- Aquatic Facilities
- Recreational and open space assets
- Works Depot

It does not include:

- Land
- Plant & Equipment
- Waste Management Centre

These assets are managed under separate specific plans.

Plant & Equipment is covered by Councils adopted 15 year plant replacement program

Waste Depot is managed under Councils Waste Management Strategy and relevant State Government legislation.

LEGISLATIVE REQUIREMENTS

Asset infrastructure management is a core function for all local government authorities with responsibilities enforced by legislation.

The NSW *Local Government Act 1993* (the Act) Section 403 Resourcing Strategy stipulates the following:

- (1) A Council must have a long-term strategy (called its “resourcing strategy”) for the provision of the resources required to implement the strategies established by the community strategic plan that the Council is responsible for.
- (2) The resourcing strategy is to include long-term financial planning, workforce management planning, and asset management planning.

Councils are required to comply with the Integrated Planning and Reporting Guidelines. The guidelines state in part that:

- Each Council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program
- The Asset Management Strategy must include a Council endorsed Asset Management Policy.

Section 8 of the Act sets the principles that are to guide a Council in the carrying out of its functions. This chapter specifically addresses asset management by stating in part that a Council should:

- Plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community
- Consider the long term and cumulative effects of actions on future generations
- Manage lands and other assets so that current and future local community needs can be met in an affordable way

The state of Councils infrastructure assets is formally summarised in compliance to the Australian Accounting Standard B116. This reporting mechanism provides an insight into what the Council is responsible for and what the current situation is in the way of infrastructure.

This accounting standard sets out the financial reporting method and requirements for Councils across the State and is used in Council's Annual Report. Simply, it shows the present day cost to replace the asset type (replacement cost or brand new cost) and the value of the assets based on its remaining life (written down value). It is calculated each year and takes into account the annual capital expenditure and the aging on each of the asset groups.

The utilisation of a condition based asset management system puts council in the fortunate position of having a system that utilises a regular maintenance inspection regime, enabling a reasonably accurate snapshot of the state of the Councils assets at any given time.

Council's Strategic Asset Management Framework is built on this knowledge.

STRATEGIC ASSET MANAGEMENT FRAMEWORK

Infrastructure asset management planning starts with the Councils community strategic plan. How Councils asset management activities fit within and support Dungog is demonstrated by its asset management policy and strategy framework, asset management plans and operational plans as shown in the diagram.



COMMUNITY STRATEGIC PLAN DUNGOG

Dungog's Community Strategic Plan are the longer term goals for our community. This guides the preparation of Councils Resourcing Strategy, Delivery Program and annual Operation Plan, which supports the developed of more detailed strategies and plans for the delivery of specific services.

Dungog is presented in five overarching themes. Within each theme are statements on what our community would like for our Shire over the next 10 years and how we will get there. The plan includes a list of those groups that can help deliver each theme, as well as how we will know we are on track, and how we will measure this.

The community strategic plan 'Dungog' establishes 19 high level outcomes the community would like to see realised in the next decade. Each of these outcomes is accompanied by a number of high level strategies to which Council and a range of other partners can contribute to realising. In developing its response to 'Dungog' and formulating our Delivery Program and Resourcing Strategy, including this Asset Management Strategy, Council has considered the community's aspirations.

ASSET MANAGEMENT POLICY

Council's Asset Management Policy was adopted 2024. There are no significant changes to the adopted 2018 policy. This policy sets the broad framework and direction for undertaking asset management. It translates Councils broad strategic outcomes into a policy framework for the preparation of the asset management strategy and associated objectives, targets, and plans. The policy outlines why and how asset management will be undertaken and defines key principles that underpin asset management for the Council.

The Asset Management Policy 2024 contains information on the organisational context and importance of asset management. The importance of asset management policies underpinning strategic goals and informed decision making are emphasised. It addresses areas such as sustainability, service delivery, asset life cycle, responsibilities, and relationships.

The policy applies to all physical assets owned or controlled by Council, assets which are critical to Council's service delivery, and assets which are incorporated in the Community Strategic Plan and Delivery Program.

ASSET MANAGEMENT POLICY OBJECTIVES

The objective of this policy is to articulate Council's commitment to the responsible management of Council assets. It sets the direction and framework for the management of Council's assets providing clear asset management objectives that will:

- Integrate asset management with Council's strategic planning
- Ensure there is an integrated and multi-disciplinary approach to asset management
- Enable the preparation of Council's asset management strategy and plans
- Confirm and reinforce that sound asset management is fundamental to Council's overall service delivery and resource planning
- Ensure that Councils services and infrastructure are provided in a sustainable manner with the appropriate levels of service to residents, visitors, and the environment
- Enable the development of long-term financial strategies to ensure the acquisition, maintenance, and disposal of assets is sustainable
- Ensure that the community's priorities and vision are an integral part of the asset management planning process
- Create an environment where all Council employees have an integral role in the overall management of Council's assets by creating and sustaining Asset Management awareness throughout the Council
- Maximise value for money spent through a 'whole of life cost' approach to asset management together with integrated performance measurement and improvement of asset management practices.

POLICY STATEMENT

The management of Council assets is a key function of Council. Assets are vital in the provision of a range of services for the community in areas like recreation and leisure, planning and development, roads and transport, waste management, culture and education, and environmental management. The successful delivery of these services relies on providing and managing a broad range of assets.

In order to realise this, Council is committed to the following principles:

- The Asset Management Strategy and planning will align with the vision and objectives of the Community Strategic Plan Dungog.
- Asset planning will recognise and reflect the infrastructure needs of our growing community.
- Strategic asset management underpins the delivery of the priorities, aspirations, and desired outcomes identified in the Community Strategic Plan Dungog.
- Active community engagement will be sought as a part of performance measurement of service delivery and establishment of new service levels.
- That a strategic and systematic approach to asset management that embraces industry standards and best practice will be applied throughout Council.
- Asset management planning will be integrated with other Council policies, strategies, and procedures.
- Asset Management Strategy and Asset Management Plans will be prepared to support the Community Strategic Plan and Delivery Program.

CURRENT SITUATION ANALYSIS

Dungog has continued to experience solid population growth rates. Growth rates of around 2% per year over the last 10 years are one of the highest of all NSW local government areas.

With the historic underspend on asset renewal caused by factors such as rate pegging, the Shire’s previous asset management strategy identified the need to significantly boost funding for infrastructure and subsequently a rate increase was applied for and approved by IPART in 2019.

The success in obtaining this significant funding increase was due to a clear picture of Councils asset position. Council’s realistic view to asset management has been to improve incrementally over time, the asset management systems and processes to a level appropriate to the needs of the organisation and the community.

Council is in a position where the knowledge of its infrastructure assets is such that the long-term implications of asset management decisions can be understood with a good level of certainty. Currently Council has a combination of basic and sophisticated asset management systems in place that meet legislative and accounting requirements and has a good platform to improve the knowledgebase as work processes are incorporated in those systems.

ASSET CONDITION

EXISTING ASSET SUMMARY

Council currently has \$0.648 billion assets under its control. Baseline condition assessments for all Councils asset classes have been completed and data sets and management plans prepared. A summary of Councils current position with respect to asset management in the key asset areas is provided in the tables below.

SUMMARY OF ASSET CONDITION REPRESENTED IN DOLLAR VALUE AT 30 JUNE 2025

Asset Class	Asset Category	Estimate cost to bring to a satisfactory standard	Estimated cost to bring to an agreed level of service set by Council	2023/24 Required Maintenance	2023/24 Actual Maintenance	Carrying value	Gross Replacement Cost(GRC)	Assets in Condition as a % of GRC				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	1	2	3	4	5
Buildings	Buildings	\$2,782	\$13,448	\$2,319	\$315	\$18,616	\$46,374	7%	14%	50%	23%	6%
Other Structures	Other Structures	\$176	\$428	\$33	\$59	\$1,022	\$2,194	13%	21%	35%	23%	8%
Roads												
	Sealed Roads	\$43,221	\$55,934	\$2,542	\$2,050	\$159,580	\$254,244	37.0%	24.0%	12.0%	10.0%	17.0%
	Unsealed Roads	\$1,032	\$2,065	\$206	\$310	\$13,307	\$20,647	2.0%	12.0%	76.0%	7.0%	3.0%
	Bridges	\$2,250	\$3,375	\$71	\$69	\$83,141	\$112,506	35.0%	14.0%	48.0%	1.0%	2.0%
	Footpaths	\$413	\$759	\$33	\$31	\$1,799	\$3,300	1.0%	39.0%	37.0%	20.0%	3.0%
	Bulk Earthworks	-	-	-	-	\$196,768	\$196,768	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub total	\$46,916	\$62,133	\$2,853	\$2,460	\$454,596	\$587,465	56.3%	13.7%	17.3%	4.9%	7.9%
Stormwater Drainage	Urban	\$971,760	\$2,915,280	\$242,940	\$83	\$35,716	\$48,588	33%	16%	12%	33%	6%
Open Space / recreational Assets												
	Swimming pools	\$301	\$904	\$45	\$55	\$416	\$3,013	0%	40%	0%	60%	0%
	Other Open Space / recreational Assest	\$390	\$1,950	\$244	\$380	\$4,172	\$9,749	0%	40%	20%	40%	0%
	Sub Total	\$691	\$2,854	\$289	\$435	\$4,588	\$12,762	0%	40%	10%	50%	0%
	TOTAL	\$48,582	\$67,915	\$3,387	\$3,352	\$494,919	\$648,864					

SUMMARY OF CONDITION RATING AT 30 JUNE 2025

Asset Class	Includes Assets such as:	Average Condition (1- Excellent to 5 – Very Poor)
Roads	Sealed roads, unsealed roads, footpaths and cycle ways, kerb and gutter, roadside furniture, signage, lines	3.2 – Below Average (roads) 3 – Average (inventory)
Drainage	Pipes, culverts, headwalls, pits, GPTs, detention basins, water quality ponds	3 – Average
Bridges	Timber, concrete, steel, culverts over 6m span	2..2 – Above Average
Buildings	Art gallery, libraries, grandstands, public toilets, halls, Council Works Depot, community buildings, district buildings, waste depot	3 – Average
Aquatic Facilities	Pools and associated buildings	3 – Average
Recreation	Parks, open spaces, recreational facilities, skate parks, sporting facilities, play equipment	3 – Average

The above tables tell us that:

- 1. Council has accumulated many assets
- 2. They represent significant community investment over a long time
- 3. Council has deferred liability (Back Log) in the order of \$48.6 million
- 4. Over the long term this position is not desirable if the current levels of service are to be maintained or improved.

COUNCIL & COMMUNITY'S CURRENT AND FUTURE NEEDS

There are a number of external factors that shape the environment in which Council is operating. External analysis is performed across three dimensions:

- Growth and changing demographics
- Legislative landscape
- Community expectations.

GROWTH AND CHANGING DEMOGRAPHICS

Dungog Shire Council is faced with an ever increasing demand for services. Dungog has continued to population growth rates over 1%T.The population of the Shire is expected to reach over 11,000 in 2030. The 2024 census states that Dungog had a population of 9.905.

LEGISLATIVE LANDSCAPE

Under the current legislative environment, there is increased emphasis that local governments recognise and equitably recover the costs of owning and operating infrastructure over the life of assets, for capital works as well as maintenance programs. Furthermore, there are a significant number of assets and services that have been transferred from other levels of government and the public sector to the local government sector. Further to this, there is potential change in the *Local Government Act 1993* and the way development contributions are levied. Council continues to monitor the external factors that influence the management of assets.

COMMUNITY EXPECTATIONS

The community expectations are clearly demonstrated in Dungog 10+, community strategic plan, with the road asset being the highest concern. These aspirations spell out increased expectation in levels of service resulting in augmenting the current condition of assets and creation of new assets across various asset categories. Further, failure to deliver these expectations negatively impacts upon the image of Council and may result in adverse financial implications in some instances.

Council has a reactive component of asset management, where asset information is received from the community. This community input assists the inspections undertaken by asset and operational staff.

INTERNAL ANALYSIS

This involves obtaining a clear picture of Council's asset position and the resources necessary to maintain current levels of service and manage risk. It summarises the inventory of Council's current asset management practices, across four broad but interrelated elements:

- Asset information
- Resources required for asset management
- Levels of service analysis
- Risk and hierarchy analysis
- Procedures and processes

This proactive asset management includes cyclic and periodical maintenance of asset items. This is detailed in the Asset Management Plans for each asset class.

Council's management of assets, capital works programs, maintenance activities and operations are in line with the community strategic plan, the delivery program and Dungog . There is room for improvement to ensure that the whole-of-life cycle analysis and levels of service are fully integrated. Whole-of-life costs are considered in the planning and design process. Given appropriate levels of funding, treatments are less likely to be undertaken as stop gap measures and therefore minimising whole-of-life costs.

The current approach to asset management is appropriate in an environment of reduced funding, ageing infrastructure, increasing maintenance costs and an expanding new assets base. With its commitment to improvement through a structured approach, Council has moved towards a wholly advanced asset management system by implementing the recommendations of this strategy.

FUNDING APPROPRIATE & AFFORDABLE

FINANCIAL ANALYSIS

To confirm the state of the Councils financial position and to guide future planning Council has developed several iterations of a Ten Year Financial Planning Model for asset renewals. This model specifically links the Asset Management Strategy and supporting asset management plans along with the adopted Section 7 Plans.

The recent model has higher predicted annual costs than the previous model. In other words, there is a difference between the previous long term financial plan predictions for expenditure and the current predictions. The difference is based on updated knowledge relating to:

- Baseline jump in asset portfolio
- Service level increases
- Safety and risk requirements
- Environmental requirements
- Improved best practice

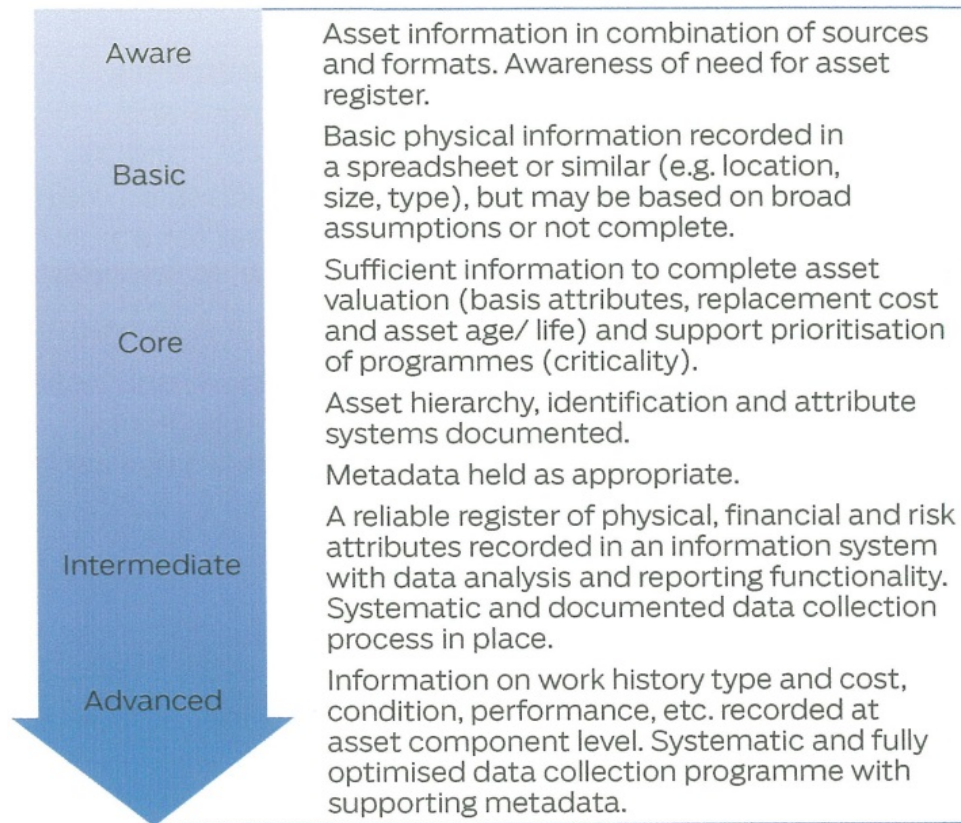
The figures are index factor to cover the average construction cost increase and a factor for growth. This presents the realistic situation and therefore a true sense of the funding levels required to be sustainable.

SHIREWIDE DEVELOPER CONTRIBUTION PLAN

These plans are designed to attract equitable contribution to the Shire's infrastructure impacted by development and growth. These Plans also places significant asset funding obligations on Council and has been a key consideration in the development of the asset management strategy. Section 7 funds and projects are a direct result of growth in the Shire. The consequence is an expanded network of infrastructure and accordingly is a fundamental consideration in Councils asset management planning. While sections 7 funding is welcomed it should be acknowledged that these funds are limited.

COUNCILS ASSET MANAGEMENT PROCEDURES & SYSTEMS

I Council's approach to asset management has been to initially develop basic asset management plans and through a process of continuous review and improvement, upgrade the plans to meet the changing needs of the organisation and our community. In order to implement asset management effectively, it is appropriate to produce asset management plans and recognise the deficiencies these plans have over time. From here the necessary activities to enhance the plans can be undertaken in either a top down or a bottom up approach.



ASSET MANAGEMENT PLANS

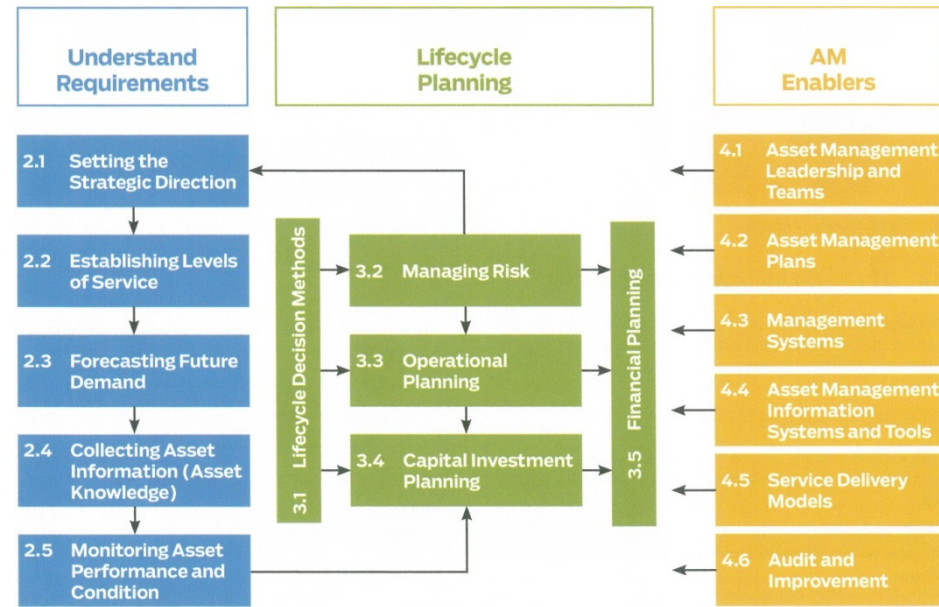
Council is in a position where the knowledge of its infrastructure assets is such that the long-term implications of asset management decisions can be understood with an acceptable degree of certainty. Council has completed its core asset management planning for each category. Advanced asset management for some asset categories is well under way, especially for the major asset categories e.g. road pavement.(New Pavement Management System)

Council uses the IPWEA NAMS PLUS format for its Asset Management Plans. The key elements of the NAMS PLUS format are:

- Levels of service
- Future demand
- Life cycle management
- Financial summary
- Asset management practices
- Monitoring
- Asset management improvement plan.

Asset Management Plans have been prepared and reviewed for:

- Roads
- Stormwater
- Bridges
- Buildings
- Aquatic facilities
- Recreation and open space.



The following information is included in these plans:

- Description of the asset, both physically and financially
- Description of the objective/purpose of the asset
- Definition of service levels
- Description of future demand requirements
- Assessment of associated risks
- Assessment of the lifecycle costs and implications of the asset
- Recognition of the need for increased resources for asset management
- Outline of an improvement program
- Identification of performance measures of asset management
- Regular review and update mechanisms

The following asset information is available.

SUMMARY OF AVAILABLE INFORMATION IN ASSET MANAGEMENT PLANS:

Item in Asset Management Plan	Asset Category					
	Roads	Drainage	Bridges	Buildings	Pools	Recreation
A condition assessment	✓	✓	✓	✓	✓	✓
Initial estimates of the cost to bring assets to a satisfactory standard	✓	✓	✓	✓	✓	✓
A program for further assessments and studies to refine cost estimates	✓	✓	✓	✓	✓	✓
Minimum levels of service from assets and a rationale for those service levels	✓	✓	✓	✓	✓	✓
Current Asset Valuation	✓	✓	✓	✓	✓	✓
Risk management and critical assets - hierarchy categories	✓	✓	✓	✓	✓	✓

INTERNAL ANALYSIS

This involves obtaining a clear picture of Council's asset position and the resources necessary to maintain current levels of service and manage risk. It summarises the inventory of Council's current asset management practices, across four broad but interrelated elements:

- Asset information
- Resources required for asset management
- Levels of service analysis
- Risk and hierarchy analysis
- Procedures and processes

This proactive asset management includes cyclic and periodical maintenance of asset items. This is detailed in the Asset Management Plans for each asset class.

Council's management of assets, capital works programs, maintenance activities and operations are in line with the community strategic plan, the delivery program and Dungog . There is room for improvement to ensure that the whole-of-life cycle analysis and levels of service are fully integrated. Whole-of-life costs are considered in the planning and design process. Given appropriate levels of funding, treatments are less likely to be undertaken as stop gap measures and therefore minimising whole-of-life costs.

The current approach to asset management is appropriate in an environment of reduced funding, ageing infrastructure, increasing maintenance costs and an expanding new assets base. With its commitment to improvement through a structured approach, Council has moved towards a wholly advanced asset management system by implementing the recommendations of this strategy.

WHERE DO WE WANT TO BE

ALIGNMENT WITH COMMUNITY STRATEGIC PLAN

ASSET STRATEGY & DUNGOG

Dungog is the long term plan for our community developed by our community. This plan guides the preparation of Councils Resourcing Strategy, Delivery Program and annual Operation Plan, which supports the developed of more detailed strategies and plans for the delivery of specific services.

Dungog is presented in five overarching themes. Within each theme are statements on what our community would like for our Shire over the next 10 years and how we will get there. The plan includes a list of those groups that can help deliver each theme, as well as how we will know we are on track, and how we will measure this.

The community strategic plan establishes high level outcomes the community would like to see realised in the next decade. Each of these outcomes is accompanied by a number of high level strategies to which Council and a range of other partners can contribute to realising.

In developing its response to the community plan and formulating our Delivery Program and Resourcing Strategy, including this Asset Management Strategy, Council has considered the community's aspirations. The links between our asset management-related objectives, and the community's goals, can be seen below.

Primary	Primary Hierarchy Link 2	Primary Hierarchy Link 3	Program Activities	Actions - Current	Performance Measures	Previous and Continuous Actions
1: Our Community	1.1: That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage.	1.1.7: Enhance resident capacity to prepare for and withstand the effects of natural disasters and rapid onset events within the Shire.	Community preparedness.	Engage with the community for disaster preparedness and resilience.	Engagement opportunities provided. Target: Actual: Ongoing Notes:	Two engagement workshops were held – one Community Resilience Network at Paterson/Gresford District, and another Preparedness Workshop at Clarence Town with the Section 355 Committee.
1: Our Community	1.1: That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage.	1.1.7: Enhance resident capacity to prepare for and withstand the effects of natural disasters and rapid onset events within the Shire.	Securing funding for Community Emergency Preparedness.	Seek external funding from State & Federal governments to assist with resident capacity to prepare for and withstand the effects of natural disasters.	Funding applications made where funding is available. Target: Actual: 1 EIO lodged Notes:	Expression of interest lodged to seek funding for new position to undertake make Dungog's community & infrastructure Disaster Ready.

1: Our Community	1.1: That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage.	1.1.9: Ensure that there are locally available services and facilities to cater for people of all ages.	Management of Council Owned Facilities.	Regular inspections of Council owned and managed facilities and development of improvement plans where required.	# of facility inspections undertaken by Council staff. Capital improvement plans developed as required. Target: Actual: Annual Fire inspections now in operation Notes:	Annual Fire inspections undertaken permanently programmed. Building inspection have been undertaken, currently awaiting final reports.
1: Our Community	1.1: That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage.	1.1.9: Ensure that there are locally available services and facilities to cater for people of all ages.	Provision of Cemetery Services.	Maintenance of seven cemetery sites.	# of burials Maintenance schedule Implemented including mowing each cemetery a minimum of 8 times per year. Target: Actual: Notes:	Cemetery maintenance schedule achieved.
2: Our Environment and Planning	2.2: That growth is achieved through a balanced mix of development which acknowledges our unique scenic qualities, rural amenity and country lifestyle.	2.2.4: Ensure the heritage and streetscapes of our villages are preserved and enhanced.	Town Revitalisation	Work towards beautification of local towns and villages and fostering sense of community pride. Actively seek relevant grants.	Works undertaken that improve the amenity of towns and villages by Council or community organisations. Target: Actual: Notes:	Regular maintenance is undertaken as per Council's programme, plus capital projects undertaken at some towns and villages to improve the amenity.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.1: Improve the safety and functionality of our road network.	Council Advocacy.	Work with State and Federal Governments for the appropriate allocation of funding for local road improvements and maintenance. Work with the State Government on the process of road re-classification.	Appropriate levels of funds and relevant grants secured for road upgrades. Target: Actual: Ongoing Notes:	Council continues to advocate for the Shire to gain access to additional funding and grant funding for local infrastructure.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.1: Improve the safety and functionality of our road network.	Road Asset Management Policy and Plans.	Review and update Council's Road Asset Management Strategy and Plans to prepare for review of Resourcing Strategy in time for IPR cycle for the next election and review of the CSP.	Road Asset revaluation completed AMP Review complete and reported to Council by 31 December 2024 Target: Actual: Notes:	Road Asset valuations undertaken. Asset Management Improvement Plan being implemented. Council's Asset Management policy has been reviewed, amended and endorsed.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.1: Improve the safety and functionality of our road network.	Funding.	Continue to submit bids for funding through State and Federal Grants for the road network.	Bids are submitted where available. Target: Actual: Ongoing Notes:	Management of the successful grants has been a focus within the reporting period. Multiple grants (RERRF, Blackspot, Pothole Repair, Fixing Local Roads, etc.) have been successful.

4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.4: Ensure our local bridge network is safe and able to accommodate heavy vehicle load requirements.	Bridge Assessments.	Undertake Bridge inspections on a regular basis.	All bridges are inspected once per annum. Target: Actual: Ongoing Notes:	Inspection program undertaken and Load Assessments implemented where required
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.4: Ensure our local bridge network is safe and able to accommodate the required functionality and service level.	Bridge Assessments.	Continue the progress for re-construction of the bridges under Council care.	Tenders called for Design and Construction of the new bridge including necessary government approvals. Target: Actual: In progress Notes:	The project has gone through the tender process, with assessment, engagement and project commencement expected in early 2025.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.6: Ensure that community assets, facilities and public infrastructure are planned for, maintained and improved to a reasonable standard.	Unsealed Road Grading.	Apply routine, cyclic and programmed maintenance for all assets as per the maintenance schedules and risk management.	% of programme completed. Target: Actual: Notes:	Undertaken in line with Council's programme.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.6: Ensure that community assets, facilities and public infrastructure are planned for, maintained and improved to a reasonable standard.	Construction and Rehabilitation Works.	Execute Capital works program as adopted by Council.	% of annual rehabilitation and construction funding spent. Target: Actual: Notes:	Undertaken in line with Council's programme.
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.6: Ensure that community assets, facilities and public infrastructure are planned for, maintained and improved to a reasonable standard.	Public Toilet Inspection and Cleaning.	Public Toilet Inspection and Cleaning - Public toilets maintained to a satisfactory standard and engage with s355 committees to comply with expected service levels.	Undertaken a minimum of five times per week. Target: Actual: Ongoing Notes:	Ongoing
4: Our Infrastructure	4.1: That our Community is supported by safe, functional, accessible and maintained infrastructure and effective local and regional transport networks.	4.1.7: Ensure that the provision of public infrastructure and services reflect the needs of a growing and changing population.	Emergency Services.	Ongoing liaison with local RFS and SES regarding the provision of building facilities as per agreements.	Local organisations adequately equipped to meet required service levels. Target: Actual: Notes:	RFS and SES contributions being made by Council. Both agencies are also part of the Local Emergency Management Committee.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.1: Ensure that local recreational and sporting facilities reflect the needs and interests of a growing community.	Asset Management.	Regular review and implement Council's Parks and Recreation Asset Management Plan.	Asset Management Plans are reviewed & implemented as per IP&R cycle. Target: Actual: Notes:	AMP to be reviewed.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.1: Ensure that local recreational and sporting facilities reflect the needs and interests of a growing community.	Sporting Grounds.	Engage with s355 committees and provide support as resources allow.	Management Committees regularly report to Council. Target: Actual: Notes:	Reports presented to Council as received.

4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.1: Ensure that local recreational and sporting facilities reflect the needs and interests of a growing community.	Plans of Management.	Ensure Council's Parks and Recreation Plans of Management are developed and reviewed to reflect current issues, community needs and Crown Land Management requirements. Adopt draft Generic Community Land PoM.	# Plans of Management implemented and reviewed. Target: Actual: Notes:	Plans of Management currently under review.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.2: Ensure that sporting and recreational spaces are well maintained and provide appropriate facilities and amenities for locals and visitors.	Sporting Facility Maintenance.	Continue to promote a partnership approach with local communities, sporting and recreational groups for the management and maintenance of local sporting facilities.	Continued support from local groups and community involvement in S355 Committees. Website reflects closure information. Target: Actual: Notes:	Continuing to work with 355 Committees and user groups.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.2: Ensure that sporting and recreational spaces are well maintained and provide appropriate facilities and amenities for locals and visitors.	Sporting Facility Maintenance.	Mowing of sporting grounds to be undertaken on a rolling programme.	Reported to Council monthly. Target: Actual: On track Notes:	Mowing undertaken and reported to Council monthly.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.3: Encourage and support a diversity of sporting and recreational activities throughout the Shire.	Park Playground Inspections.	Regular inspections for safety and amenity. Engage with s355 committees and provide support as resources allow.	# Playgrounds Inspected on a Monthly basis. Target: Actual: 15 Notes:	All playgrounds (15) inspected on a monthly basis.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.3: Encourage and support a diversity of sporting and recreational activities throughout the Shire.	Council's Public Swimming Pools.	Manage pool contractor performance and compliance with Public Health responsibilities and Royal Life NSW Guidelines for Safe Pool Operations	Contractor documentation reviewed annually to ensure compliance Target: Actual: Notes:	Monitoring and accountability ongoing.
4: Our Infrastructure	4.2: That the Community has access to a range of places, activities and facilities which cater for diverse sporting and recreational interests.	4.2.4: Ensure that appropriate access to public land is maintained.	Equity of use.	Council and its representatives manage access to its sporting and recreational facilities to ensure equity amongst users.	System implemented to manage equity of access. Target: Actual: Notes:	Availability subject to weather and maintenance restrictions. Use of grounds being shared equitably where required

HOW WILL WE GET THERE

GAP ANALYSIS

ACTION TO BRIDGE THE GAP

The information and identifies the elements, current practices, requirements for the future and actions to bridge the gap:

Asset Information – what will get us better?

- Improve data sets
- Improved funding levels
- More staff
- Better risk analysis
- Earlier intervention
- Better recording of works
- Improved estimating
- Improved understanding of requirements
- Better understanding of service levels
- Improved understanding inter departmental – what planned / how spent / how managed
- Better project coordination
- Better understanding of life cycle (at what time do we decide...)
- Integration with strategic plans (e.g. land use plans - road widening / road corridors / infrastructure planning)
- Improved communication with external agencies
- Gap with State Government authorities

Resources Required

- More funding
- More staff
- Plant
- More information hardware / software systems and processes – electronic transfer of new asset data
- Staff accommodation / work place and amenity
- An understanding of resources as the cost of council enterprise (eg WHS / etc)
- True costs
- People / understanding / dollars / training
- Utility conflicts

Levels of service

- Understanding impact of growth in asset base
- Increased expectation – community expectation
- Shire growth
- Sustainability
- Changing demographics (e.g. aging population)
- Communicating level of service
- Understanding of level of service by the community
- Development industry sets a service level to sell houses
- meeting standards and legislation (e.g. playgrounds / LUX levels)
- Impacts WHS requirements (increased costs / impost on resource times) – meeting WHS legislative requirements
- Seasonal impacts / weather
- Fit for purpose – who / how is this determined
- Broad community requirements – accessibility / age / inclusivity – Disability Inclusion Access Plan (DIAP)

Procedures and processes thoughts

- WHS requirements
- Coordination with other bodies (e.g. State Governments)
- Realistic Lifecycle costs procedures e.g. disposal strategy
- What we want we often can't get during development – recognise impact of development standards
- Impact on our assets on State Government policy (e.g. waste / disposal / EPA regulations)

RISK ASSESSMENT

RISK MANAGEMENT AND CRITICAL ASSETS

Emphasis is given to risk management of critical assets and is detailed in each asset management plan for each asset class. Critical asset have been determined through an assessment of likelihood and consequence of failure. Most assets have also been placed into a hierarchy. Council's current approach and risk management strategies for assets critical to Council's operations are summarised below.

SUMMARY OF CURRENT APPROACH TO RISK MANAGEMENT

ASSET CLASS	ASSET	RISK	MANAGEMENT STRATEGIES
Public Roads	Road Pavement	Structural failure	Routine inspections and preventative maintenance program
Drainage	Pits and pipes	Blocked causing backup	Routinely maintain drainage system
Bridges	Bridges	Structural failure	Routine inspections and preventative maintenance program
Buildings	Key structures	Catastrophic structural failure	Routine inspections and preventative maintenance program
Recreation	Play equipment, park furniture	Personal injury	Routine inspections and preventative maintenance program
Aquatic Facilities	Pools	Personal injury	Routine inspections and preventative maintenance program

PRIORITY ACTIONS

HOW DO WE GET THERE – ENABLING ELEMENTS

The resources and capabilities required over the next ten years can be put in four main categories:

- Asset Information
- Resources Required
- Levels of Service
- Procedure and Processes, including risk

Council delivers asset management works in the following ways:

- Capital Works Program (CWP) - Four yearly rolling capital works programs
- Annual maintenance programs - Monthly updated rolling annual maintenance programs are followed in coordination with operational staff
- Operating plans- Annual operating plans are prepared which form part of Delivery Program
- Regular review regime - Annual maintenance and capital works programs are reviewed regularly based on budget and changing priorities.
- Coordination processes - The interdepartmental coordination processes followed for implementation of current asset management practice are determined. This has been further enhanced by the restructuring of groups in Appearance and Infrastructure.

Council has undertaken an analysis to compare the current asset management with the projected future requirements. The actions proposed to lessen the gap are based on the following:

- Maintenance and renewal of the existing infrastructure without the acquisition of additional assets or major upgrades except via Sec 7 and denoted developer assets
- Recognising that any one off major capital projects such as new facilities will have to be funded by other means such as fees, loan borrowing or grants.
- Continued focus of asset management on the core infrastructure that underpins Council services.
- Provision of sustainable funding levels for replacement/renewal of the asset.
- Current service levels maintained with a gradual and sustainable improvement if a funded replacement program is provided.
- Meeting all statutory, duty of care, and best practice requirements.
- Minimising whole of life costs.

ASSET INFORMATION IMPROVEMENT

Elements	Current Practices	Influences and Future Requirements	Actions to Bridge the Gap
Asset attributes, condition and valuation	Council is compliant with valuations and is audited every year. Condition models are based in IPWEA practice notes. Valuation in accordance with accounting standard. Asset registers vary from core to advanced.	<ul style="list-style-type: none"> Improve and audit data sets Compliant recording of works Improved understanding of best practice requirements Improved understanding of service levels and lifecycle 	<p>Perform rigorous assessments to Increase accuracy at component level for all assets</p> <p>Increase systematic monitoring</p> <p>Review condition monitoring programs</p> <p>Maintain and improve detailed inventory for each asset</p> <p>Improve audit on asset recording, especially on new assets and upgrades are recorded in asset registers</p> <p>Maintain a record of depreciation and effective useful remaining life</p>
Asset performance	Based on existing systems e.g. inspections, feedback and works completed	<ul style="list-style-type: none"> Improved understanding inter departmental – what planned / how spent / how managed Better understanding of life cycle (at what time do we decide to intervene) Compliant and contemporary risk analysis Broader community requirements – accessibility / age / inclusivity – Disability Inclusion Access Plan (DIAP) 	<p>Implement asset preservation performance measures</p> <p>Apply performance management system at component level especially for critical assets</p> <p>Operational performance measures</p> <p>Review KPIs</p>
Life cycle costing	Reasonable estimates for current levels of service exist	<ul style="list-style-type: none"> Increase accuracy and lifecycle knowledge Better understanding of life cycle (at what time do we decide to intervene) Improved alternative treatment scenarios Understanding useful life versus design life 	<p>Develop robust cost models for each critical asset</p> <p>Review treatment alternatives and life implications</p> <p>Improve documentation of lifecycle models</p> <p>Benchmark lifecycle cost with other organisations</p>
Urban design & technical standards	Generally meet current Legislative requirements with appropriated design documentation. Records kept on internal design process. Development engineers and planners audit donated assets standards. Heritage and Environmental consideration are generally compliant	<ul style="list-style-type: none"> Incorporated standards for long term sustainability, resource efficiency, public safety and amenity Higher Integration with strategic plans (eg land use plans - road widening / road corridors / infrastructure planning) Compliance by external agencies and utility providers Broad community requirements – accessibility / age inclusivity – Disability Inclusion Access Plan (DIAP) Heritage compliance Environmental compliance 	<p>Implement industry best practices and adhere to standards in each activity</p> <p>Review MoES (Manual of Engineering Standards)</p> <p>Monitor State Government authorities standards</p> <p>Ensure and implement access and community plans</p> <p>Ensure and implement heritage and environmental plans</p>
Asset Management	Models are based in IPWEA NAMS PLUS and NTRO PMS. Asset registers vary from core to advance.	<ul style="list-style-type: none"> Advanced 'whole council' approach Move from core to advanced asset management Improved understanding inter departmental – what planned / how spent / how managed 	Review and advance Asset Management Plans

		<ul style="list-style-type: none"> Increased understanding impact of growth on asset management Increased expectation – community expectation 	
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RESOURCES

Elements	Current Practices	Influences and Future Requirements	Actions to Bridge the Gap
Financial	Successful IPART application in 2019 and Advocacy Grants has seen a shift towards funding asset deterioration and level of service demands. Suitability ratios have improved and are benchmarked. Please read in conjunction the Finance section of this resourcing strategy	<ul style="list-style-type: none"> Competition for funding Staff accommodation / work place and amenity Understanding true costs as opposed to ledger cost Increased expectation – community expectation Shire growth Sustainability 	<p>Increase expenditure based on asset knowledge</p> <p>Innovative asset management tactics like partnerships, contract strategies, leasing, etc.</p> <p>Look for alternate funding sources and strategies, including grants</p> <p>Review Sec 7 fund availability</p> <p>Regular review of funding gap analysis</p> <p>Adjust allocations where appropriate</p>
Human	Human resources for asset management lie across numerous departments of Council and is difficult to measure effectiveness in this context. Increase work programs have seen some delay in delivery. Council is committed to and strives to comply with WHS. Please read in conjunction the HR Section of the resourcing Strategy.	<ul style="list-style-type: none"> An understanding of resources as the cost of council enterprise (e.g. WHS) People / understanding / on-costs / training Staff accommodation / work places and amenity 	<p>Human resources for asset management lie across numerous departments of Council and needs to be increased to meet service demands and the growth of the Shire</p> <p>Impart training to staff where required to keep up-to-date with latest advances in asset management</p> <p>Incorporate staffing cost to reflect true asset costs</p>
Technical	<p>Asset register and systems continue to keep in line with current available software and are maintained with the latest software versions</p> <p>Relevant staff are trained in the systems</p>	<ul style="list-style-type: none"> More information hardware / software systems and processes – electronic transfer of new asset data Real-time infield data exchange New plant and capabilities Heritage and Environmental compliance Increase in complexity 	<p>Procure best practice asset management software systems</p> <p>Continue to implement corporate IT systems</p> <p>Explore systems that increase infield data capture</p> <p>Continue to review treatments and plant are regularly investigated</p>

	<p>New treatments and plant are regularly investigated</p> <p>Please read in conjunction the IT section of this resourcing strategy</p>		
Alignment	<p>Council has complied with IP&R</p> <p>Many detailed internal and external plans and reports are linked and referenced</p> <p>Process and consultation protocol do exist.</p>	<ul style="list-style-type: none"> • Integrated with long term corporate objectives • Utility conflicts • Broad community requirements – accessibility / age inclusivity – Disability Inclusion Access Plan (DIAP) • Advanced 'whole council' approach • IP&R improvement process • Compliance by external agencies and utility providers • Coordination demands with other bodies (e.g. State Governments) 	<p>Integrate resource planning with implementation of asset management plans and with corporate planning.</p> <p>Raising organization's awareness on what is required to manage assets effectively.</p> <p>Monitor State Government authorities planning initiatives e.g. Lower Hunter transport Plans</p>

LEVELS OF SERVICE

Elements	Current Practices	Influences and Future Requirements	Actions to Bridge the Gap
Customer engagement	Council has significantly increased its ability to liaise with the community through it Dungog 10+ and community planning process. Understanding and communicating to the community of service level is problematic	<ul style="list-style-type: none"> Communicating and education - level of service Understanding of level of service by the community Fit for purpose – who / how is this determined Broad community requirements – accessibility / age / inclusivity – Disability Inclusion Access Plan (DIAP) Competing demands and public bias 	Perform formal consultation with users of service and other stakeholders Continue periodic community surveys Standardize survey question to reflect KPI Test community expectations
Knowledge of: service levels - customer needs, legislative and technical	From recent community engagements and surveys have improved knowledge in this regard and information is used in developing asset management plans.	<ul style="list-style-type: none"> Increased expectation – community expectation Shire growth Sustainability Changing demographics (e.g. aging population) Seasonal impacts / weather Broad community requirements – accessibility / age / inclusivity – Disability Inclusion Access Plan (DIAP) meeting standards and legislation (e.g. playgrounds / LUX levels) Development industry variable service level application and standards 	Identify drivers for service and key service criteria for each critical asset Develop specifications against each criteria for effective measurement Exploring options for flexibility in methods of service delivery. e.g.: - re-assessment of the need for some assets - regional asset creation - balancing resourcing levels - Development control
Performance measurement	Condition KPI based on IPWEA best practice notes. Finance ratios determined Annual reporting and valuation compliance	<ul style="list-style-type: none"> Fit for purpose – who / how is this determined Legislative requirements 	Develop performance indicators for each critical asset across business and technical dimensions Continue to shift from reactive to proactive regime Continue to benchmark
Monitoring & reporting performance	Finance ratios determined Annual reporting and valuation compliance	<ul style="list-style-type: none"> Fit for purpose – who / how is this determined Seasonal impacts / weather Sustainability 	Monitor performance indicators regularly in a pre-defined schedule. The results are recorded in an easily extractable system. Benchmark with similar Councils

Alignment	Aligned with 'Dungog ' and legislative requirements	<ul style="list-style-type: none"> Requirement to improve the alignment with community strategic plan Development industry variable service level application and standards Coordination demands with other bodies (e.g. State Governments) 	link performance indicators to objectives of community strategic plan
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PROCEDURES AND PROCESSES

Elements	Current Practices	Influences and Future Requirements	Actions to Bridge the Gap
Resource allocation	Works Program developed using <ul style="list-style-type: none"> Priority scoring Risk assessments Investigations Level of service understanding Budget constraints Cost benefit 	<ul style="list-style-type: none"> Increased expectation – community expectation Shire growth Sustainability Changing demographics (eg aging population) Broad community requirements – accessibility / age / inclusivity – Disability Inclusion Access Plan (DIAP) meeting standards and legislation (e.g. playgrounds / LUX levels) 	Prioritisation of investments, interventions and maintenance activities based on multiple weighted criteria of 'whole-life', 'cost-benefit', 'risk basis' and 'fit-to-purpose'. Review project evaluation methods for better financial and technical integration
Information management	Systems, databases, spreadsheets, asset registers are established. These systems range from core to advance.	<ul style="list-style-type: none"> Capable of analysis and integrated across financial management, risk management, lifecycle costing, treatment options and cost-benefits. Integrated with corporate information system 	Identify systems required to manage day to day process effectively e.g. Maintenance management systems Review best practice asset management software systems Continue to implement corporate IT systems Explore systems that increase infield data capture Continue to review treatments and plant are regularly investigated
Risk Management	Identification of critical assets Basic risk management (advanced for some categories) Adopted corporate risk management policy Due Diligence program	<ul style="list-style-type: none"> Application to critical assets at individual asset level Compliant with ISO 31000 Integrated with natural disaster and recovery plans Seasonal impacts / weather Increased litigation environment Duty of care responsibilities 	Quantification of probability and consequences of occurrence of risk event Identifying linkages and interrelationships in different networks and assess impact Integrate with natural disaster recovery plans

			Integrated with corporate risk management
Demand management	Communication and customer services well established. Established Emergency management process. Capital and maintenance programming established	<ul style="list-style-type: none"> Increased expectation – community expectation Shire growth Sustainability Changing demographics (eg aging population) Seasonal impacts / weather Competing demands 	Develop strategies to manage impact of demand for critical assets Develop supply and demand strategies such as control of operations, regulations, incentive to manage demand Continue MMS implementation. Review asset management and operational plans
Performance measurement	Established KPI and financial ratio Maintenance service levels exist Customer complaint system Defect registers	<ul style="list-style-type: none"> Fit for purpose – who / how is this determined Legislative requirements 	Advise service delivery standards to stakeholders Develop business and technical performance indicators and monitor against industry benchmarks

MONITORING THE PERFORMANCE OF OUR ASSET MANAGEMENT

The asset management strategy and associated plans are a living document and will be annually monitored for progress and success. Necessary corrective measures will be taken and incorporated as necessary.

Some amendments to activities will be necessary depending upon results of performance monitoring.

The performance measure for the strategy is divided into two categories:

1. Operational measures: The initial performance criterion for the strategy is 'milestone based'. This will monitor the progress of the strategy execution based on milestones achieved within set timeframes.
2. Impact measures: This will monitor the success of the strategy itself, based on achieving objectives of asset management and its related objectives from the community strategic plan.

The measures are:

Measure	Measurement Criteria	Unit	Measuring Tool
Whether relevant stakeholders are committed to asset management	Information dissemination Level of service satisfaction	Awareness level Satisfaction Level	User satisfaction surveys
To ensure efficient use of resources	Financial efficiency measures and valuations	As applicable to each asset category	Applicable to each asset category
Reduction in risk	Reduction in asset failures Continuity of service delivery	Number of incidents Days service continued	Various operational reports

Performance monitoring of the strategy will be undertaken through Council’s usual process of translating key performance measures into revised operational plans.

MANAGING THE ASSET MANAGEMENT SYSTEM

Council aims to enhance knowledge by ensuring:

- Reliable and accurate physical asset inventory
- Updated valuations including rate of deterioration
- Systematic monitoring of asset condition and performance
- Accurate determination of expenditure and maintenance requirements over the asset’s life cycle to deliver desired service levels
- Accurate information and optimised decision-making for resource allocation on lifecycle basis
- Continued review of urban infrastructure design and construction standards to ensure the long term sustainability, resource efficiency, public safety and amenity of infrastructure provision.

TECHNICAL RESOURCES

Council uses various technical and computer resources to manage its assets. Road pavement (Council’s road network) is managed with the aid of the Snowy Mountain Engineering Corporation’s (NTRO) Pavement Management System (PMS). The system ensures that roads are consistently measured, assessed and prioritised to achieve cost effective programming of capital works. It has a sophisticated road deterioration model that assists in the development of proposed works programs and assesses the effectiveness of different strategies and funding levels. The status of asset management for road pavement is advanced under the IIMM.

Bridges uses a similar computer resource that models deterioration. Buildings - Council uses the NTRO Asset software to store asset information to the component level. The asset information includes; register data, age, condition surveys, reports and treatment history. The status of asset management for these assets is considered core under the IIMM.

Drainage, footpath, signs, kerb and gutter and Recreation - Council uses MapInfo software to spatially store asset information. The asset information includes; register data, age, condition surveys, reports and treatment history. The status of asset management for these assets is considered core under the IIMM. A summary of the asset management technical resources used by Council are as outlined in the following table.

SUMMARY OF TECHNICAL RESOURCES

System	Description	Current Use
Pavement Management System (PMS) – NTRO	Identifies pavement condition and aids in road management Model Bridge deterioration	Both systems used to its full potential as Asset Registers. Modeling asset deterioration. Tools for developing works program. Tools for annual reporting
MapInfo and Excel	Building Assets Register	Used as an asset register.
AUTHORITY	Corporate information system	Used for financial tracking and customer service
MapInfo and Excel	Recreation, drainage, footpath, kerb and gutter asset register	Asset register and condition rating

LIST OF ACTIVITIES – ASSET MANAGEMENT

Key Activities	25/26	26/27	27/28	28/29	29/30
(KEY: ✓ - Already completed / M = Mandatory in specified year / HD - Highly desirable to achieve in specified year)					
Review Council's Asset Management Policy	Completed	M	M	M	M
Identify assets that are critical to Council's operations and outline risk management strategies for these assets	✓	HD	M	M	M
Undertake condition assessment surveys of all asset categories and classes	✓	HD	M	M	M
Review asset registers for all assets under Council's control	✓	M	M	M	M
Develop specific actions required to improve Council's asset management capability and projected resources requirements and timeframes	✓	M	M	M	M
Review Asset Management Strategy	HD	M	HD	M	HD
Promote asset management through the organization	HD	M	HD	HD	HD
Communicate asset management roles and responsibilities through the organization	Commenced	M	HD	HD	M
Report asset management improvements to demonstrate the benefits of implementing the Asset Management Strategy	Commenced	HD	M	HD	M
Review asset management roles and responsibilities utilizing an Asset Responsibility Matrix	Commenced	M	HD	HD	HD
Ensure the asset management framework (policy, strategy and plans) is implemented	M	M	M	M	M
Incorporate life-cycle costing into all Asset Management Plans	M	M	M	M	M
Incorporate life-cycle costing into suitable Capital Works projects	M	M	HD	M	M
Review and update existing levels of service	Commenced	M	HD	M	M
Prepare long term cash flow predictions for asset maintenance, rehabilitation and replacement	Commenced	M	HD	M	HD
Measure the financial and critical service requirements of the Asset Management Plan implementation	HD	M	HD	M	HD
Better understand the implications of future demand for assets and incorporate into forward planning	HD	M	HD	M	HD
Review specific Asset Management Plans for all assets under Council's control	M	M	M	M	M

Key Activities	25/26	26/27	27/28	28/29	29/30
Centralize asset registers and ensure they are kept up-to-date regarding the condition, creation, acquisition, maintenance, renewal, refurbishment and disposal of assets	HD	M	M	HD	HD
Provide input to the specification of a Corporate Asset Management System	HD	M	HD	HD	HD
Revalue assets at intervals in accordance with Australian Accounting Standards	M	M	M	M	M
Continue to document a prioritisation system for forward planning of capital and major maintenance works	M	M	M	M	M
Develop, implement and review risk management processes for advanced risk management	HD	M	M	HD	HD

ASSET MANAGEMENT STRATEGY AND IP&R

IP&R guidelines have stipulated the essential elements for the Asset Management Strategy. The following table outlines the strategy's compliance with these requirements.

Essential Elements	Compliance by Council's Asset Management Strategy
The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years.	Asset Management Plans are prepared for a minimum 10 years.
The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.	The strategy is formulated within the framework of Council's adopted Asset Management Policy.
The Asset Management Strategy must identify assets that are critical to the Council's operations and outline the risk management strategies for these assets.	The strategy encompasses all assets critical to Council operations. The strategy strives to improve the current risk management practices with continuous improvement. All Asset Management Plans have a Risk Management component.
The Asset Management Strategy must include specific actions required to improve the Council's asset management capability and projected resource requirements and timeframes.	Asset Management Plans provide a program for continuous improvement in asset management capabilities relevant to each category. The plans aim at improving Council's capabilities in: <ul style="list-style-type: none"> ● Stewardship ● Resource allocation & planning ● Knowledge & information management ● Community engagement ● Sustainable service delivery ● Systems and processes.
The Asset Management Plan/s must encompass all the assets under a council's control.	<ul style="list-style-type: none"> • Responsibility for all assets is allocated to a respective manager. • Advanced and core asset management planning is undertaken for each category of asset. • Please note that the waste facility is managed separately and are not included in this asset strategy.
The Asset Management Plan/s must identify asset service standards.	The Asset Management Plans reflect the assets' condition, range and level of services that have been identified during the extensive community engagement and strategic planning processes undertaken by Council. Plans have been developed for roads, drainage, bridges, buildings, pools and recreation.
The Asset Management Plan/s must contain long term projections of asset	The Asset Management Plans set out maintenance, renewal and replacement costs over a minimum of 10 years.

Essential Elements	Compliance by Council's Asset Management Strategy
maintenance, rehabilitation and replacement costs.	
Council's must report on the condition of their assets in their annual financial statements in line with Local Government Code of Accounting Practice and Financial Reporting.	Council reports annual on the condition of its assets as required by S428 of the <i>Local Government Act 1993</i> , Schedule 7.

WORKFORCE PLAN

GM Foreword

This Workforce Plan serves as a framework for both the Council and the Community, aimed at the effective management of our workforce to ensure we deliver the right services and the right level of services our community expects. In today's changing and competitive labour market, the Council faces significant challenges to deliver infrastructure and roads and manage growth and development. In order to do this the Council needs to attract, train and retain staff. Our ability to meet community expectations is further complicated by an aging workforce, which not only affects the availability of experienced staff but also calls for a strategic approach to learning and development, succession planning and knowledge transfer.

The primary goal of this Workforce Plan is to create an environment that supports ongoing learning and development, ensuring our staff are equipped with the necessary skills and knowledge to excel in their roles. We aim to attract people with essential skill sets that align with our strategic objectives while implementing robust retention strategies to keep them engaged and motivated.

To achieve this, we will develop and deliver strategies for effectively managing human resources within the Council. Our foremost challenge lies in cultivating a workforce that is not only capable and flexible, but also resilient. This involves creating an adaptable team within a strong organisational culture that can navigate the complexities of an ever-evolving environment, respond proactively to change, and leverage new opportunities for growth.

The strategies and actions outlined in this document are designed to foster a creative and collaborative working environment. We recognise the importance of aligning our workforce initiatives with the relevant strategies detailed in the Community Strategic Plan. By doing so, we ensure our efforts contribute to the broader goals and aspirations of the community, ultimately leading to improved service delivery and enhanced quality of life for all residents and visitors.

Through targeted recruitment efforts, investment in employee learning and development, and the promotion of a positive workplace culture, we aim to create a workforce that is not only skilled, but also deeply committed to the vision and values of the Council. This Workforce Plan is a commitment to our staff and the community as we strive to create a future-ready workforce capable of meeting the challenges and opportunities that lie ahead.

Introduction

The Council's workforce planning is an ongoing process that aims to ensure that the strategic goals outlined in the Community Strategic Plan can be achieved. This Workforce Plan focuses on identifying how to attract, train and retain people to guide and fulfil our strategic direction, fostering innovative solutions to workplace challenges and opportunities, and delivering Council services efficiently and effectively.

The Purpose of our Workforce Plan

The key aims of the Workforce Plan are to:

- Ensure that the Council has the appropriate mix of people, skills, and resources needed to deliver services to the community and achieve the goals outlined in the Community Strategic Plan.
- Ensure employee costs are appropriately reflected in our Long-Term Financial Plan and our Asset Management Strategy.
- Cultivate an engaged, professional, and dedicated workforce that reflects the Community while providing valuable services.

How we Developed our Workforce Plan

Workforce planning evaluates the current workforce profile to anticipate future requirements. It must assess industry-related issues, labour market supply and demand, skill shortages, an aging workforce and community demographics. It also needs to identify strategies and actions for attracting and retaining a diverse workforce, enhancing productivity, and fostering a modern workplace.

This Workforce Plan builds upon previous Workforce Strategies developed for the Council. Various actions from earlier Strategies have been successfully implemented and will continue to evolve within this new Workforce Plan.

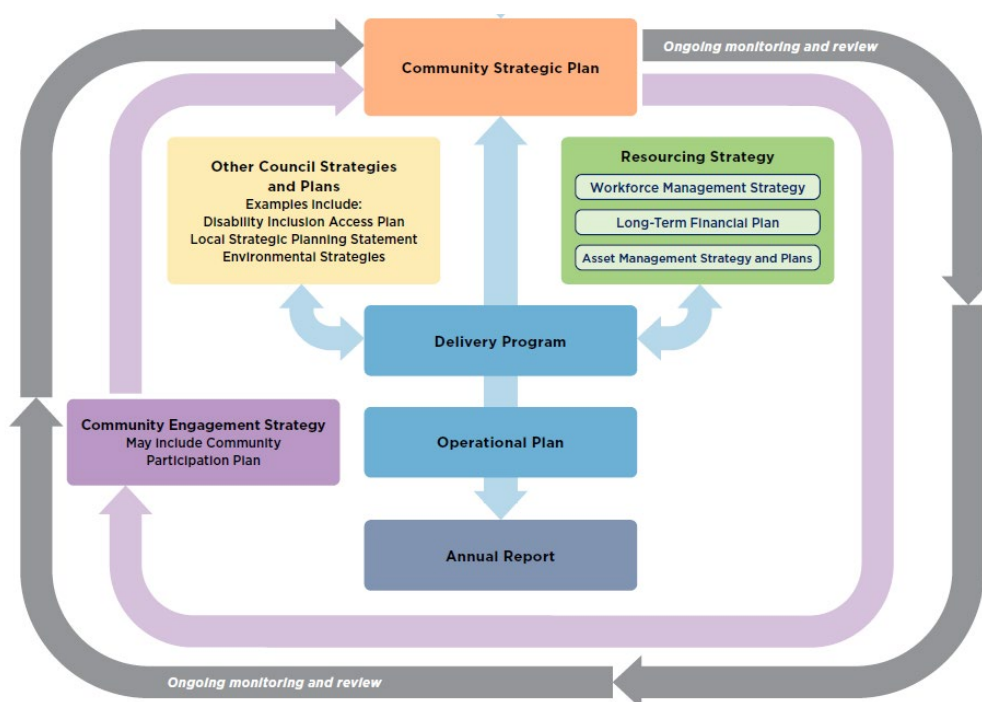
The development process for the Workforce Plan included:

- Review of existing and future regional policies and plans.
- Review of the Council's key strategic documents.
- Review of the Council's key internal plans.
- Analysis of the current Council workforce.
- Assessment of future workforce needs for our services, particularly those for the sustainable renewal of Council assets.
- Identification of current and future workforce gaps and ways to address these gaps.
- Discussions and input from the Executive Leadership Team.
- Development of a draft Workforce Plan, including key strategies and actions
- Public exhibition of the draft Workforce Plan.
- Endorsement of the final Workforce Plan by our Councillors.

The Statutory Context for our Workforce Plan

This Workforce Plan has been developed to meet the NSW Office of Local Government's Integrated Planning & Reporting (IP&R) framework requirements, ensuring that assets, finances, and workforce planning are seamlessly integrated. It is a component of the overall Resourcing Strategy that supports the Delivery

Program and Operational Plans in order to deliver the Council's Community Strategic Plan. These links are shown below.



Source: NSW Office of Local Government 2021. Integrated Planning and Reporting Framework. Available at: www.olg.nsw.gov.au/councils/integrated-planning-and-reporting

The Workforce Plan aims to support the Council's Delivery Program by implementing strategies and actions to help the organisation function effectively while cultivating a culture that consistently seeks, develops, and retains skilled and competent staff.

Community Strategic Plan Alignment

Our vision

- A vibrant, united community, with a sustainable economy. An area where rural character, community safety and lifestyle are preserved.

Our Leadership

- We aim for strong community leadership, financial sustainability, and ethical, accountable and responsive governance.

Our Organisational Values

Safety & Wellbeing

We create workplaces where everyone feels safe and cared for.

Trust & Integrity

We build trust through honesty and fairness.

Accountability

We own what we do to achieve our goals for our community.

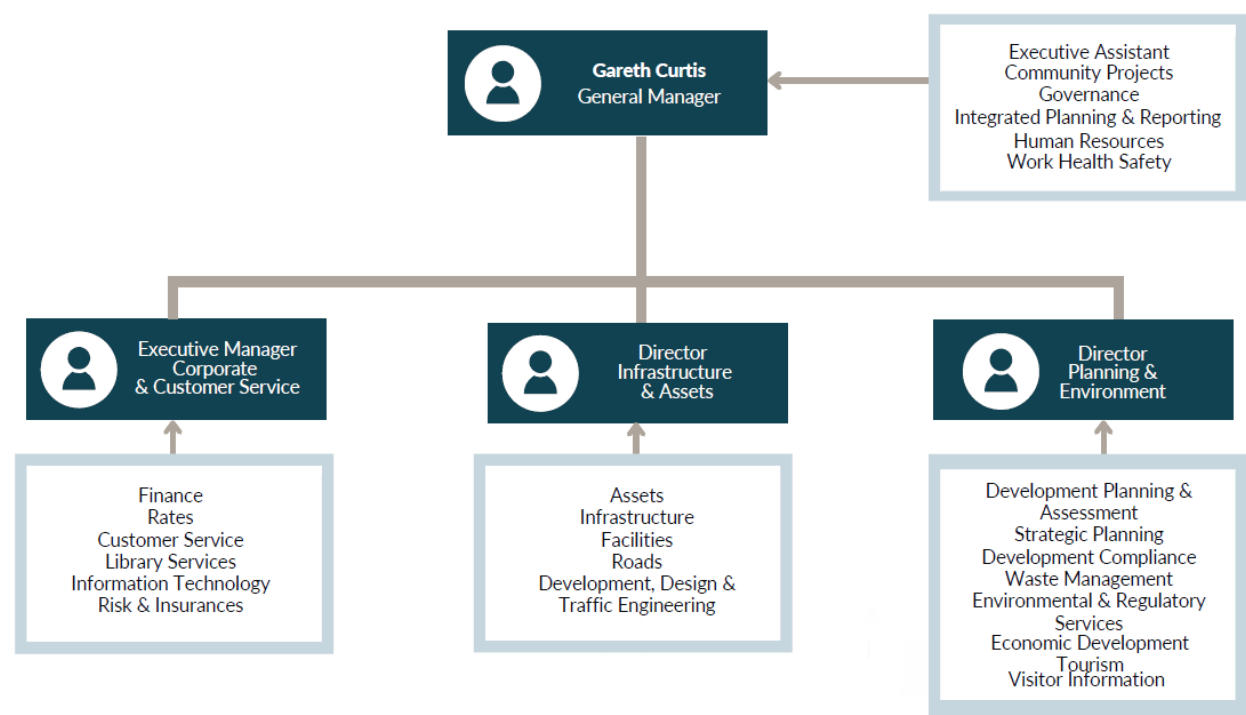
Respect

We value each other's time, contribution, knowledge and expertise.

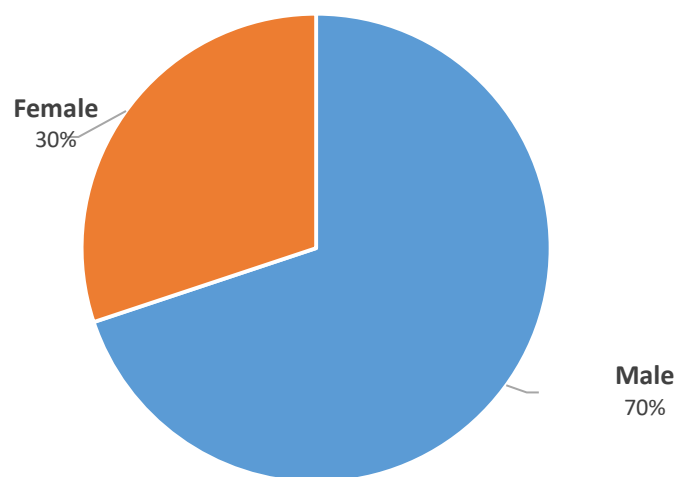
Teamwork

We work, learn, and innovate to achieve and do better together.

Organisation Structure



Workforce Profile – A Snapshot (as at 1 July 2024)



Dungog Council currently employs a total of 93 staff. Among these employees, the Full-Time Equivalent (FTE) is 82.04, in terms of full-time positions.

70% of employees are male (65 employees) and 30% are female (28 employees).

55% of the workforce live in the local area (51 employees).

Employment Type

Employment Type	% of workforce	No. of Employees
Full-time	79%	73
Part-time	15%	13
Casual	6%	7
	Total	93

Employees by Age Group

Age group	% of workforce	No. of Employees
15 to 24	3%	3
25 to 34	18%	17
35 to 44	13%	12
45 to 54	29%	27
55 to 64	26%	24
65+	11%	10
	Total	93

Employees by Length of Service

Length of Service	% of workforce	No. of Employees
5 years or Less	63%	59
6 to 10 years	13%	11
11 to 15 years	10%	9
16 to 20 years	4%	4
21 to 25 years	5%	5
25+ years	5%	5
	Total	93

Key current challenges

The Council faces current challenges that impact on service delivery. The three key challenges to create a resilient, agile and effective team are:

Ongoing Skills and Labour Shortages

The Council continues to face skills shortages in several areas, including planning, engineering, finance, and skilled trades such as plant operations. These shortages can impede the effective functioning of local services, hinder infrastructure development, and limit the overall growth and sustainability of communities.

Although the Council's current workforce is positioned to meet short-term operational needs by utilising the services of casual, consultants, and short-term employment contracts, several areas will require increased workforce investment over the next four years.

Key factors that contribute to skills and labour shortages are an aging workforce, a lack of targeted learning and development programs, and a lack of interest in certain fields among the younger demographic.

In addition, as industries evolve and adopt new technologies, the demand for specialised skills rises. This creates an even greater urgency for the Council to not

only attract new talent but also invest in the ongoing professional development of its existing workforce.

An Aging Workforce

Our aging workforce presents several challenges that can impact operations, workforce dynamics, and service delivery. Key issues include:

- **Skill Gaps and Knowledge Transfer:** As experienced employees retire, there may be a significant loss of institutional knowledge and expertise. This can create skill gaps that less experienced staff may not be able to fill immediately, leading to potential decreases in productivity and quality of service.
- **Health and Wellness:** Some employees may face health issues that could affect their ability to perform certain tasks. This can lead to increased absenteeism, higher healthcare costs, and the need for retraining, accommodations or modified duties.
- **Intergenerational Communication:** There are often differences in communication styles and work habits across different generations.
- **Succession Planning:** There needs to be a pipeline of trained staff who are supported to step into key roles.
- **Retirement Planning:** Retirement planning and transition strategies assist both the Council and staff to ensure a smooth exit and knowledge transfer.
- **Learning and Development:** All staff need adequate learning and development opportunities to ensure they are equipped with the necessary skills.
- **Workforce Diversity:** An aging workforce may limit diversity in age, which can affect creativity and innovation. Promoting a diverse workplace that includes various age groups can enhance problem-solving and adaptability.
- **Employee Engagement and Morale:** Staff might have different motivations and expectations regarding work-life balance, leading to potential disengagement. Understanding these differences and creating an inclusive culture is important.

Workplace Equity and Diversity

There is a need to promote gender equity and diversity at all organisational levels within Council. This requires a review of recruitment strategies and outcomes for some positions to offer a range of flexible work, and learning and development opportunities.

Key future challenges

In terms of the **workforce of the future**:

- Flexible working is now an expectation from all current and prospective staff.
- There has been a rapid, widespread shift to remote work which requires good technology capability and connectivity.

- There are significant opportunities to invest in new technology, particularly due to Artificial Intelligence, for both indoor and outdoor staff.
- Staff health and well-being will be more important than ever.
- This is a need to be innovative and adaptive in terms of how we work, how we are structured and how our culture supports an agile and future-ready workforce to achieve community outcomes.

In terms of **meeting community needs in the future:**

- The Council needs to sustain, and expand, some services while effectively managing aging community infrastructure. Although we are projected to see modest population growth over the next four years due to residential developments in Dungog, Clarence Town, Paterson, and Vacy this growth will not yield the same levels of increased rating revenue and developer contributions as seen in adjacent council areas, thus limiting the Council's capacity to expand its workforce and service offerings to meet community expectations.
- The Highest Priority Issues from our *2024 Community Survey* may require additional or restructured workforce investments over the next four years. These have been consistent since our *2022 Community Survey* and include:
 - The maintenance of roads and supporting infrastructure.
 - More and improved services/facilities/infrastructure such as shopping, amenities.
 - Council – financial management, reducing DA times, effective staff.
 - Housing – managing subdivisions, affordable housing.
 - Employment opportunities.
 - Managing growth and development.
- Employee costs need to be kept low while ensuring access to essential services and achieve operational objectives.

Our Workforce Plan

To effectively tackle the challenges and seize the opportunities that lie ahead for the Council to deliver our Community Strategic Plan, this Workforce Plan for the Next Four Years outlines four key needs and four key objectives. Each objective is accompanied by tailored strategies and actionable steps that will be implemented to ensure the Council is adequately and sustainably resourced.

The four key needs and the four objectives are:

Our key needs	Our objectives
Attract and retain skilled employees in a competitive job market while managing the implications of an aging workforce	1: Attract and Retain Highly Skilled and Qualified Staff
Take advantage of changing technology and revolutionised work processes to enhance efficiencies, improve services, and create a culture of high organisational and individual performance	2: Create a Culture of Learning and Continuous Improvement
Develop robust workforce policies which are attractive to current and prospective staff	3: Establish Dungog Shire Council as an Employer of Choice
Deliver internal and external services in line with Community expectations	4: Improve the Council's Capability to Manage and Prioritise Spending for Sustainable Service Delivery

Action Plan

Objective 1: Attract and Retain Highly Skilled and Qualified Staff

	Strategy	Actions	Responsibility
1.1	Attract and retain young workers	<ul style="list-style-type: none">• Focus on recruiting trainees and apprentices• Explore funding opportunities to support recruitment of trainees and apprentices.• Continue to provide work experience placements which promote career opportunities and pathways available at Council.• Provide opportunities for skill development and the acquisition of formal qualifications.• Survey employees to gain insights on what is important to them in their employment at Council and integrate into workforce planning.	Human Resources
1.2	Retain mature aged workers	<ul style="list-style-type: none">• Develop options relating to a transition to retirement including offering a range of flexible work options.• Implement these options.	Human Resources

		<ul style="list-style-type: none"> • Develop options for retraining or reskilling mature aged workers in response to technology and service delivery changes. • Implement these options. • Survey employees to gain insights on what is important to them in their employment at Council and integrate into workforce planning. 	
1.3	Target key hard-to-fill positions and skill shortages	<ul style="list-style-type: none"> • Develop a proactive approach to engage across the Executive Leadership team to determine current issues, priorities and workforce planning needs and implement agreed service levels with HR. • Identify specific roles and skills that are in high demand across the regions both within and outside local government. • Implement specific recruitment strategies that appeal to candidates with those qualifications. This may include competitive salary packages, or relocation assistance for hard-to-fill positions. • Explore options for resource sharing with other councils in the Hunter Joint Organisation and with the NSW Government. [I think this is an important consideration] • Develop and implement these options. 	Human Resources
1.4	Cultivate a capable and resilient workforce	<ul style="list-style-type: none"> • Explore options for establishing mentorship programs to foster knowledge transfer between experienced staff and new hires. • Develop and implement these options. • Develop and implement learning and development programs that promote a culture of resilience to equip staff with the skills to adapt to change and manage stress effectively. • Develop and implement a knowledge management system to reduce key person risk and promote knowledge sharing across the organisation. 	Human Resources
1.5	Actively succession plan	<ul style="list-style-type: none"> • Research and develop a succession management framework which ensures succession plans are developed for all Executive Leadership Team and critical positions. • Implement this framework 	Human Resources

Objective 2: Creating a Culture of Learning and Continuous Improvement

	Strategy	Actions	Responsibility
2.1	Drive business improvement	<ul style="list-style-type: none"> Develop a Business Improvement Plan to enhance the Council's operational efficiencies for responsive and effective service delivery. Implement the Business Improvement Plan. 	Business Improvement
2.2	Adopt emerging technologies & Artificial Intelligence (AI)	<ul style="list-style-type: none"> Explore the potential of emerging technologies, particularly AI, to support staff workloads. Investigate tools that automate routine tasks to free up time for staff to focus on higher-value activities which create more financially sustainable services for the community. Develop and implement a plan to implement these tools technologies. 	Business Improvement & IT
2.3	Implement the ITC Strategy	<ul style="list-style-type: none"> Identify funding options to implement the ITC Strategy. Implement the ITC Strategy. 	IT
2.4	Facilitate an effective organisational structure	<ul style="list-style-type: none"> Identify any changes needed to the organisational structure to improve service delivery and maintain workforce efficiency and effectiveness. Implement any changes to the organisational structure as adopted by the Council or the Executive in accordance with the Local Government Act and Local Government (State) Award and any relevant legislation or organisational policy. 	Human Resources

Objective 3: Establish Dungog Shire Council as an Employer of Choice

	Strategy	Actions	Responsibility
3.1	Embed organisational values	<ul style="list-style-type: none"> Continue the implementation of the Organisational Values 	Human Resources
3.2	Review the EEO Management Plan	<ul style="list-style-type: none"> Review and develop the Equal Employment Opportunity (EEO) Management Plan reflecting modern standards and best practices in diversity and inclusion. Implement this Plan. 	Human Resources
3.3	Adopt an updated Disability Inclusion Action Plan	<ul style="list-style-type: none"> Review and adopt an updated Disability Inclusion Action Plan. Implement this Plan. 	Community Officer

3.4	Enhance HR strategies	<ul style="list-style-type: none"> Review human resource strategies and policies to highlight the Council's commitment to career progression, flexible work arrangements, and mental health and wellbeing support. Develop and implement a plan based on this review. Review or explore opportunities for employee assistance programs, wellness initiatives, a formal recognition program, and clear pathways for advancement within the organisation. Develop and implement a plan based on this review. 	Human Resources
3.5	Promote enhanced policies	<ul style="list-style-type: none"> Promote policies that prioritise employee satisfaction and work-life balance, to make the Council an attractive place to work for current and prospective staff. 	Human Resources

Objective 4: Improve the Council's Capability to Manage and Prioritise Spending for Sustainable Service Delivery

	Strategy	Actions	Responsibility
4.1	Conduct service reviews	<ul style="list-style-type: none"> Conduct comprehensive reviews of services, and levels of service. Develop plans based on the service reviews to ensure services meet community needs in a financially sustainable manner. 	Service Areas
4.2	Utilise technology for efficiency	<ul style="list-style-type: none"> Continue to implement technology solutions that streamline operations and optimise resource allocation. 	Business Improvement & IT
4.3	Drive continuous business improvement	<ul style="list-style-type: none"> Explore initiatives aimed at improving service delivery, efficiencies and overall capability. Develop and implement a plan of business improvement. Develop a plan to provide ongoing staff learning and development on new systems or processes that support efficient service provision. 	Business Improvement & IT & Human Resources
4.4	Enhance business continuity planning	<ul style="list-style-type: none"> Develop robust systems and processes to bolster the Council's resilience during emergencies or natural disasters. This includes strategic budgeting for the phased implementation of Pulse modules, which will enhance operational readiness and response capabilities. 	IT
4.5	Manage risk	<ul style="list-style-type: none"> Align strategic and operational risk frameworks to reflect how workforce 	Governance & Risk

		risk is managed to ensure the delivery of our Community Strategic Plan	
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Implementing the Workforce Plan

All levels within the Council are responsible for implementing the Integrated Planning and Reporting (IP&R) framework, and this includes the Workforce Plan. The Mayor and Councillors delegate responsibilities to the General Manager and the Executive Management Team to develop and oversee the Community Strategic Plan, Resourcing Strategy, Budget and Delivery Program. This ensures compliance with legislation and guidelines as well as fostering community engagement.

The General Manager is responsible for overseeing the development of the Council's IP&R Framework and providing regular reports on progress and performance. The Executive Management Team must ensure that key focus areas and related strategies are agreed upon and sufficiently resourced. Managers and staff play a crucial role in assisting the Executive Management Team with implementing the Community Strategic Plan, Delivery Program, annual Operational Plans, and the various components of the Resourcing Strategy.

In accordance with the Local Government Act, the Council will periodically review its organisational structure to effectively implement the Community Strategic Plan and maintain a sustainable workforce. The Council is committed to consulting with staff throughout the development and refinement of the organisational structure, recognising that this collaboration is essential for any change management.

Monitoring and Review

Human Resources will conduct an annual review to evaluate the implementation and assess the continued impact and relevance of the strategies and actions detailed in the Workforce Plan.

Progress will be reported in accordance with the IP&R cycle.

The actions outlined in the Workforce Plan will also be reported in the *State of the Shire Report* developed at the end of each 4 year term of the elected Council. This report serves as an essential evaluation tool, summarising the achievements and outcomes of various initiatives undertaken throughout the Council term. By incorporating the results from the Action Plan, stakeholders will gain valuable insights into the effectiveness and impact of each action taken.

The *State of the Shire Report* will detail not only the successes but also any challenges encountered along the way, providing a balanced view of the progress made. This assessment will help inform future planning and decision-making processes, ensuring that the lessons learned are integrated into subsequent Workforce Plans. Ultimately, the inclusion of these results will enhance transparency and accountability, allowing the community to understand how effectively resources have been utilised and how the objectives in the Workforce Plan have been met.

This Workforce Plan will be revised every four years in line with the requirements of the IP&R Framework.

DUNGOG SHIRE COUNCIL

LONG TERM FINANCIAL PLAN

2025/26 to 2034/35



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1. EXECUTIVE SUMMARY

1.1 Who We Are?

The local government area of Dungog is classified as a large rural, agricultural council, located centrally within the Hunter Region and bound by the Mid Coast Council to the north-east, Port Stephens and Maitland Councils to the South, Singleton Council to the west and Upper Hunter Shire Council to the north-west.

The upper reaches of the Dungog Shire Council area are part of the Barrington Tops National Park World Heritage Area. 17% of the total land area is protected conservation area, comprising of National Parks, state conservation areas and nature reserves. An additional 6% of the land area is NSW State Forests.

The Shire's estimated population in 2024 is 9,767, with some \$765 million of infrastructure assets, including 317km of sealed local roads, 273km of unsealed roads, 123km regional roads, 71 hectares of open public space, 132 bridges, community halls, stormwater drainage and waste infrastructure.

1.2 What Are the Challenges We Face?

Like other councils in rural New South Wales, Dungog's annual rate income is subject to rate pegging, with each year's percentage increase determined by the Independent Pricing and Regulatory Tribunal (IPART). Council is encouraged to continually strive to achieve efficiencies and find better ways to do things. Annual expenditure levels have often been based on what Council can afford with the funding that is available.

The main challenge facing Council is the need to remain financially sustainable and able to generate sufficient funding to deliver current services and renew essential community assets, in particular timber bridges and roads. Local government costs continually increase at a higher rate than the rates and other revenue, and community expectations and environmental standards are also continually increasing.

1.3 What We Know

All councils are required to complete a Long-Term Financial Plan (LTFP) as part of the Resourcing Strategy that supports its Delivery Program. As part of preparing its LTFP, Council has determined where it sits – and there are some challenges ahead.

The ongoing challenge is collecting enough money each year to adequately cover the increasing cost of normal operations and maintain the community infrastructure. Council aims to continually make modest productivity gains each year through service reviews and associated improvement program. If Council does not provide new services or uplift service levels for the services provided and achieve service review improvements, it can continue to deliver current services and adequately invest in renewing its existing assets.

In accounting terms, Council is aiming for small operating surpluses, meaning that enough funding is collected to fund the cost of normal operations plus a share of the cost of replacing assets. This includes collecting sufficient revenue to cover the cost of depreciation, which is an accounting calculation that measures the value of the community's assets consumed or used during any given year. The funds collected for depreciation enable asset renewal expenditure to be funded, thereby ensuring the community's assets do not deteriorate.

As at 30 June 2024 Council has low debt of \$3.6 million and cash reserves of \$25 million, however there is no unrestricted cash, all being allocated to reserves, with a number of Council's assets in a satisfactory condition, however all asset classes require additional renewal investment.

1.4 What are our scenarios?

For the purpose of this LTFP model, Council has only modelled one scenario that reflects the funding of Council's current service levels and asset renewal program that improves the infrastructure asset condition. Further modelling will be undertaken and presented to the community once council's asset management plans have been reviewed and updated, this is anticipated to occur in the coming months.

The sustainable assets and services scenario, the base case, is premised on Council enhancing its asset condition so that the assets are fit for purpose and for Council to be in a position to deliver services to the current expected standard. Assets are critical in the delivery of Council services and if not maintained to standard, this can often lead to deterioration of asset condition and the intensification of complaints from users.

Under the base case scenario, the LTFP asset renewal program has been developed to address the deterioration of Council's current asset base, in particular council roads, and at the same time structured to ensure all classes of assets have funds allocated to deal with the timely renewal of current assets. The total infrastructure renewal program for the

forecast period is \$111 million, along with an asset maintenance program that aims to have assets in a fit for purpose condition over the medium term.

The financial outcome of this scenario is that there is an operating deficit of \$6.6 million in 2025/26, and the level of operating deficits decline for the entire forecast period. This, combined with the capital expenditure program, will lead to an ongoing reduction in Council's unrestricted cash position over the term of the LTFP.

In summary

Scenario one: 'sustainable assets and services' - the base case:

- broadly models the continuation of Council's services as currently provided with additional staff
- provides funding for the asset renewal program with the objective of having all asset classes fit for purpose
- will continue to operate within the annual rate peg
- utilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure
- includes service reviews and improvement programs.

1.5 What is the proposed approach and why?

Council proposes to operate under the base case scenario 'sustainable assets and services' for the next year after which it will reassess the ongoing financial sustainability position of Council given the implementation of the full SRV. This will provide an opportunity to reassess the effectiveness of the current asset renewal program, assess the community demand for and the financial capacity to deliver enhanced services and associated assets and implement service review improvements.

2. INTRODUCTION

The NSW Government requires councils to have:

- a Community Strategic Plan (of at least ten years)
- a Delivery Program (four years)
- an Operational Plan (one year)
- a Resourcing Strategy containing:
 - Long-Term Financial Plan
 - Workforce Management Plan
 - Asset Management Plan.

Councils are required to prepare a Resourcing Strategy for at least ten years to identify the resources it needs to implement the Community Strategic Plan. An essential element of the Resourcing Strategy is that it must include provisions for long-term financial planning.

The Long-Term Financial Plan must be for a minimum of ten years and include the following:

- the planning assumptions used to develop the plan
- projected income and expenditure, balance sheet and cash-flow statement
- sensitivity analysis and testing
- financial modelling for different scenarios
- methods of monitoring financial performance.

The Long-Term Financial Plan forecasts must be updated annually, together with preparation of the Operational Plan. On adoption of a revised Community Strategic Plan and new Delivery Program every four years, a detailed review of the Long-Term Financial Plan should be undertaken.

2.1 Our Plan for the future

The Dungog community have developed a community vision statement:

"A vibrant united community, with a sustainable economy. An area where rural character, community safety and lifestyle are preserved."

The vision for the future is built around five key community values:

- 1 Our Community – "That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage."

- 2 Our Environment and Planning – “That we balance the needs of the natural and built environment, by ensuring the natural environment is enhanced and that growth is achieved through a balanced mix of development which acknowledges our unique scenic qualities, rural amenity and lifestyle.”
- 3 Our Economy – “Our economy is strong, innovative and sustainable; it provides us with jobs, business opportunities and easy access to goods and services.”
- 4 Our Infrastructure – “That we aim to provide safe, functional, accessible and well maintained infrastructure and transport networks and that we all have access to a range of activities and facilities that cater for our sporting and recreational needs.”
- 5 Our Leadership – “That we aim for strong community leadership, financial sustainability and ethical, accountable and responsive governance.”

All Council’s programs and activities are aligned with these five themes and seek to achieve the aims of the community’s vision. Council’s Delivery Program incorporates the vision objectives and activities that will provide the programs, services and projects that ensure our residents enjoy where they live and work.

2.2 Purpose of the Long-Term Financial Plan

The Long-Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained in the Community Strategic Plan, through its Delivery Program. The Long-Term Financial Plan seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

This Long-Term Financial Plan supports Council to implement the community vision. In order to live sustainably, the Council has to look into the future and provide future generations with sustainable finances, infrastructure and environment without the burden of excessive debt.

This Financial Plan promotes this sustainability by ensuring that decision makers understand the link and alignment between the Community Strategic Plan and Delivery Program strategies and activities and the Resourcing Strategy, which allocates and aligns resources. This resource provides information on assets, people and dollars and illustrates the long term cumulative effects of their decisions, in particular Council’s financial position.

2.3 Long-Term Financial Plan

Council has a long-term financial forecasting model. This provides a budgetary projection (from a surplus and loss perspective) for a ten-year period. The model was used to prepare this LTFP and will be reviewed on an annual basis.

The model has now been updated to include the latest actual results and budget information. It has also been informed by current asset management planning documents, Workforce Management Plan and by a range of assumptions based on the best available data to guide forward projections. This forms the basis for the ten-year projections presented in this LTFP.

The aim of the Long-Term Financial Plan is to place a structure for financial decision making at a high level by providing guiding principles for the short, medium and long term. This LTFP is being prepared to support the new 2025/26 Delivery Program for Dungog Shire Council.

3. LONG TERM FINANCIAL SUSTAINABILITY

3.1 How do we define long term financial sustainability?

A financially sustainable Council is one that has the ability to fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure, and ensuring cash reserves are set asides for those works yet to be identified.

3.2 How financially sustainable is Council currently?

The most recent Audited Consolidated Financial Statements, as at 30 June 2024, resulted in a \$9.3 million operating deficit (excluding income for capital purposes). Further, Council has no unrestricted cash, with all cash allocated to external and internal reserves.

The following performance indicators measure Council's broader financial performance and position and confirm that Council needs to achieve a positive operating performance ratio. This will also significantly improve Council's own source revenue percentage. There is currently adequate funding for the renewal asset program with the renewal ratio 148% above the target, however the backlog ratio currently is well below the target. The indicators measure both recurrent operations and capital sustainability. These same indicators have been used to review Council's Long-Term Financial Plan forecasts as part of assessing the long-term financial health of the organisation and its capacity to fund any proposed delivery program.

Table 1: 2023/24 Financial Performance Ratios

RATIO	CALCULATION	WHAT IS BEING MEASURED?	SUSTAINABLE TARGET	2023/24 ACTUAL RATIO
Operating performance ratio	Total operating result excluding revenue for capital purposes divided by total operating revenue excluding revenue for capital purposes.	Is the council sustainable in terms of its operating result?	Greater than zero	-25.8% 
Own source operating revenue	Total operating revenue excluding all grants and contributions divided by total operating expenditure	Council's ability to fund its short-term expenditure needs.	Over 60% Sustainable Less than 60% overly reliant on grants and contributions	37.7% 
Unrestricted current ratio	Current assets less external restrictions divided by current liabilities	Does the council have enough unrestricted cash to meet its short-term debt servicing needs?	>1.5	2.4 
Cash expense cover ratio	Current years cash and cash equivalents plus term deposits divided by monthly payments from cash flow operating and financing activities	How many months could the council fund its operation from its current cash and deposits?	>3 months	17.6 months 
Debt service cover ratio		Can the council cover its debt repayments from cash generated from operations?	>2	2 
Asset renewal ratio (buildings and infrastructure)	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Benchmark 100%	248.4% 
Infrastructure backlog ratio	Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets - reflects success of strategies to invest in asset renewals.	Benchmark 2%	10% 
Asset maintenance ratio	Actual maintenance costs divided by required maintenance costs	Measures the level of maintenance required to maintain current assets.	Benchmark 100%	58.4% 

4. FINANCIAL MANAGEMENT IN COUNCIL

4.1 Regulatory environment

Council operates in a highly regulated environment driven by legislation and state strategies such as:

- Local Government Act 1993
 - The Act defines the scope and boundaries of Council's role and the way it must conduct its business.
- NSW State Plan
 - The State Plan: A New direction for NSW defines the overarching goals and outcomes that the NSW Government has set for this state and which should shape public policy.
- Hunter Regional Plan 2041
 - The plan sets out a long-term strategy for the Hunter Region of Upper and Lower Hunter and Mid-Coast areas.

4.2 Financial environment - rate pegging

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by IPART NSW.

4.3 Financial environment – the state of the Council's finances

While the Council faces challenges in generating sufficient revenue to balance the budget, it is currently in a sound financial position.

As at 30 June 2024, Council had external borrowings of \$3.6 million and cash reserves of \$25 million, noting there is no unrestricted cash. Total carrying value of infrastructure and land assets was \$765 million while the total liabilities were \$53.2 million.

Council's balance sheet shows an ability to borrow for key infrastructure if required. The fundamental issue faced by Dungog Shire and other NSW councils is the restriction on the rate at which revenue can be increased. While Council is able to borrow to fund new works and renewals, it is not able to increase revenues to service the additional debt.

Council also faces a fundamental imbalance between its annual operating revenues and the annual operating costs, inclusive of depreciation. This was recognised by the NSW Government in 2022/23 when it announced a one-off Additional Service Variation (ASV) to compensate for the low rate peg increase of 0.7% for 2022/23. This imbalance is projected to grow over the term of this LTFP.

It is noted that Council applied for a seven-year SRV in 2019, however IPART only granted a five-year SRV due to inherent uncertainties over a seven-year period. Should that application have been successful, Council would achieve a consolidated operating surplus (excluding capital income) in the 2026-27 year (and a general fund surplus in the 2028-29 year), due to an additional \$0.8m added to the rate base.

4.4 Financial environment - balancing the budget

Council's budget and Long-Term Financial Plan faces significant pressures including:

- an increasing burden as a result of cost shifting from other levels of government
- additional costs to maintain current regulatory obligations
- additional costs to maintain current service levels in line with community expectations in terms of construction, along with operating and maintaining new assets
- upward pressure on Councils cost structure resulting from higher inflation
- increasing costs to procure goods and services have been consistently higher than rate pegging increases as determined by IPART
- downward pressure on investment income
- generation of adequate unrestricted cash
- greater competition in the allocation of external funding such as the Financial Assistance Grants.

The above factors mean that, as with many expanding rural councils in NSW, Dungog Shire Council is currently faced with an income gap, with costs increasing at a greater rate than revenues. This income gap will need to be addressed in the short to medium term and, for the longer productivity gains and efficiency, savings will need to be considered and

implemented. Council also actively pursues grants, works collaboratively with neighbouring councils and carefully manages its income and expenditure through the use of financial reporting systems and regular budgetary monitoring.

Council will undertake service reviews aimed to identify and absorb productivity and efficiency improvements that aim to sustain and improve the financial capacity of Council over the forecast period.

4.5 Financial management principles

In preparing the 2026-35 Long-Term Financial Plan, the following underpinning principles have been used:

- Council will endeavour to maintain its existing service levels to residents.
- Management will continually look for ways to structurally realign resources and/or explore income and efficiency opportunities without changes to service standards.
- Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision-making.
- Council will manage within the existing financial constraints as much as possible.

In conjunction with these principles, Council's Long-Term Financial Plan is guided by a number of policies and strategies that are outlined below.

4.6 Rating income strategy

Rating income is generated by a levy on properties within the council area in order to provide local government services. Council continually reviews its rating structure to ensure it is fair and equitable, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources. Council's rates comprise:

- ordinary residential rate
 - base amount per separate residential parcel of land for 2025/26 as detailed in the following table
- ordinary business and farmland rate
 - base amount per separate business and farmland parcel of land for 2025/26 as detailed in the following table
- Stormwater Management Service Charge for residential and business.

4.6.1 Residential 2025-26

Table 2: Residential rate 2025-26

BASIS	BASE AMOUNT	AD VALOREM – CENTS IN \$	YIELD	% OF YIELD FROM BASE
Residential	\$649.30	0.1937	\$4,580,451	32.0%
Residential - Clarence Town	\$507.90	0.2270	\$464,823	37.6%
Residential - Dungog	\$302.60	0.3792	\$1,334,705	22.0%
Residential - Village	\$508.60	0.1797	\$408,106	45.0%

4.6.2 Business and Farmland 2025-26

Table 3: Business and Farmland rate 2025-26

BASIS	BASE AMOUNT	AD VALOREM – CENTS IN \$	YIELD	% OF YIELD FROM BASE
Business	\$880.70	0.3475	\$301,217	48.0%
Business - Clarence Town	\$717.30	0.3343	\$38,172	48.9%
Business - Dungog	\$731.50	0.4360	\$197,495	40.4%
Business - Village	\$649.90	0.2328	\$63,811	46.9%
Farmland	\$636.90	0.2285	\$3,922,874	14.9%

4.7 Domestic Waste Management Charges

In addition, Council charges a Domestic Waste Management Charge to owners of rateable properties. This covers the cost of general garbage, recycling and household clean-up and includes the full cost of administration, service provision, state government charges and tipping fees.

4.8 Investment principles

Council has an Investment Policy that reinforces its ongoing commitment to maintaining a conservative risk/return portfolio, an important component of its ongoing prudent financial management practices. The overall objectives of the policy are to ensure that Council invests its funds:

- in accordance with the requirements of the Local Government Act (1993) and Council's investment policy
- in a conservative manner where preservation of capital is the principal objective
- in a manner that seeks to ensure the security of Council's cash and investment portfolio, achieve appropriate earnings and manage cash resources to ensure there is sufficient liquidity to meet Council's business objectives.

The policy outlines:

- the manner in which Council may invest funds
- the institutions and products which Council can invest in
- delegations
- the reporting requirements, including benchmarking, of Council's investment portfolio.

Interest on investments is received on three types of funding:

- General Fund revenues raised through the year from all sources of revenue, excluding reserves and developer contributions
- reserves held until expended
- developer contributions held until expended.

Council has control over the interest it earns on General Fund revenues and reserves, but developer contribution interest on investments must be used for the purpose for which the contribution relates. The interest Council earns on General Fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

4.9 Loan borrowings

Council has a low level of loan borrowings at present, with no new borrowings proposed in the LTFP.

The Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and the required level of asset renewals (guided by the level of the annual depreciation charge) should be funded out of operating revenues.

4.10 Cash reserves and restrictions

Council has a number of cash reserves that are either a legislative requirement (externally restricted) or were made through a Council decision (internally restricted).

Establishing cash reserves is a financial management strategy to provide funds for future expenditure that could not otherwise be financed during a single year without having a material impact on the budget. For example, local government elections occur every four years, so Council sets aside one quarter of the estimated cost of this activity each financial year.

The balance of cash reserves as at 30 June 2024 is \$25,064,00 comprising:

- externally restricted reserves \$20,426,000
- internally restricted reserves \$5,367,000
- unrestricted cash \$ Nil.

Externally restricted reserves can only be used for the purpose for which they were collected.

Council's reserves are considered as funding sources in the budget process.

4.11 Developer contributions

The Environmental Planning and Assessment Act (1979) enables Council to levy contributions for public amenities and services required as a consequence of development.

Council's adopted Developer Contributions Plans (section 7.11 and 7.12 Developer Contribution Plan) provides funds for Council-wide application:

- roads
- traffic facilities
- open space
- community facilities
- other
- bushfire.

The Contributions Plan contains detailed schedules of works for which development contributions are required.

4.12 Discretionary and regulatory fees and charges

Council has the ability to raise revenues by adopting a fee or charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees - these fees are generally determined by state government legislation, and primarily relate to building, development or compliance activities. Council has no control over the calculation, or any annual increases of these fees and charges.
2. Discretionary fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

4.13 Asset disposal and investment strategy

The majority of Council's property assets deliver on services such as:

- transport infrastructure
- environmental services, such as stormwater management
- community and recreation facilities
- operational assets, including administration buildings.

The only asset sales forecast in this LTFP are the sale of plant and equipment that is traded in on replacement

4.14 .Workforce Plan

The base case scenario maintains Council's workforce costs at current levels. However, some long-term vacancies are programmed to be filled over the next six to 12 months.

4.15 Long-Term Financial Plan assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the Long-Term Financial Plan, the following underpinning principles have been adopted.

4.15.1 Population forecasts

The estimated current and forecast resident population of the Dungog Shire local government area, as provided by the Department of Planning Industry and Environment's 2021 population forecasts, are as follows:

4.15.2 Population projections

Table 4: Population projections¹

YEAR	TOTAL POPULATION	ANNUAL AVERAGE GROWTH RATE
2021	9,541	
2041	14,374	1.9%

4.15.3 Inflation

Table 5: Inflation

YEAR	2023-24	2024-25	2025-26	2026-27 ONWARDS
CPI	2.2%	2.3%	4.0%	4%

With low population growth estimates and higher estimated inflation, the amount of revenue available to fund current service levels may not increase at the same rate as the increase in operating costs. The projected additional revenue from rates growth is 0.1% per year on average to range from 0.7% to 1.8% per annum and will be needed to fund existing services.

4.15.4 Interest rate movements

Council has used an average of 4.5% as the investment interest rate over the life of this LTFP.

No new borrowings are proposed.

4.15.5 Revenue and expenditure assumptions

The following tables outline Council's planning assumptions by revenue and expenditure types. Included is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.

Note: the assumptions included in the following tables are those which could have a material impact on Council finances.

Table 6: Rates budget assumptions

RATES BUDGET ASSUMPTIONS	FACTOR 2025-26	FACTOR 2026-27 TO 2034-35
Minister's allowable increase	4.1%	4% 2026/27 to 2028/29 3% 2029/30 onwards, plus an allowance for income growth from additional properties

¹ Department of Planning, Industry and Environment on behalf of the NSW Government, 2021. 'NSW Population Projections ASGS 2021: Dungog LGA'.

Table 7: Key revenue and expenditure assumptions

REVENUE BUDGET ASSUMPTIONS ALL SCENARIOS	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31 ONWARDS
Annual charges	5%	5%	5%	5%	5%	5%
Fees and charges	4%	4%	4%	4%	4%	4%
Other revenues	2.50%	2.50	2.50%	2.50%	2.50%	2.50%
Capital revenues	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Table 8: Expenditure budget assumptions

EXPENDITURE BUDGET ASSUMPTIONS ALL SCENARIOS	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31 ONWARDS
Employee benefits and on costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials and contracts	4%	4%	4%	4%	4%	4%
Other expenditure	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Table 9: Capital expenditure assumptions

CAPITAL EXPENDITURE AND REVENUE	2025-26	2026-27 TO 2034-35
Sustainable assets and services – base case scenario	Asset renewals reflect the Asset Management Plans requirements.	Asset renewals reflect the Asset Management Plans requirements.
New works	As per Capital Works Program that includes developer contribution projects.	As per Capital Works Program that includes developer contribution projects.
Other	Plant and equipment and minor asset purchases.	Plant and equipment and minor asset purchases.

For the base case scenario, Council plans to implement the asset renewal program that identifies those assets that require renewal to ensure the assets remain fit for purpose in delivering the expected service levels. The estimated ten-year spend by asset category is as follows:

5. BASE CASE

Keeping in mind the financial environment challenges identified in section 4.4, Council's aim is to balance the budget with an operating surplus over the longer term with the implementation of service review improvements. Council continues to face the shorter term rate pegging limitations and lower investment income returns. Over the longer term the combination of low estimated population growth and the upward pressure on Council's operating cost structure will place pressure on Council to closely manage its financial position and undertake careful consideration of any additional asset and service spend.

5.1 Introduction

The sustainable asset and service scenario, the base case, is premised on Council having its assets fit for purpose to have Council in a position to deliver services to the expected standard. Assets are critical in the delivery of council services and, if not to standard, often lead to deterioration of asset condition and the intensification of complaints from users.

Under this scenario a ten-year infrastructure asset renewal program has been developed to mitigate any significant deterioration of Council's asset base. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total infrastructure renewal program is \$111 million. A combination of the renewal program and asset maintenance program works toward maintaining the assets in a fit for purpose condition. Planned additional new assets expenditure may require additional spend over the medium to long term for maintenance and operational costs.

5.2 Components included in scenario

- IPART NSW has set a rate increase of 4.1% for 2025-26, made of a rate peg of 4.1% and a population growth factor of 0.0%.
- Rates growth forecast align to NSW Government projected population growth for the Dungog LGA.
- The known resource requirements of the Workforce Management Plan are included in LTFP.
- No new borrowings.
- Additional allowance for maintenance and operating costs for Council's asset portfolio as means of achieving fit for purpose assets.
- The base inflation and growth assumptions have been applied as outlined in section four above.

5.3 Sustainability assessment

The forecast financial position of the base case scenario has been assessed in relation to the four financial sustainability principles.

5.3.1 The first principle is

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, and depreciation.

The base case scenario uses additional revenue from growth in the rating base (new properties) to help fund services to the existing community. While it is reasonable to assume that a certain amount of growth in demand for services can be accommodated by becoming more efficient, there will be a point when the cumulative increase in the population and number of properties will require Council to fund additional services or increase the level of resources required to deliver existing services.

The net operating result before capital grants is a measure of Council's ability to contain operating expenditure within operating revenue.

The base case LTFP forecasts a period of operating deficits. Continuing operating deficits are not sustainable in the long term.

5.3.2 The second principle of financial sustainability is

Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements.

These funds can only be utilised for specific purposes which exclude expenditure on the renewal of community infrastructure.

5.3.3 The third principle of financial sustainability is

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

With the base case scenario, Council has a fully funded capital program. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total infrastructure renewal program for the period is \$111 million (2025 through 2035).

5.3.4 The fourth principle of financial sustainability is

Council must **maintain its asset base**, by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

Cash reserves will be utilised as required to fund renewal. Some externally restricted cash cannot be utilised for expenditure on the renewal of community infrastructure.

5.4 Base case summary

In summary, Council forecasts a net operating deficit of \$0.3 million in 2026-27, a larger deficit of \$0.9 million in 2027-28, and then gradually reducing deficits before returning to small surplus in 2034-35. Council aims to further improve the operating surplus through service reviews.

Operating deficits forecast over the period combined with the capital expenditure program, will lead to an ongoing reduction in Council's unrestricted cash position over the term of the LTFP. Externally restricted funds cannot be used for General Fund operations.

Additional revenue from growth in the rating base is being used to help fund existing services and the additional demand that the growing population will place on Council resources. Over time a growing population will require additional services and facilities.

6. FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS

6.1 Base case

Income Statement - General Fund											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Income from continuing operations											
Rates and annual charges	13,241	13,844	14,423	15,026	15,654	16,227	16,798	17,390	18,004	18,640	19,299
User charges and fees	1,441	1,499	1,559	1,621	1,686	1,754	1,824	1,897	1,973	2,052	2,134
Interest and investment revenue	962	1,103	914	620	693	551	490	425	393	349	307
Other revenues	1,336	1,369	1,403	1,438	1,474	1,511	1,549	1,588	1,627	1,668	1,710
Grants and contributions - Operating	4,868	4,966	5,065	5,166	5,270	5,375	5,483	5,592	5,704	5,818	5,935
Grants and contributions - Capital	28,148	24,388	3,122	2,759	2,814	2,870	2,928	2,986	3,046	3,107	3,169
Total Income	49,997	47,169	26,487	26,631	27,592	28,288	29,071	29,878	30,747	31,633	32,553
Expenses from continuing operations											
Employee benefits and oncosts	9,376	10,157	10,462	10,776	11,099	11,432	11,775	12,128	12,492	12,867	13,253
Borrowing costs	157	149	142	134	128	123	118	112	108	104	100
Materials and contracts	7,171	7,458	4,256	4,426	4,603	4,787	4,979	5,178	5,385	5,601	5,825
Depreciation and amortisation	7,341	7,502	7,667	7,833	7,893	7,939	7,966	7,994	8,023	8,052	8,080
Other expenses	4,071	4,173	4,277	4,384	4,494	4,606	4,721	4,839	4,960	5,084	5,212
Total Expenses	28,116	29,440	26,804	27,553	28,217	28,888	29,558	30,252	30,969	31,707	32,469
Net Operating Result	21,881	17,729	(318)	(922)	(626)	(600)	(487)	(374)	(222)	(74)	84
Net operating result before grants and contributions provided for capital purposes	(6,267)	(6,659)	(3,440)	(3,681)	(3,440)	(3,470)	(3,415)	(3,361)	(3,268)	(3,181)	(3,085)

Statement of Financial Position - General Fund

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Current assets											
Cash and investments	25,914	22,790	19,764	18,595	17,294	15,988	14,644	13,658	12,737	11,873	11,085
Receivables	1,609	1,681	1,751	1,824	1,900	1,971	2,041	2,114	2,189	2,268	2,349
Inventories	982	1,022	583	606	631	656	682	709	738	767	798
Other	4,639	4,639	4,639	4,639	4,639	4,639	4,639	4,639	4,639	4,639	4,639
Total current assets	33,144	30,132	26,737	25,665	24,464	23,254	22,006	21,120	20,303	19,546	18,871
Non-current assets											
Investments	750	750	750	750	750	750	750	750	750	750	750
Receivables	20	20	20	20	20	-	-	-	-	-	-
Inventories	26	26	26	26	26	26	26	26	26	26	26
Infrastructure, property, plant and equipment	579,368	600,334	602,322	601,035	601,658	602,344	603,114	603,700	604,371	605,129	605,976
Total non-current assets	580,164	601,130	603,118	601,831	602,454	603,120	603,890	604,476	605,147	605,905	606,752
Total Assets	613,308	631,262	629,855	627,496	626,917	626,374	625,896	625,596	625,449	625,451	625,623
Current liabilities											
Payables	2,440	2,579	2,248	2,318	2,390	2,465	2,542	2,621	2,703	2,787	2,875
Borrowings	274	285	253	262	271	258	198	204	210	216	223
Provisions	4,124	4,358	3,799	2,448	2,525	2,603	2,684	2,768	2,855	2,944	3,036
Total current liabilities	6,838	7,221	6,301	5,028	5,186	5,326	5,424	5,593	5,767	5,948	6,134
Non-current liabilities											
Payables	65	65	65	65	65	65	65	65	65	65	65
Borrowings	3,120	2,961	2,793	2,627	2,517	2,432	2,343	2,249	2,150	2,046	1,948
Provisions	32,034	32,034	32,034	32,034	32,034	32,034	32,034	32,034	32,034	32,034	32,034
Total non-current liabilities	35,219	35,060	34,892	34,726	34,616	34,531	34,442	34,348	34,249	34,145	34,047
Total Liabilities	42,057	42,281	41,193	39,754	39,802	39,857	39,866	39,941	40,016	40,093	40,181
NET ASSETS	571,251	588,981	588,663	587,742	587,116	586,517	586,030	585,655	585,433	585,359	585,443
Equity											
Accumulated surplus	190,014	207,744	207,426	206,505	205,879	205,280	204,793	204,418	204,196	204,122	204,206
Revaluation reserves	381,237	381,237	381,237	381,237	381,237	381,237	381,237	381,237	381,237	381,237	381,237
TOTAL EQUITY	571,251	588,981	588,663	587,742	587,116	586,517	586,030	585,655	585,433	585,359	585,443

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Performance Measures											
Operating Performance Ratio (3 year trend - target a positive ratio)	-28.7%	-29.2%	-14.7%	-15.4%	-13.9%	-13.7%	-13.1%	-12.5%	-11.8%	-11.2%	-10.5%
Own Source Revenue Ratio (3 year trend - Target is more than 60%)	34%	38%	69%	70%	71%	71%	71%	71%	72%	72%	72%
Building and Infrastructure asset renewal ratio (target to maintain at 100%)	455%	404%	115%	69%	94%	95%	96%	93%	95%	96%	97%
Asset Maintenance Ratio (target to maintain 3 year average at 100%)	47%	45%	44%	44%	44%	44%	45%	46%	46%	47%	47%
Unrestricted Current Ratio	4.2	3.6	3.9	5.4	4.9	4.5	4.2	3.9	3.6	3.4	3.2