



AGENDA

CORPORATE SERVICES COMMITTEE

9 NOVEMBER 2023

MEMBERSHIP: Councillors J Black, L Burns, S Chowdhury, M Dickerson, V Etheridge, J Gough, R Ivey, D Mahon, P Wells and M Wright.

The meeting is scheduled to commence at 5.30 pm.

	Page
CSC23/61 LEAVE OF ABSENCE (ID23/2620)	
CSC23/62 CONFLICTS OF INTEREST (ID23/2621) In accordance with their Oath/Affirmation under the Act, and Council's Code of Conduct, Councillors must disclose the nature of any pecuniary or non-pecuniary interest which may arise during the meeting, and manage such interests accordingly.	
CSC23/63 REPORT OF THE DUBBO REGIONAL LIVESTOCK MARKETS ADVISORY COMMITTEE - MEETING 12 SEPTEMBER 2023 (ID23/2625) The Committee had before it the report of the Dubbo Regional Livestock Markets Advisory Committee meeting held 12 September 2023.	3
CSC23/64 REPORT OF THE FINANCIAL PERFORMANCE COMMITTEE - MEETING 19 SEPTEMBER 2023 (ID23/2624) The Committee had before it the report of the Financial Performance Committee meeting held 19 September 2023.	7
CSC23/65 INDEPENDENT FINANCIAL SUSTAINABILITY REVIEW (ID23/2637) The Committee had before it the report dated 3 November 2023 from the Director Organisational Performance regarding Independent Financial Sustainability Review.	10
CSC23/66 DRAFT PRIVACY MANAGEMENT PLAN (ID23/1898) The Committee had before it the report dated 31 July 2023 from the Manager Corporate Governance regarding Draft Privacy Management Plan.	119

CSC23/67	INVESTMENT UNDER SECTION 625 OF THE LOCAL GOVERNMENT ACT - OCTOBER 2023 (ID23/2613) The Committee had before it the report dated 1 November 2023 from the Revenue Accountant regarding Investment Under Section 625 of the Local Government Act - October 2023.	200
CSC23/68	REPORT ON E-BIKE INVESTIGATION FOR DUBBO REGION (ID23/2502) The Committee had before it the report dated 16 October 2023 from the Economic Development and Visitor Services Team Leader regarding Report on E-bike Investigation for Dubbo Region.	207



**DUBBO REGIONAL
COUNCIL**

Report of the Dubbo Regional Livestock Markets Advisory Committee - meeting 12 September 2023

AUTHOR: Governance Team Leader
REPORT DATE: 1 November 2023

The Council had before it the report of the Dubbo Regional Livestock Markets Advisory Committee meeting held 12 September 2023.

RECOMMENDATION

That the report of the Dubbo Regional Livestock Markets Advisory Committee meeting held on 12 September 2023, be noted.



REPORT
DUBBO REGIONAL LIVESTOCK MARKETS
ADVISORY COMMITTEE
12 SEPTEMBER 2023

PRESENT: Councillors D Mahon, V Etheridge, the Director Organisational Performance, the Acting Manager Dubbo Regional Livestock Market (B Reiss), J Morris (Independent), K Parker (Independent), R Fletcher (Supply Chain), K Hammond (Supply Chain), P Devenish (Supply Chain), M Simmons (DSSA President), A Warriar (Government (LLS)) and P Baldwin (Supply Chain).

ALSO IN ATTENDANCE: The Executive Officer Organisational Performance

Councillor V Etheridge assumed the Chair of the meeting.

The proceedings of the meeting commenced at 4.05pm.

LMAC23/19 ACKNOWLEDGEMENT TO COUNTRY (ID23/1539)

Director Organisational Performance delivered an Acknowledgement of Country.

LMAC23/20 LEAVE OF ABSENCE (ID23/1541)

There were requests for leave of absence received from Councillor M Dickerson, Chief Executive Officer, B Agar (Government (LLS)), (Supply Chain), R Plasto (DSSA Member), R Andrew (Independent) and A Maclean (Government (Police)).

A Warriar and P Baldwin attended via Audio-Visual Link.

LMAC23/21 CONFLICTS OF INTEREST (ID23/1543)

There were no Conflicts of Interest declared.

LMAC23/22 REPORT OF THE DUBBO REGIONAL LIVESTOCK MARKETS ADVISORY COMMITTEE - MEETING 13 JUNE 2023 (ID23/2222)

The Committee had before it the report of the Dubbo Regional Livestock Markets Advisory Committee meeting held 13 June 2023.

OUTCOME

That the report of the Dubbo Regional Livestock Markets Advisory Committee meeting held

on 13 June 2023, be noted.

LMAC23/23 DUBBO REGIONAL LIVESTOCK MARKETS - TRANSIT FEE UPDATE (ID23/2090)

The Committee had before it the report dated 24 August 2023 from the Manager Commercial Strategy regarding Dubbo Regional Livestock Markets - Transit Fee Update.

OUTCOME

1. That the report Dubbo Regional Livestock Markets Fees & Charges Consultation be noted.
2. That the Manager of DRLM investigate costs involved in improving signage for the Transit Fee including a Billboard with Terms and Conditions.
3. That the administration fee of \$300 be deferred for a further 3 month period.
4. That further communication is sent to Transport carriers.
5. That invoices indicate future administration fee of \$300 if not booked online based on Terms and Conditions.

LMAC23/24 DUBBO REGIONAL LIVESTOCK MARKETS - SHEEP AND GOAT ELECTRONIC IDENTIFICATION IMPLEMENTATION PROGRAM (ID23/2096)

The Committee had before it the report dated 25 August 2023 from the Manager Commercial Strategy regarding Dubbo Regional Livestock Markets - Sheep and Goat Electronic Identification Implementation Program.

OUTCOME

That the report Dubbo Regional Livestock Markets Sheep and Goat Electronic Identification Program be noted.

LMAC23/25 DUBBO REGIONAL LIVESTOCK MARKETS STAFFING UPDATE (ID23/2113)

The Committee had before it the report dated 28 August 2023 from the Manager Commercial Strategy regarding Dubbo Regional Livestock Markets Staffing update.

OUTCOME

1. That the report Dubbo Regional Livestock Markets Staffing Update be noted.
2. That the book keeper position remain.
3. That the Manager of the Dubbo Regional Livestock Markets investigate improvements in process.

LMAC23/26 DUBBO REGIONAL LIVESTOCK MARKETS BUSINESS STRUCTURE SERVICE REVIEW (ID23/2151)

The Committee had before it the report dated 29 August 2023 from the Manager Commercial Strategy regarding Dubbo Regional Livestock Markets Business Structure Service Review.

OUTCOME

That the information contained within this report be noted.

LMAC23/27 BOOM GATES (ID23/2152)

The committee will be addressed by Manager Commercial Strategy regarding this item.

OUTCOME

That the address by the Manager Commercial Strategy be noted.

LMAC23/28 UPCOMING WORKS (ID23/2153)

The committee will be addressed by Manager Commercial Strategy regarding this item

OUTCOME

- 1. That the address by the Manager Commercial Strategy be noted.**
- 2. That the Manager of Dubbo Regional Livestock Markets investigate in-house calibration of scales on a weekly basis.**
- 3. That the Manager of Dubbo Regional Livestock Markets investigate the Nightwatchman's ability to euthanise, where required.**

The meeting closed at 4.55pm.

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CHAIRPERSON



**DUBBO REGIONAL
COUNCIL**

Report of the Financial Performance Committee - meeting 19 September 2023

**AUTHOR: Governance Team Leader
REPORT DATE: 1 November 2023**

The Council had before it the report of the Financial Performance Committee meeting held 19 September 2023.

RECOMMENDATION

That the report of the Financial Performance Committee meeting held on 19 September 2023, be noted.



REPORT
FINANCIAL PERFORMANCE COMMITTEE
19 SEPTEMBER 2023

PRESENT: Councillors M Dickerson, M Wright, R Ivey, the Director Organisational Performance, the Chief Executive Officer and the Chief Financial Officer.

ALSO IN ATTENDANCE: The Governance Officer Governance.

Councillor M Wright assumed the Chair of the meeting.

The proceedings of the meeting commenced at 8.02 am.

FP23/25 ACKNOWLEDGEMENT OF COUNTRY (ID23/1441)

Clr M Wright delivered an Acknowledgement of Country.

FP23/26 LEAVE OF ABSENCE (ID23/1443)

There were requests for leave of absence received from the Director Strategy, Partnerships and Engagement.

Clr R Ivey attended via Audio-Visual Link

FP23/27 CONFLICTS OF INTEREST (ID23/1445)

There were no Conflicts of Interest declared.

FP23/28 REPORT OF THE FINANCIAL PERFORMANCE COMMITTEE - MEETING 16 MAY 2023 (ID23/2191)

The Committee had before it the report of the Financial Performance Committee meeting held 16 May 2023.

OUTCOME

That the report of the Financial Performance Committee meeting held on 16 May 2023, be noted.

FP23/29 REFERRAL OF 2022/2023 FINANCIAL STATEMENTS FOR AUDIT (ID23/2211)

The Committee had before it the report dated 4 September 2023 from the Chief Financial Officer regarding Referral of 2022/2023 Financial Statements for Audit.

RECOMMENDATION

1. That the Draft 2022/2023 Financial Statements submitted for audit be noted.
2. That the address from the Chief Financial Officer and discussion of the Draft 2022/2023 Financial Statements be noted.
3. That the typo of the year 2022 in the budget column of page 6 of the document be updated to 2023.
4. That the audited financial statements be presented to the 26 October 2023 Council meeting.

The meeting closed at 8.56 am.

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CHAIRPERSON



REPORT: Independent Financial Sustainability Review

DIVISION: Organisational Performance
REPORT DATE: 3 November 2023
TRIM REFERENCE: ID23/2637

EXECUTIVE SUMMARY

Purpose	Seek direction or decision	
Issue	<ul style="list-style-type: none"> An independent Financial Sustainability Review of Dubbo Regional Council financial position. 	
Reasoning	<ul style="list-style-type: none"> Council appointed AEC to undertake an independent Financial Sustainability Review To provide an understanding of the current and future financial challenges Provide recommendations for consideration for financial improvement 	
Financial Implications	Budget Area	Finance
	Funding Source	Rates and General Revenue
Policy Implications	Policy Title	There are no policy implications arising from this report.
	Impact on Policy	N/A
Consultation	AEC Engagement Program	<ul style="list-style-type: none"> Councillors via 2 separate Workshops Executive Leadership Staff - two separate workshops Key Council Personnel

STRATEGIC DIRECTION

The Towards 2040 Community Strategic Plan is a vision for the development of the region out to the year 2040. The Plan includes six principle themes and a number of objectives and strategies. This report is aligned to:

Theme: 4 Leadership

CSP Objective: 4.1 Council provides transparent, fair and accountable leadership and governance

Delivery Program Strategy: 4.1.2 Council's decision-making processes are open, transparent and accountable

RECOMMENDATION

- 1. That the Council determine either:**
 - a. That, in accordance with recommendation of AEC, a Special Rate Variation application to IPART be made for 2024/2025 based on the AEC recommendation of a required 10% increase for four years.**
 - b. That considerations of a Special Rate Variation application to Independent Pricing and Regulatory Tribunal NSW (IPART) be deferred until 2025/2026.**
- 2. That it be noted that an application for 2024/2025 would be required in February 2024, necessitating community consultation over the December/January period.**

Jane Bassingthwaighte
Director Organisational Performance

JB
Director Organisational
Performance

BACKGROUND

In recent financial years, Council has reported consolidated net operating deficits for three prior financial years (2019/2020, 2020/2021 and 2021/2022) and adopted a budget for 2022/2023 with a net operating deficit. Underlying the consolidated net operating deficits were significant operating deficits in the General Fund – which includes all services other than those funded by the Water Fund and Sewer Fund.

To address these concerns, Council commissioned AEC Group Ltd (AEC) to undertake an independent review of the financial sustainability of the Council. This report presents the findings of the review and provides effective strategies to improve the Council's financial sustainability and compliance with the Local Government Act 1993.

Previous Resolutions of Council

<p>22 June 2023 CCL23/157</p>	<p>In Part</p> <p>10. <i>That Council undertake a community engagement and education program regarding Council's financial position and the potential for a special rate variation to Independent Pricing and Regulatory Tribunal (IPART). The community will be consulted on options that include:</i></p> <ul style="list-style-type: none"> a. <i>No special rate variation and the related need to reduce operational costs with identified reduction in service levels and impact on addressing asset renewal needs.</i> b. <i>A special rate variation that addresses current service delivery and asset renewal needs.</i> c. <i>A special rate variation to increase service levels in areas identified by the community.</i>
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REPORT

Below summaries some of the Key Finding and recommendation from the AEC report.

Vision of a Sustainable Scenario for Council

"The vision for a sustainable Dubbo Regional Council is that the Council will be able to achieve the vision outlined in the Community Strategic Plan while maintaining over the medium to long term both fiscal capital (that is access to cash) and the infrastructure capital (that is assets that the Council owns).

The Enhanced Asset Renewal and Enhanced Cash scenario was developed by AEC to assess the increase in cash required to general sufficient cash to maintain fiscal capital, while also increasing the investment in asset renewals and maintenance to maintain the infrastructure capital.

Based on the above analysis AEC concludes that an improvement in the cash generated from operations is required to an aggregate amount equivalent to a cumulative increase over four years of 37.1% in ordinary rates, above what would otherwise be projected through the annual rate peg (increase in rates) and growth.

Whilst the correction has been expressed in a change in net revenue assumed in the form of the percentage increase in ordinary rates, this may be achieved through a combination of initiatives, including:

- Identification of operational efficiencies and productivity improvements.
- Reduction in service provision – levels and/or range of services.
- Reduction in debt through sale of surplus assets.
- Increase in revenue from operations through increase in service fees, rates and/or charges”

The table below outlining the require % increase to enhance cash generated, taken from the AEC report.

Table 8.4 Correction Required to Enhance Cash Generation

	2024/25 Adjustment %	2025/26 Adjustment %	2026/27 Adjustment %	2027/28 Adjustment %
% Adjustment to Ordinary Rates (or equivalent initiatives)	7.50%	7.50%	7.50%	7.50%
Rate Peg Assumed	2.50%	2.50%	2.50%	2.50%
Growth Assumed	1.00%	1.00%	1.00%	1.00%
Total Increase	11.0%	11.0%	11.0%	11.0%

The cumulative increase in rates without the adjustment would be a 14.8% increase in the fourth year. With the correction the cumulative increase (including the 7.5% increase for four consecutive years) would be a 51.8% increase in the fourth years. The cumulative impact of the adjustment is therefore the difference – being 37.1%.

Consultation

AEC Stakeholder engagement:

- Councillors via Councillor Workshops held in August 2023 and October 2023.
- DRC Executive Leadership Team Workshops held in August 2023 and October 2023.
- DRC Finance Team providing relevant documentation.
- Key council personnel to gain an understanding of historical financial performance, gaps and discuss opportunities for improvement and strategies to address the identified performance gaps.
- Asset Managers to understand Asset Management maturity and gaps.

Options Considered

Option 1 - Application to IPart for 2024/2025

- An improvement in the cash generated from operations is required to an aggregate amount equivalent to a cumulative increase over four years of 37.1% in ordinary rates, above what would otherwise be projected through the annual rate peg (increase in rates) and growth.
 - Pro: A Special Rate Variation will guarantee and increase in General Revenue to council, therefore will ensure councils financial sustainability
 - Con: Timing of Community Consultation over the December Holiday period is limited
 - Con: Limited time to engage with community to educate on a Special Rate Variation application that would be lodged February 2024.
 - Con: Risk of community and engagement being impacted by a build up to a Local Government Election.
 - Con: Impact on Rate payers' ability to pay in the current financial environment

Option 2 - Delay Application to IPart for 1 Year

- Whilst the correction has been expressed in a change in net revenue assumed in the form of the percentage increase in ordinary rates, this may be achieved through a combination of initiatives, including:
 - Identification of operational efficiencies and productivity improvements.
 - Reduction in service provision – levels and/or range of services.
 - Reduction in debt through sale of surplus assets.
 - Increase in revenue from operations through increase in service fees, rates and/or charges.
- Delaying an application to IPART would ensure that DRC has effectivity investigated all the improvement strategies above.
 - Pro: Reduce financial impact on the community
 - Pro: Improved community engagement program can be development (that is not timed around the December holiday period) this will increase community participation and awareness
 - Pro: Additional time to effectivity report Service Review outcome including, saving strategies achieved to date and to implement identified future saving strategies.
 - Pro: Increase time to prepare the relevant documentation required for the effective community engagement and education program
 - Pro: Rate Pegging for 2024/2025 has not been announced, it is expected to be higher than previous years
 - Con: No guarantee that financial sustainability will be met in the short term

Planned Communications

- Community engagement program will be developed based on the resolution of Council from this report.

- Ongoing community education and engagement will continue regarding Council Financial Sustainability via Your Say and as part of the 2024/2025 Budget and Operational Plan process.

APPENDICES:

- 1 [↓](#) AEC Draft Report - Dubbo Regional Council Financial Sustainability Review 2023

FINANCIAL SUSTAINABILITY REVIEW

DUBBO REGIONAL COUNCIL

NOVEMBER 2023

aecgrouppltd.com





DOCUMENT CONTROL

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Job Name: Financial Sustainability Review
Client: Dubbo Regional Council
Client Contact: Stephanie Williamson
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Telephone: 0408 166 636
Document Name: AEC Draft Report – Dubbo Regional Council Financial Sustainability Review 2023
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Version	Date	Reviewed	Approved
Draft Report WD0.1	23 October 2023	GJ	GJ

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EXECUTIVE SUMMARY

BACKGROUND

The Dubbo Regional Council (Council) is a local government area located in the Central West and Orana regions of New South Wales. The Council was formed on 12 May 2016 through a merger of the City of Dubbo and Wellington Council.

The amalgamated Dubbo Regional Council area now consists of the city of Dubbo, the township of Wellington and the villages of Geurie, Wongarbron, Ballimore, Eumungerie, Mumbil, Euchareena, Stuart Town, Mogriguy, Elong Elong, Brocklehurst, Gollan and Goolma.

In recent financial years Council has reported consolidated net operating deficits for three prior financial years (2019/20, 2020/21 and 2021/22) and adopted a budget for 2022/23 with a net operating deficit. Underlying the consolidated net operating deficits were significant operating deficits in the General Fund – which includes all services other than those funded by the Water Fund and Sewer Fund.

To address these concerns, the Council commissioned AEC Group Ltd (AEC) to undertake an urgent and independent review of the financial sustainability of the Council. This report presents the findings of the review and provides effective strategies to improve the Council's financial sustainability and compliance with the Local Government Act 1993.

PURPOSE & APPROACH

Council has commissioned the Financial Sustainability Review (FSR) with the purpose to assess the sustainability of the current policy settings, adopted strategies, service levels and asset portfolios and develop strategies for the Council to address the key drivers for concerns that may be raised with the financial sustainability of the Council.

In response to the defined purpose of the review, this report addresses the following:

- A review of the Council's past financial performance and the current financial position, including identifying trends, drivers and other impacts upon the future financial position.
- Undertake a review of the costs of services and in liaison with respective service managers quantify current service activity
- In liaison with Council's asset portfolio managers, conduct a review of the forward planned capital works, including the integration of the LTFP and asset management plans and identify the implication on the LTFP if there needs to be adjustments to asset management plans or capital works plan to sustainability maintain the Council infrastructure.
- Based on findings of the above, develop an independent forecast of Council's forward financial position and comment on the sustainability of the financial position over the short, medium and long term.
- Identify strategic options for Council to improve the forecast position and future sustainability.

KEY FINDINGS

Historical Financial Performance

- Council has produced a net operating deficit (excluding capital grant revenue) in the last three years of the five past financial years, with an adopted budget for 2022/23 that included a net operating result of a \$7.8 million deficit.
- The consolidated net operating deficit is predominantly due to the General Fund, which has produced operating deficits of approximately \$15 million on average.
- AEC concludes that Council has a structure deficit in the General Fund of approximately \$15 million that must be addressed through a permanent and recurrent correction.



- The Water Fund and Sewer Fund have produced surpluses over the historical assessment period.
- Total cash, cash equivalents and investments decreased in the first four years from 2017/18 to 2020/21 and then had a slight increase in 2021/22.
- At the end of 2021/22, Council had total cash, cash equivalents and investments of \$236.4 million, of which \$167.6 million is externally restricted, \$69.0 million is internally restricted and there is no restrictions for commitments in reported liabilities (mostly contracted grant liabilities). The residual amount is a negative \$187,000 – which is considered the unrestricted cash. A negative unrestricted cash indicates Council has insufficient cash to fulfill the reserve commitments.
- It is also notable that Council has not restricted the financial assistance grant (FAG) advance payment or any incomplete capital works from prior years
- Council has an accumulated as at the end of the 2021/22 financial year a \$29.0 million balance internally restricted for the purpose of future asset renewals. AEC understands historically Council has transferred any residual cash surplus or deficit into this reserve.
- Dubbo Regional Council has spent in total \$334.9 million over five years on capital expenditure, an average of \$67.0 million annually. Council had budgeted to spend another \$74.6 million in 2022/23 and \$75.9 million in 2023/24.
- The building and infrastructure renewal ratio indicates that Council has invested sufficiently in building and infrastructure asset renewals compared to depreciation on building and infrastructure assets from 2017/18 until 2019/20. For the next two years, this ratio has deteriorated to as low as 44.78% in 2021/22.
- The infrastructure backlog ratio reported for 2021/22 was calculated in error (an estimated backlog of \$569 million was reported) which AEC understands, based on Council approach to calculating, should have been significantly lower at \$140 million. However, at 4.4% of total gross replacement cost of assets, is still significantly above the Office of Local Government target of less than 2%.

Forecast of Council's Financial Performance

- AEC developed a forecast scenario (called the Base Scenario) to assess the sustainability of current policy settings, adopted strategies, service levels and investment in assets.
- AEC's forecast indicates that, under the Base Case Scenario (continuation of current practices) Council is forecast to deliver a consolidated operating deficit of approximately \$29.8m over the 10-year forecast period (excluding capital grants and contributions), with individual annual results ranging from approx. \$5.9m deficit to \$1.0m
- The Council is forecast to continue to produce significant operating deficits in the General Fund contributing to insufficient cash being generated from operations to avoid the unrestricted cash from deteriorating into a negative balance.
- While Council has a healthy balance (approximately \$48 million) expected in the Future Asset Renewal reserve at the end of 2022/23, this is a short term mitigation only.
- The current investment in asset renewals is insufficient to maintain the current infrastructure capital.
- The lack in the maturity of the asset management planning, in particular the ability to project forward the asset renewal demand and the backlog in the renewals, is a significant limiting factor in reporting on the adequacy of the current investment in renewal of assets and constrains the confidence in long term financial planning.
- An additional \$239.1 million is required to be invested in asset renewals over the next 10 years to maintain infrastructure capital.
- Without additional generation of cash, the enhanced asset renewals can only be funded to 2024/25 from existing cash held by Council.



Vision of a Sustainable Scenario for Council

- The vision for a sustainable Dubbo Regional Council is that the Council will be able to achieve the vision outlined in the Community Strategic Plan while maintaining over the medium to long term both fiscal capital (that is access to cash) and the infrastructure capital (that is assets that the Council owns).
- The Enhanced Asset Renewal and Enhanced Cash scenario was developed by AEC to assess the increase in cash required to general sufficient cash to maintain fiscal capital, while also increasing the investment in asset renewals and maintenance to maintain the infrastructure capital.
- Based on the above analysis AEC concludes that an improvement in the cash generated from operations is required to an aggregate amount equivalent to a cumulative increase over four years of 37.1% in ordinary rates, above what would otherwise be projected through the annual rate peg (increase in rates) and growth.
- Whilst the correction has been expressed in a change in net revenue assumed in the form of the percentage increase in ordinary rates, this may be achieved through a combination of initiatives, including:
 - Identification of operational efficiencies and productivity improvements.
 - Reduction in service provision – levels and/or range of services.
 - Reduction in debt through sale of surplus assets.
 - Increase in revenue from operations through increase in service fees, rates and/or charges.

The following performance indicators are recommended to measure whether the Council is likely to be maintaining fiscal capital and infrastructure capital:

- Within the 10-year forecast, Dubbo Regional Council would like to achieve and maintain a net operating surplus greater than 0 percent (%). As a growing council, Dubbo Regional Council needs to produce above the benchmark to support the growth in services and infrastructure required.
- Council should have at least \$5 million in the unrestricted cash balance.
- Council should achieve an average of 95% for the asset renewal ratio over a ten year period. This will likely need reviewing for the next ten years once Council has improved the asset register and has a more fully understood quantum of the infrastructure backlog and the renewal investment required.
- The Council should keep the infrastructure backlog below the industry benchmark of 2%. It was noted that further actions are required to better determine the backlog, including comprehensive asset condition assessments.

RECOMMENDATIONS

Implement Efficiencies Savings and Productivity Improvements

- To plan for improvements in the efficiency and productivity of the council's operations Council should introduce productivity measures and targets into the Operational Plan and Annual Budget. These measures could include metrics such as the cost per kilometre of grading, the cost per kilometre of resealing, or other relevant measures that can provide insights into the efficiency of Council's operations.
- To implement this strategy, the council should start by conducting a thorough review of the range of services provided and the current cost of operations (levels of service) to identify areas where productivity measures could be implemented and are most likely to achieve material improvements in the operating position – through a strategic service planning framework.
- Investing in employee training and development is critical to provide staff with the skills and knowledge they need to perform their jobs more effectively. This may include training on new technologies, process improvement methodologies, or management and leadership skills.
- Collaboration and partnerships with other organisations or neighbouring councils can also be explored to achieve productivity savings. By sharing resources and expertise, Council can achieve economies of scale,



reduce costs, and improve service delivery. This may include joint procurement initiatives, shared services arrangements, or collaborative capital projects.

- Establishing a self-funding innovation reserve whereby gains from the initiatives implemented are put back into the reserve for future initiatives.

Review of User Charges and Fees

- A comprehensive review of Council's Fees and Charges is recommended to ensure appropriate targets are set and achieved for revenue generating activities.

Increase in General Rate Through a Special Rate Variation

- Council will need to consider a permanent Special Rate Variation (SRV) to fix the structural operating deficit position and to generate sufficient cash from operations. This is an unavoidable option, with the only variable being the urgency of implementing the correction.
- A decision to increase the general rate through a SRV should begin in the 2024/25 financial year with a 7.5% increase beyond the expected rate peg and population growth, with an additional 7.5% above rate peg and population growth for three consecutive years. This will have the cumulative impact of increasing the general rate by a cumulative 37.1% above what would be expected through rate peg and population growth.

Revise Current Range and Levels of Service (including previously endorsed/approved decisions)

- Council should enhance the Integrated Planning and Reporting Framework (IP&R), to include a Service Catalogue and Service Review Program. The Service Catalogue should define the range of services provided by Council and the associated service levels, costs, and performance indicators. This can provide a clear understanding of the services Council provides and ensure that service delivery is aligned with community needs and expectations.
- The Services Catalogue would not include technical levels of services, which are more suitable for inclusion in the asset management plans for other internal-facing operational planning documents.
- Council should also regularly review and update the service catalogue to ensure it remains current and reflects changes in service needs and funding levels. This will help Council to continuously improve its service delivery and ensure that it is meeting the needs of the community.

Establish Governance & Enhanced Capital Works Program Framework

- To enhance the governance and financial controls, integrating the Project Management Framework, Asset Management Planning, and LTFP is a strategic option that ensures effective management of assets through their lifecycle.
- The LTFP should be a living resource plan that is adjusted as required to ensure that Council decisions are informed by the impact upon long-term financial sustainability. To implement this option, the best practice provided by the NSW Office of Local Government in the IP&R Guidelines should be followed, which recommends making the projected income and expenditure spreadsheet of the LTFP available at council meetings to inform resourcing decisions.
- By aligning project management and asset management activities, organisations can optimise resource allocation and improve efficiencies, resulting in reduced costs and improved outcomes.
- The integration of the Project Management Framework, Asset Management Planning, and LTFP would also provide a holistic view of the Council's financial position, ensuring that all decisions are made in consideration of long-term financial sustainability.



Asset Management

- Develop a roadmap for improving asset management maturity. Council should measure the current asset management maturity, set target maturity level and develop improvement initiatives.
- The maturity of asset management will need begin with improved leadership and governance, including addressing decision making frameworks, performance management, planning and prioritisation and change the culture of the organisation.
- Asset management systems will need to be enhanced to support the asset portfolio custodians.
- The Council should be provided with an annual "State of Assets Report" which is prepared by management to outline the Report on Infrastructure Assets (a Schedule to the Annual Financial Statements). The State of Assets Report should be provided to Council before the Draft Financial Statements. The State of Assets Report is an ideal opportunity for the Councillors to obtain a deeper understanding of the current assets, the quantum of the backlog in renewals and the current condition of the assets.
- Adopt a risk-based approach to asset management. Council should adopt a risk-based approach to asset management to ensure that resources are allocated to the assets that require the most attention – that being critical assets with the risk of failure being unacceptable. Conducting risk assessments of assets to identify their criticality and likelihood of failure, and prioritising maintenance and renewal activities based on the level of risk posed by each asset will assist with ensuring long-term sustainability.



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1. INTRODUCTION

1.1 BACKGROUND

The Dubbo Regional Council (Council) is a local government area located in the Central West and Orana regions of New South Wales. The Council was formed on 12 May 2016 through a merger of the City of Dubbo and Wellington Council.

The amalgamated Dubbo Regional Council area now consists of the city of Dubbo, the township of Wellington and the villages of Geurie, Wongarbron, Ballimore, Eumungerie, Mumbil, Euchareena, Stuart Town, Mogriguy, Elong Elong, Brocklehurst, Gollan and Goolma.

In recent financial years Council has reported consolidated net operating deficits for three prior financial years (2019/20, 2020/21 and 2021/22) and adopted a budget for 2022/23 with a net operating deficit. Underlying the consolidated net operating deficits were significant operating deficits in the General Fund – which includes all services other than those funded by the Water Fund and Sewer Fund.

To address these concerns, the Council commissioned AEC Group Ltd (AEC) to undertake an urgent and independent review of the financial sustainability of the Council. This report presents the findings of the review and provides effective strategies to improve the Council's financial sustainability and compliance with the Local Government Act 1993.

1.2 PURPOSE OF THIS REPORT

Council has commissioned the Financial Sustainability Review (FSR) with the purpose to assess the sustainability of the current policy settings, adopted strategies, service levels and asset portfolios and develop strategies for the Council to address the key drivers for concerns that may be raised with the financial sustainability of the Council.

In response to the defined purpose of the review, this report addresses the following:

- A review of the Council's past financial performance and the current financial position, including identifying trends, drivers and other impacts upon the future financial position.
- Undertake a review of the costs of services and in liaison with respective service managers quantify current service activity
- In liaison with Council's asset portfolio managers, conduct a review of the forward planned capital works, including the integration of the LTFP and asset management plans and identify the implication on the LTFP if there needs to be adjustments to asset management plans or capital works plan to sustainability maintain the Council infrastructure.
- Based on findings of the above, develop an independent forecast of Council's forward financial position and comment on the sustainability of the financial position over the short, medium and long term.
- Identify strategic options for Council to improve the forecast position and future sustainability.

1.3 CONSTRAINTS AND LIMITATIONS

The review and this report has been constrained by a tight timeframe in which the Council required the review to be completed. A ten (10) week deadline was set to complete the review. Given the time available, AEC prioritised the engagement with service managers and asset custodians.

AEC was constrained by the information and data made available by Council – including the maturity of the asset management plans and capital works plan.

Despite the constraints on the review, it is the view of AEC that all material key considerations have been included in the report and the Council is able to make decision on the recommendations with confidence.



1.4 APPROACH

AEC's approach to delivering upon the Terms of Reference is guided by the following definition of financial sustainability:

Financial sustainability is the ability of an entity to maintain financial capital and infrastructure capital over the long term. Maintaining financial capital is concerned with the ability to sustain availability of cash into the future to meet the service and infrastructure needs of the entity. Maintaining infrastructure capital is concerned with the entity's ability to provide physical assets over the long term to meet the service requirements and demand. Both capabilities need to be proven to conclude that a local government authority is financially sustainable.

Sustainability for local government includes the ability to manage likely developments (built development and socio-demographic development) and unexpected financial shocks in the future.

The AEC approach to assessing financial sustainability includes two fundamental tests:

- Test 1 - **Maintaining Fiscal Capital** - Can Council demonstrate capacity to access cash as required for current and future needs of services and infrastructure?
- Test 2 - **Maintaining Infrastructure Capital** - Can Council demonstrate capacity to provide infrastructure at an acceptable level of performance as required by current and future services?

With a vision for the future state, AEC facilitates the development of strategic options to bridge the gap between the current state and the desired future state. Working with key stakeholders within Council, we will apply our knowledge, experience, and insights to develop the Financial Sustainability Review to achieve the desired financial position and long-term sustainability.

1.5 STAKEHOLDER ENGAGEMENT

Significant engagement was undertaken with Councillors, the Executive Leadership Team and key Council personnel, to gain a shared understanding of Council's historical financial performance, the desired financial performance, the gaps in performance and to discuss opportunities for improvement and strategies to address the identified performance gaps.

The workshops and discussions were used as the basis of establishing Council's desired future financial position, informed through vision, strategic planning, service demand projections and projected asset demands. Strategic options were identified as well as operational improvements to support the implementation of strategies to improve financial sustainability.



2. SOCIO ECONOMIC PROFILE

An understanding of the socio economic profile of a local government is important consideration in the assessment of financial sustainability. The profile informs assumptions of growth in population and the local economy, which in turn determine assumptions of demand on services and infrastructure, as well as determining growth in the Councils revenue streams (particularly the general rate revenue and annual access charges for water, sewerage and waste services).

The following discussion provides an overview of the current socio-economic environment of the Dubbo Regional Local Government Area (LGA) (hereafter referred to as Dubbo), with comparisons to other LGA's across New South Wales where relevant.

The comparison regions include the following LGA's:

- Albury
- Armidale Regional
- Ballinda
- Bathurst Regional
- Bega Valley
- Broken Hill
- Byron
- Cessnock
- Clarence Valley
- Eurobodalla
- Goulburn Mulwaree
- Griffith
- Kempsey
- Kiama
- Lismore
- Lithgow
- Mid-Western Regional
- Orange
- Queanbeyan-Palerang Regional
- Richmond Valley
- Singleton
- Snowy Monaro Regional
- Tamworth Regional
- Wagga Wagga
- Wingecarribee.

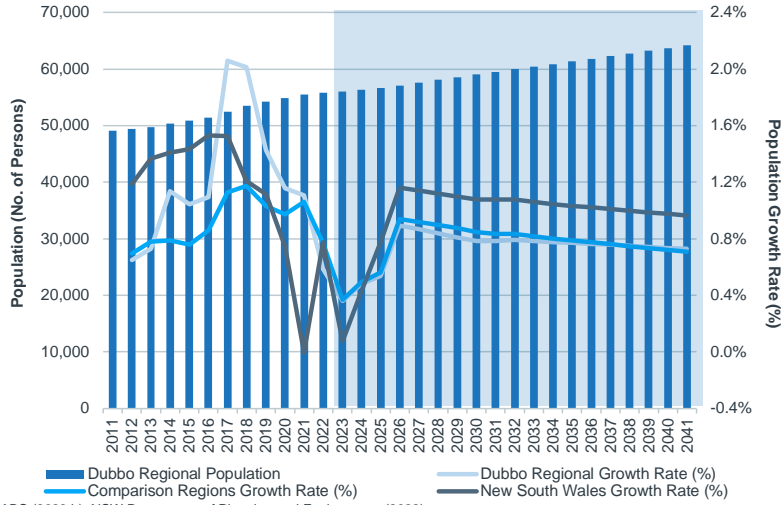
Dubbo recorded a population of approximately 55,800 residents in 2022, which has historically grown at a faster rate than New South Wales. The population in Dubbo has grown by an average annual rate of 1.2% from 2011 to reach 55,843 residents in 2022. This average annual growth was higher than New South Wales and the comparison regions, which experienced a population growth of 1.1% and 0.9% per annum respectively.

According to NSW Department of Planning and Environment (2022) the population in Dubbo is projected to grow by an average annual rate of 0.7% from 2022 to 2041, reaching over 64,100 residents in 2041. This growth rate is lower than New South Wales and the comparison regions projections which are projected to grow at an average annual rate of 1.0% and 0.8% respectively (NSW Department of Planning and Environment, 2022).

However, AEC has been advised by the Council that the growth rate predicted by NSW Department of Planning and Environment is conservative and the Council is predicting the average annual rate in excess of 1.0%, similar to the total growth rate for New South Wales.



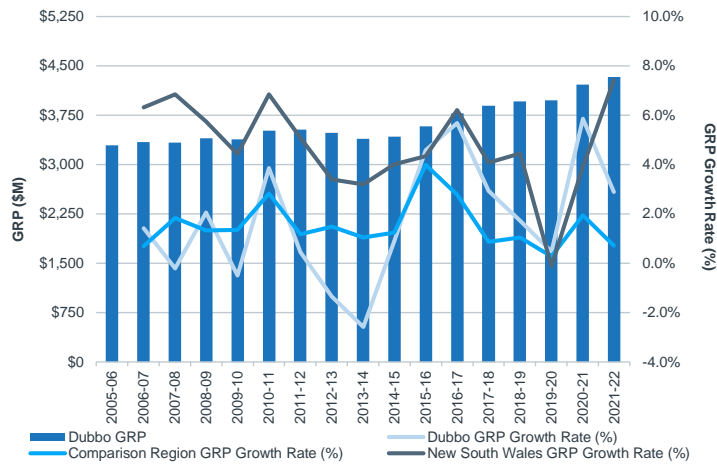
Figure 2.1. Historical and Projected Population, Dubbo Regional LGA, 2011 to 2041



Source: ABS (2023 b), NSW Department of Planning and Environment (2022).

Dubbo's economy experienced stronger growth than the comparison regions, reaching a Gross Regional Product of over \$4.3 billion in 2021-22: Dubbo's Gross Regional Product (GRP) increased from \$3.5 billion in 2011-12 to \$4.3 billion in 2021-22, equating to an average annual rate of 2.1% (AEC, unpublished a). Dubbo's average annual growth has been higher than the comparison regions (average of 1.5% per annum), however, substantially lower compared to the average annual growth rate of New South Wales (4.1% from 2011-12 to 2021-22).

Figure 2.2. Gross Regional Product (\$M), Dubbo, 2005-06 to 2021-22



Source: AEC (unpublished a).

Dubbo's economy is predominantly underpinned by population servicing industries. Health care and social assistance was the largest contributing sector to Dubbo's Industry Value Add (IVA) in 2021-22, contributing \$490.5 million (13.2%) to Dubbo's total IVA. This was followed by construction at \$411.4 million (11.1%) and agriculture, forestry and fishing at \$392.8 million (10.6%). Mining contributions to IVA (2.8%) in Dubbo are significantly lower



compared to the comparison regions (16.4%) in 2021-22 due to the lower amount and variety of mineral resources within the Dubbo region compared to the comparison regions.

Table 2.1. Industry Value Add (IVA) Contribution (%), 2016-17 & 2021-22

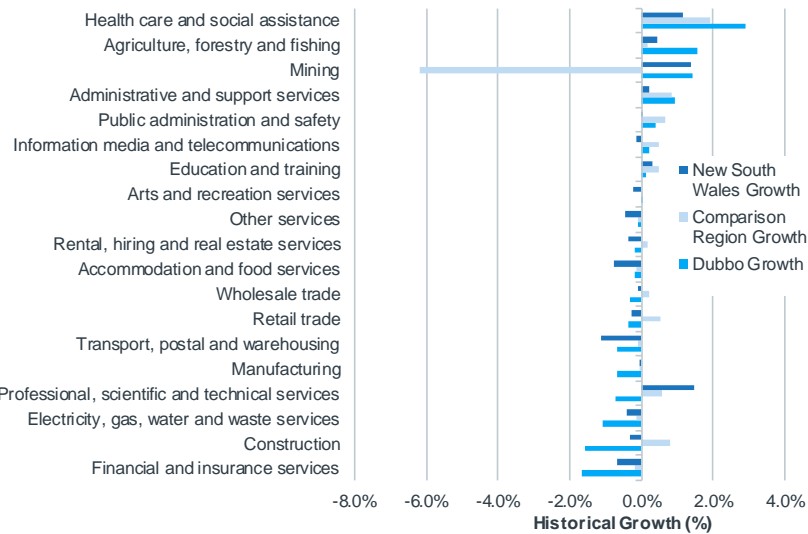
Industry	Dubbo		Comparison Regions		New South Wales	
	2016-17	2021-22	2016-17	2021-22	2016-17	2021-22
Health care and social assistance	10.3%	13.2%	8.2%	10.1%	7.5%	8.7%
Construction	12.6%	11.1%	8.4%	9.2%	8.7%	8.4%
Agriculture, forestry and fishing	9.0%	10.6%	5.6%	5.7%	2.4%	2.9%
Public administration and safety	7.6%	8.0%	6.2%	6.9%	5.3%	5.3%
Education and training	6.1%	6.2%	5.8%	6.3%	5.5%	5.8%
Retail trade	6.3%	5.9%	5.1%	5.6%	5.1%	4.9%
Manufacturing	6.3%	5.6%	6.6%	6.6%	6.4%	6.3%
Wholesale trade	5.8%	5.5%	3.5%	3.7%	5.2%	5.1%
Professional, scientific and technical services	5.5%	4.8%	4.5%	5.1%	9.6%	11.0%
Administrative and support services	3.5%	4.5%	4.0%	4.8%	4.5%	4.7%
Transport, postal and warehousing	4.7%	4.0%	3.4%	3.3%	6.3%	5.1%
Financial and insurance services	5.5%	3.8%	3.5%	3.4%	12.9%	12.2%
Electricity, gas, water and waste services	4.5%	3.4%	2.5%	2.4%	2.4%	2.0%
Rental, hiring and real estate services	3.4%	3.3%	3.1%	3.2%	4.6%	4.2%
Accommodation and food services	3.1%	2.9%	3.4%	3.3%	3.1%	2.3%
Mining	1.3%	2.8%	22.6%	16.4%	3.6%	5.0%
Other services	2.1%	2.0%	2.0%	1.9%	2.1%	1.6%
Information media and telecommunications	1.4%	1.6%	1.0%	1.4%	3.9%	3.8%
Arts and recreation services	0.8%	0.8%	0.7%	0.7%	0.9%	0.7%
IVA (\$M)	\$3,218.9	\$3,713.8	\$62,183.3	\$65,287.9	\$474,056.0	\$582,335.1

Source: AEC (unpublished a).

Largest growth predominately experienced in primary industries. Growth in the Dubbo's Industry Value Add (IVA) between 2016-17 and 2021-22 was attributable to the health care and social services (2.9% increase), higher compared to the comparison regions and New South Wales (1.9% increase and 1.2% increase respectively). Dubbo's primary industries of agriculture, forestry and fishing (1.5% increase) and mining (1.4% increase) also experienced large growth, higher compared to the comparison regions (0.2% increase and 6.2% decrease) and New South Wales (0.5% decrease and 1.4% increase).



Figure 2.3. Historical Growth (IVA), 2016-17 to 2021-22



Source: AEC.

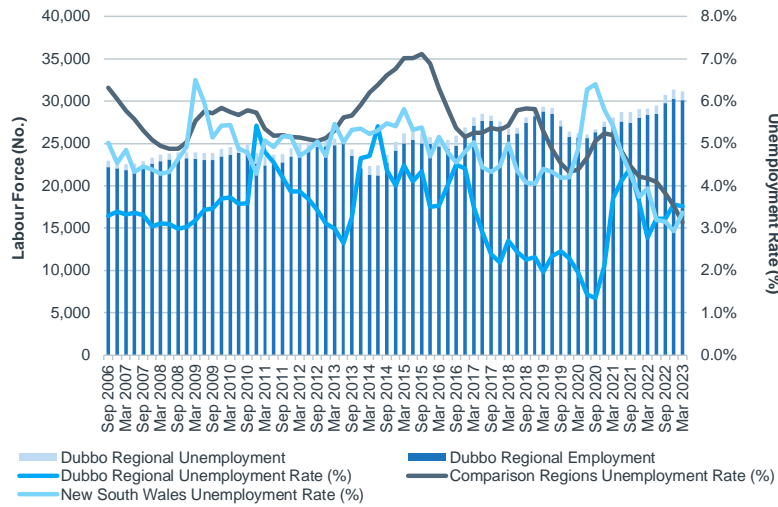
Dubbo has grown its employment base to over 26,900 jobs in 2021-22. Dubbo experienced an increase of 4,252 jobs between 2011-12 and 2021-22 to 26,920 jobs, equating to an average annual growth rate of 1.7% over the period (AEC, unpublished b). This rate was on par with the comparison region, but lower than the growth experienced in New South Wales (1.8% per annum) (AEC, unpublished b). Health care and social assistance was the largest employing industry in Dubbo in 2021-22, representing 20.7% of jobs (or 5,576 persons). Retail trade was the second largest employing industry representing 10.3% of all jobs, followed by construction representing 10.0% of jobs (AEC, unpublished b).

Health care and social assistance recorded the largest increases in the number of jobs in Dubbo from 2011-12 to 2021-22, growing by 1,999 jobs (AEC, unpublished b). Construction experienced the second largest increase of 901 jobs over the same period of time, followed by retail trade at 634 jobs (AEC, unpublished b).

Dubbo has historically recorded lower unemployment rates lower than the comparison regions and New South Wales. Dubbo has historically recorded lower unemployment rates than the comparison regions and New South Wales. Dubbo’s unemployment rate was resilient during the peak of the pandemic where its rate ranged from 1.4% in June 2020 to 4.4% in September 2021. During the same time, the comparison regions unemployment rate ranged from 4.7% to 5.2% and New South Wales unemployment rate ranged from 4.3% to 6.3%. In recent times, Dubbo’s unemployment rate reached 3.5% as of March 2023, which is higher than the comparison regions and New South Wales (3.1% and 3.4% respectively) (Jobs and Skills Australia, 2023).



Figure 2.4. Labour Market, Dubbo Regional LGA, June 2006 to March 2023



Weekly household incomes in Dubbo average approximately \$50 more than the comparison regions. Weekly household incomes averaged approximately \$1,941 per week in 2021, \$51 higher than the comparison regions average of \$1,889 per week (ABS, 2022a). Despite this, the average weekly household income in Dubbo was lower compared to New South Wales, which recorded an average weekly household income of \$2,272 per week (ABS, 2022a). A large proportion of the workforce in Dubbo (20.7%) were employed in health care and social assistance in 2021-22 which has a lower wage (\$1,106 per week) compared to New South Wales (\$1,372 per week) (ABS, 2022a). Dubbo recorded lower average weekly wages for all industries compared to New South Wales.

Dubbo's vacancy rate was 7.2% in 2021, which was lower than the comparison regions and New South Wales more broadly. From 2011 to 2021, the vacancy rate in Dubbo has declined, reducing from 9.5% in 2011 to 7.2% in 2021 (ABS, 2022a). In 2021, Dubbo had a lower vacancy rate than the comparison regions (11.0%) and New South Wales (8.9%) (ABS, 2022a).

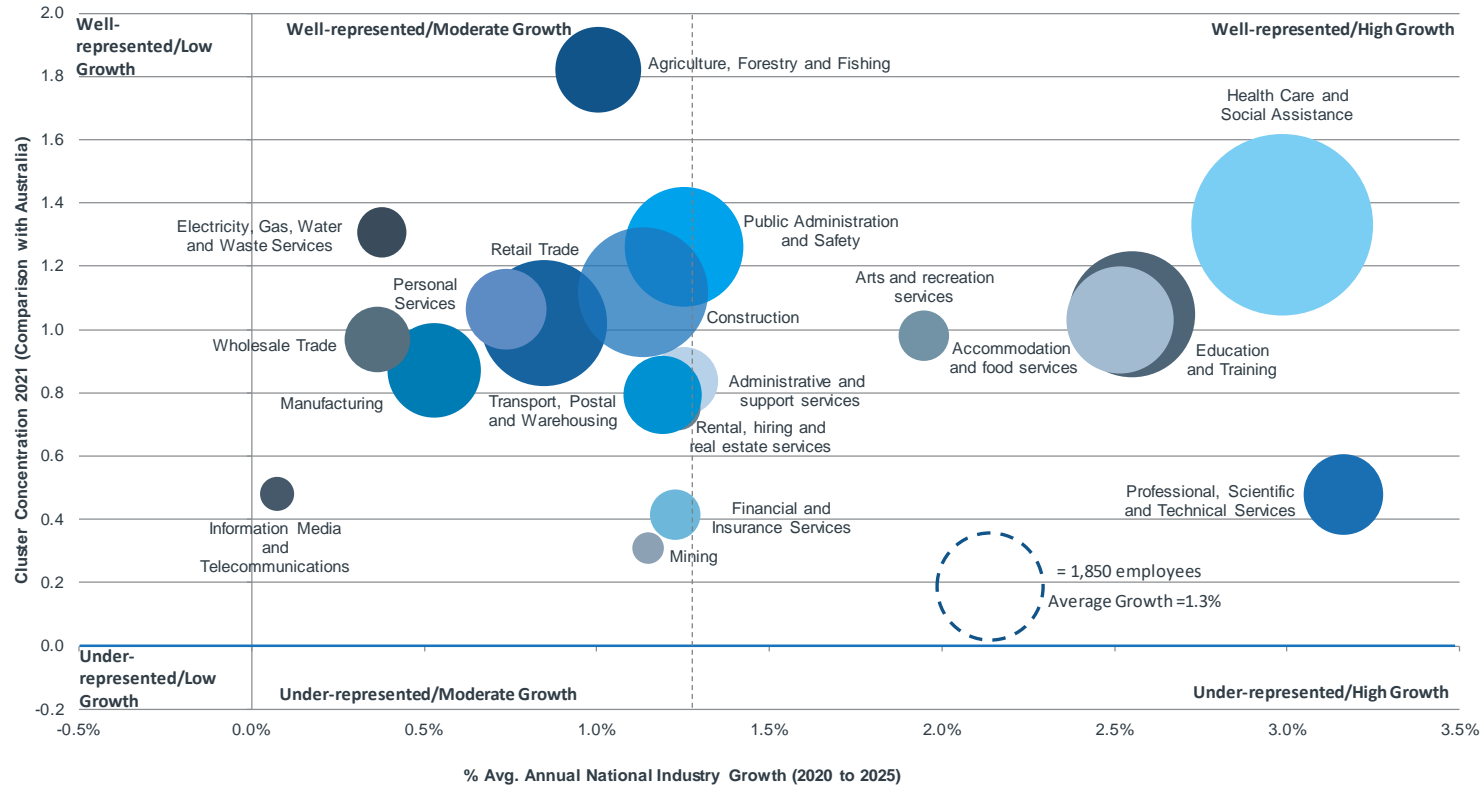
Dubbo has experienced an increase in the number of building approvals in recent years. Residential building approvals in Dubbo have experienced fluctuation, with a six year low of 76 approvals in 2017-18 and a peak of 138 approvals in 2021-22 (ABS, 2023). The surge in the number of buildings approved since 2018-19 can be attributed to record low interest rates during these periods (RBA, 2023) and the Federal Government's response to protect and generate construction jobs during the pandemic. Eligible owner-occupiers were able to access a \$15,000 to \$25,000 HomeBuilder grant to help build or substantially renovate an existing home (NSW Revenue, 2023).

Despite this increase in the number of building approvals, the value of residential buildings approvals have decreased from \$549.5 million recorded in 2018-19 to \$127.6 million in 2021-22 (ABS, 2023).

Dubbo's is projected to experience an increase in employment between 2020 and 2025. Dubbo's industries are projected to experience an increase between 2020 and 2025. Professional, scientific and technical services is projected to experience the largest increase (3.2%) followed by health care and social assistance and education and training (3.0% and 2.5% respectively).



Figure 2.5. Employment Cluster Map, Dubbo, 2021-22



Source: AEC.

3. BENCHMARKING

Benchmarking of the financial performance of the Council and other relevant statistical information was undertaken for comparison purposes. Benchmarking was based on time series data published by the NSW Office of Local Government (OLG) - Your Council Report, 2020/21, completing a comparison across the Group 4 Councils (26 councils including Dubbo), as detailed below.

Table 3.1 List of selected councils

Council	Est Population (2021)	Total Residential Rate Assessments
Albury	56,036	23,772
Armidale Regional	29,332	10,793
Ballina	46,172	17,357
Bathurst Regional	43,653	17,404
Bega Valley	35,761	18,631
Broken Hill	17,661	9,468
Byron	36,077	14,102
Cessnock	64,082	26,167
Clarence Valley	54,180	23,343
Dubbo Regional	55,518	20,402
Eurobodalla	40,453	24,433
Goulburn Mulwaree	32,138	14,230
Griffith	27,182	8,838
Kempsey	30,816	12,963
Kiama*	22,961	Not provided*
Lismore	44,344	16,064
Lithgow	20,854	9,717
Mid-Western Regional	25,704	11,648
Orange	43,736	17,717
Queanbeyan-Palerang Regional	63,364	25,801
Richmond Valley	23,589	8,526
Singleton	24,719	9,453
Snowy Monaro Regional	21,659	10,598
Tamworth Regional	63,652	23,710
Wagga Wagga	67,860	25,847
Wingecarribee	52,456	22,709

Note that data was not available for Kiama Council for many of the data relevant to this report. Where information was not available, Kiama has been excluded from graphs and from our analysis.

Whilst the benchmarking is useful for assessing how Council compares with other similar councils, caution should be exercised when drawing any conclusions based on the observations alone without further investigation. Whilst the councils used for the benchmarking are within the same NSW Office of Local Government Group, it should be noted there are significant variations regarding population, demographics, geographical area and size, range and level of service provided, as well as the service delivery model, which impact on comparative analysis.



AEC will be undertaking more rigorous assessment of Council's financial position to understand the outcomes/results as produced by this benchmarking exercise.

3.1 BENCHMARKING RATES & CHARGES

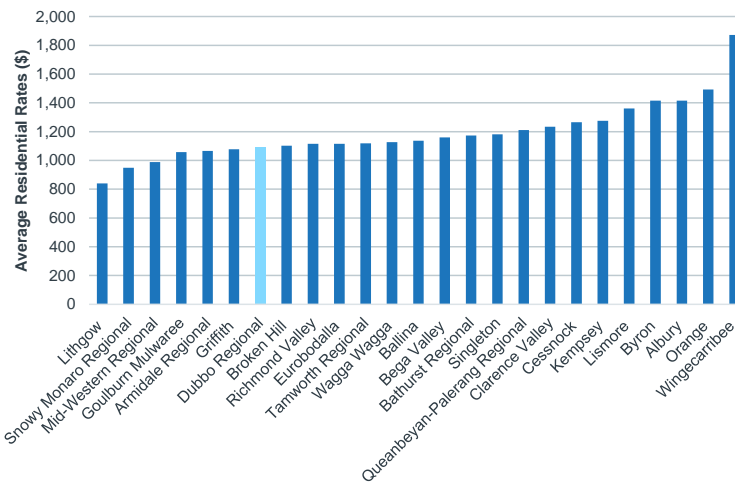
The table below relies on the average rating information as provided to OLG. Caution should be used in interpreting average rates as distributions may be skewed by outliers - small groups of either high or low value properties. At a later stage in the financial sustainability review, AEC will present data based on quartile, median and average rates which will provide a more representative indication of rating effort and impact of any changes.

Key findings from the following graphs identify that Dubbo Regional Council maintains residential rates below average, whilst business and farming rates are above average. This may be related to the observation in our parallel Socio-Economic Profile report which has found that Dubbo LGA supports relatively higher economic 'value-add' within the agriculture sector compared to similar peers, perhaps indicating a higher capacity to pay rates compared to comparator regions.

The rating effort is based on the land value divided by the total rate income. By this measure, Dubbo Regional Council has rating effort slightly below average for the comparator group. The average Domestic Waste Annual Charge is also close to the average or median for the group.

For the outstanding rates and charges ratio, Council is ranked just below average for the Group.

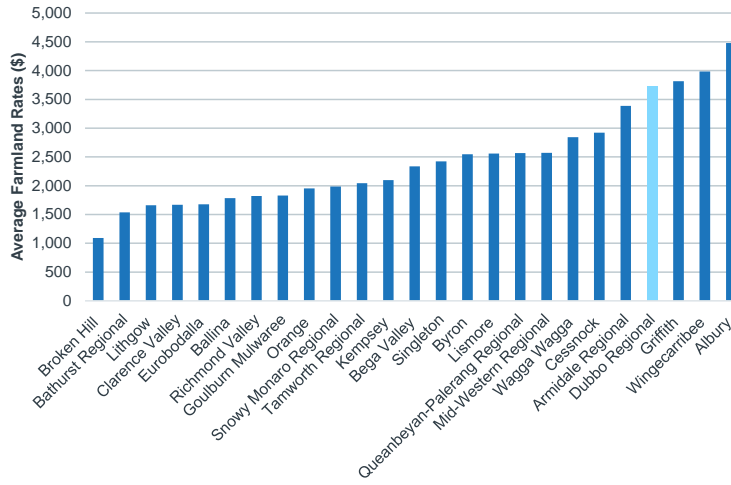
Figure 3.1 Average Residential Rate across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

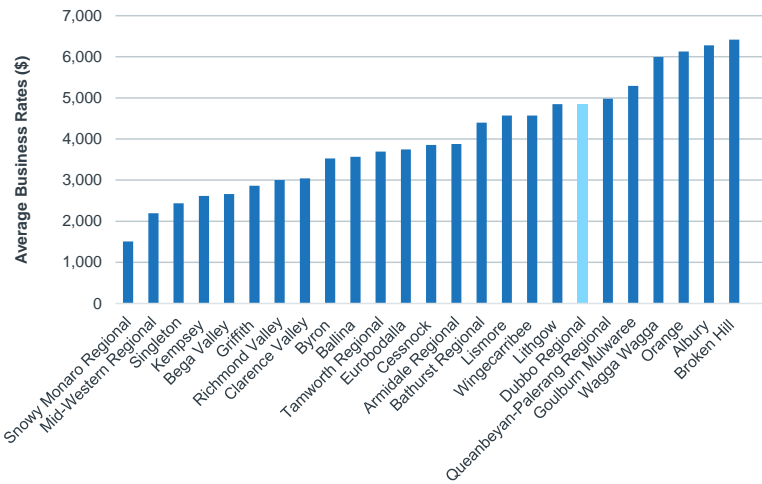


Figure 3.2 Average Farmland Rate across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

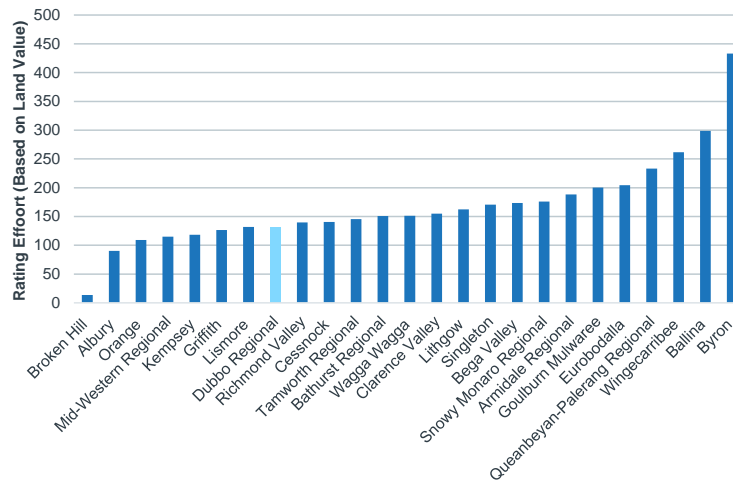
Figure 3.3 Average Business Rate across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

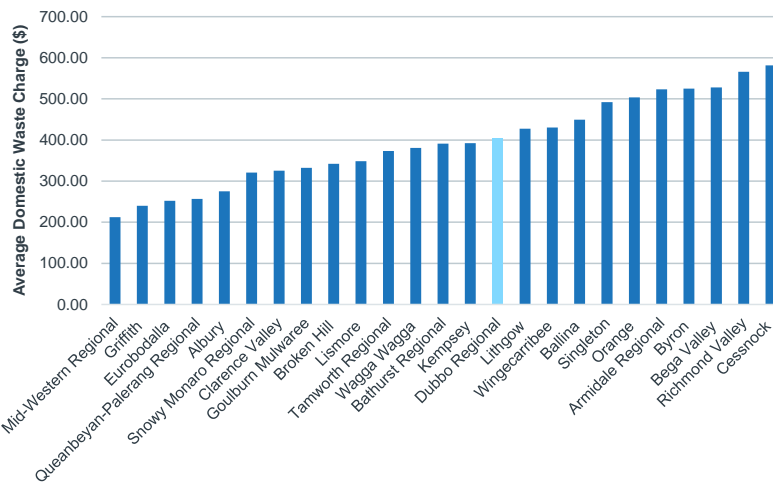


Figure 3.4 Rating Effort (Based on land value) across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

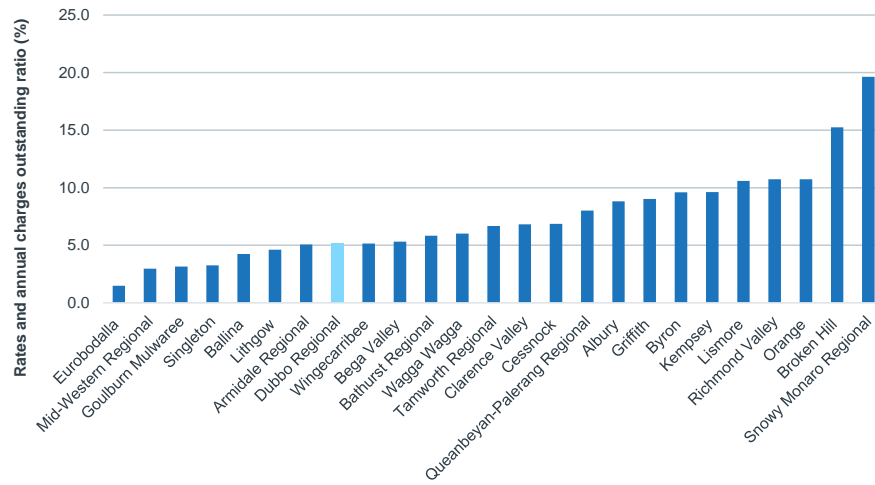
Figure 3.5 Average Domestic Waste Annual charge across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.6 Outstanding Rates and Charges Ratio across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

3.2 BENCHMARKING OPERATIONAL REVENUE, EXPENSES & NET OPERATING POSITION

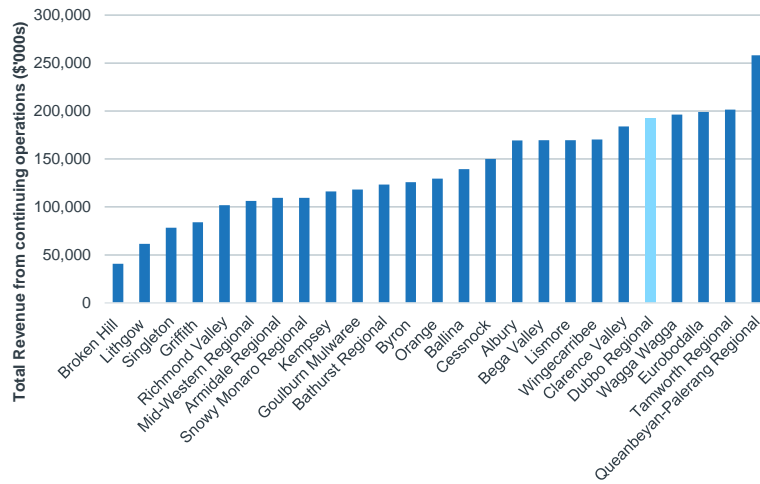
Key findings from the following graphs identify that Dubbo Regional Council is fifth highest in the group for revenue generated from operations, and fourth highest for expenses incurred from continuing operations within the group, indicating that DRC is one of the larger Councils within the comparator group.

Council’s net operating result before capital is in the lowest quartile for the group, and Dubbo Regional Council is one of 13 councils that reported a deficit for 2020-21. Seven councils reported surpluses, and five reported net balanced position.

Note – caution should be applied in interpreting the operating result of a Council for one year in isolation due to impact of non-recurrent expenses/revenues for the year and other accounting treatments that may impacted the 2020-21 result.

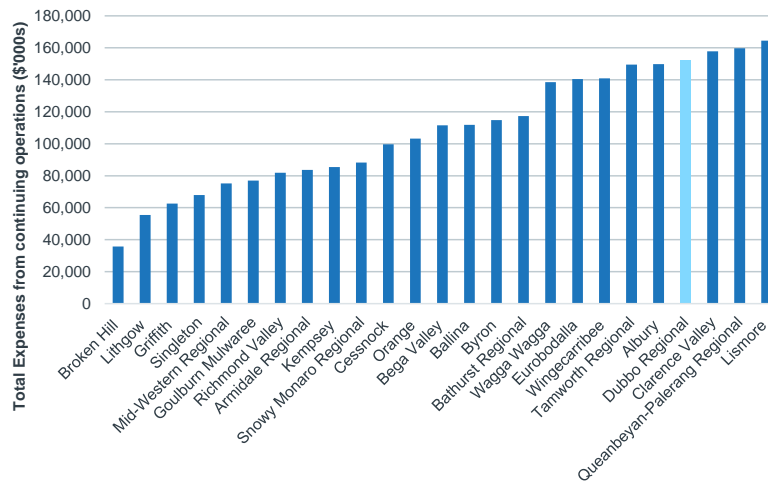


Figure 3.7 Revenue Generated from Operations across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

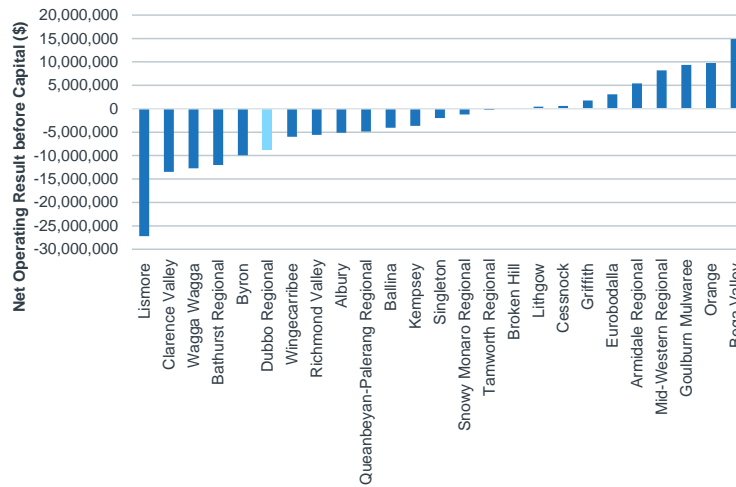
Figure 3.8 Expenses from Continuing Operations across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.9 Net Operating Position (before Capital grants) across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

3.3 BENCHMARKING OTHER RELATED INFORMATION

AEC Group have used the OLG benchmarking information for the Group 4 Councils and extended the analysis to compare different variables. In doing this the correlation coefficient was also used as a tool for understanding the strength of the relationship between two variables to assess whether the variables are an important contributing factor in the financial performance. However, it is important to note that just because two variables are correlated does not indicate the cause and effect relationship.

The following graphs visualise the relationship between variables, when benchmarking Dubbo Regional Council with other councils within the group made of OLG Group 4 and other selected councils. A positive correlation coefficient means that the two variables move in the same direction; as one increases, so does the other. A negative correlation coefficient means that the two variables move in opposite directions; as one variable increases, the other variable decreases. Again, caution should be applied in making a causal relationship – ie that one causes the other.

Based on the measurement, we can also indicate the strength of the data relationship between the two variables, and the following table identifies this relevant to the graphs.

Table 3.2 Evaluating the Strength of Association between Variables

Comparison	Correlation Coefficient	Strength of Relationship
Population vs FTEs	0.79	Strong Positive
Total Operating Revenue vs FTEs	0.86	Strong Positive
Population vs Total Operating Revenue	0.85	Strong Positive
Population vs Total Operating Expenses	0.82	Strong Positive
Net operating result vs Total Road Length	-0.03	No strong relationship
Road length vs FTEs	0.42	Moderate Positive
Socio-Economic Index Rating vs Rates Outstanding %	-0.10	Weak Negative
Asset Maintenance Expenditure vs Road Length	0.46	Moderate Positive

Source: AEC (unpublished).

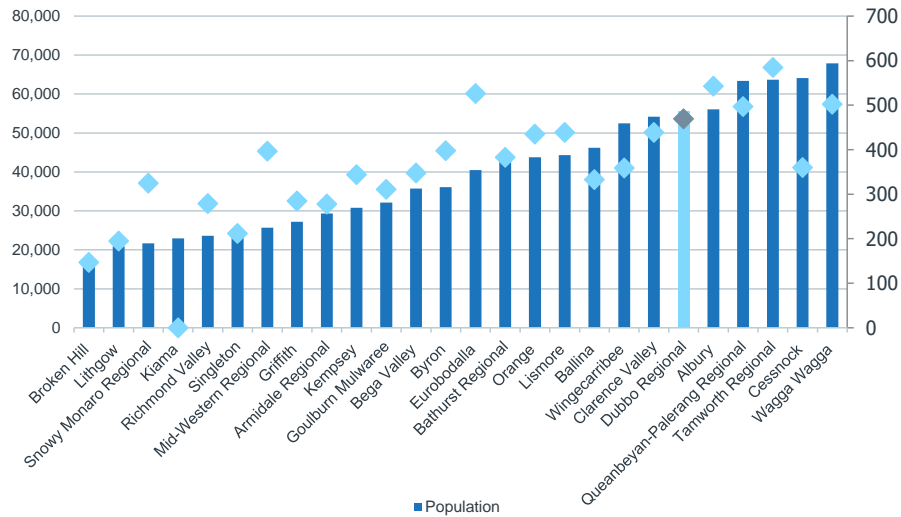


3.3.1 Population & FTE (Full-time equivalent) Employee Comparison

Dubbo Regional Council has the sixth largest population within the Group with a full-time equivalent (FTE) count broadly proportionate to the population. The following graphs depict a strong correlation (high correlation coefficient) between population and FTE count, as evidenced by the strong visible trend or pattern in the scatter graph depicted in the figure below, despite a few outliers.

Size of the workforce (measures by FTE) is influenced by the mix of services and businesses provided by Council, the level of service provided, geographical density of the service provision, the use of external contractors to provide services and the productivity of the workforce.

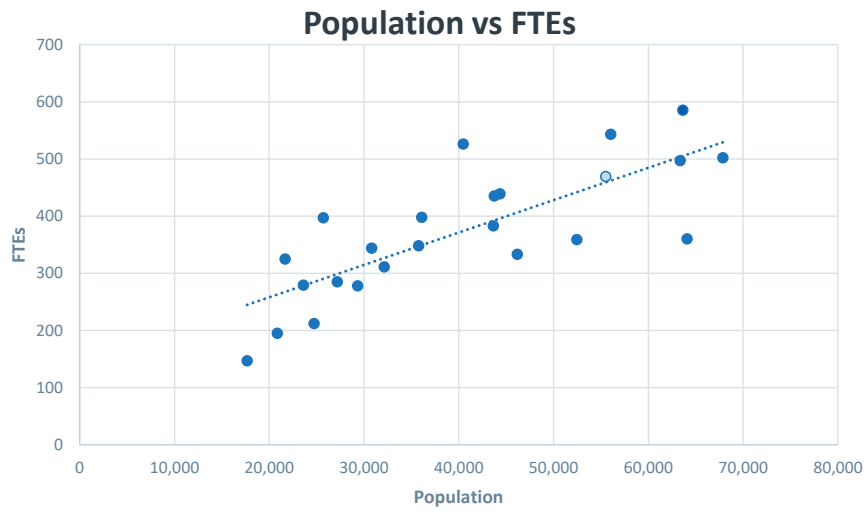
Figure 3.10 Population versus FTEs across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.11 Population versus FTEs across Selected Group of Councils



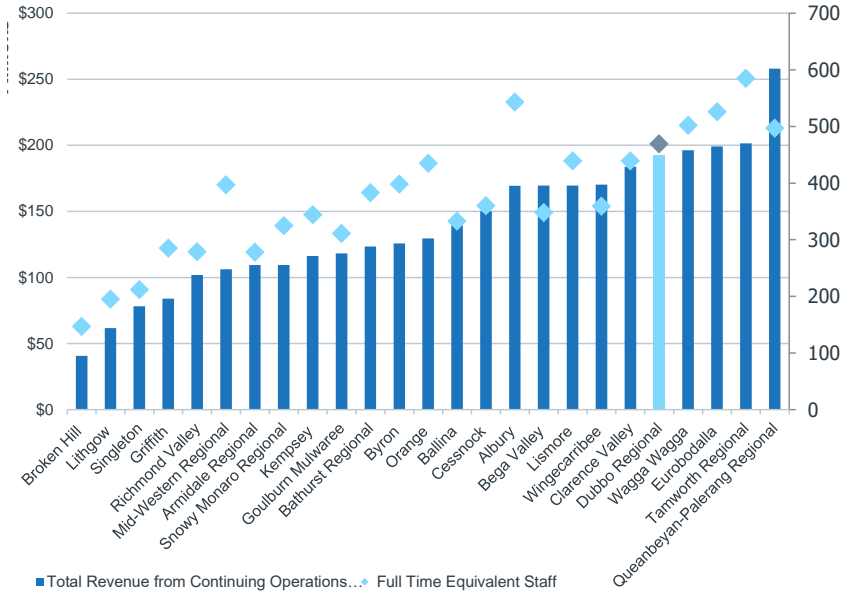
Source: OLG Time Series Data (2020/21)



3.3.2 Operating Revenue & FTE Comparison

Dubbo Regional Council ranks fifth in the group for operating revenue and sixth highest FTE count. A strong positive correlation between operating revenue and FTE exists, indicating that an increase in operating revenue is associated with a tendency for FTEs to rise across the group. This relationship is very strong, as evidenced by the clear upward trend in the scatter graph depicted in the Figure below.

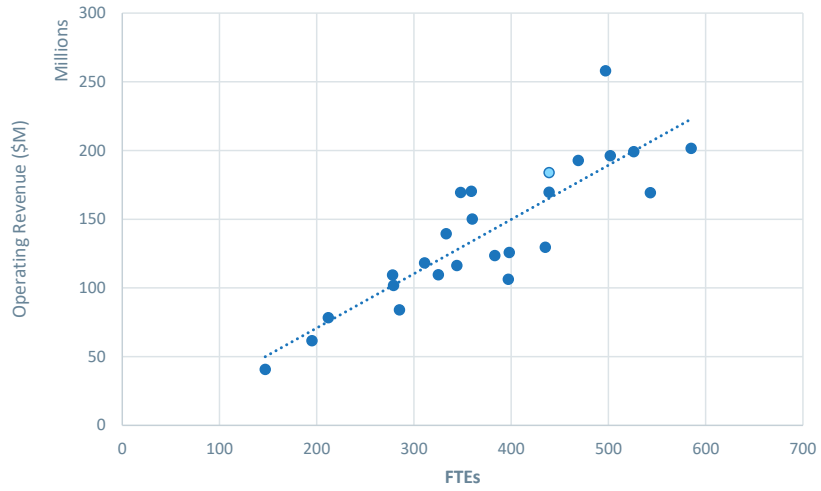
Figure 3.12 Operating Revenue (\$M) versus FTE across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.13 Operating Revenue (\$M) versus FTE across Selected Group of Councils



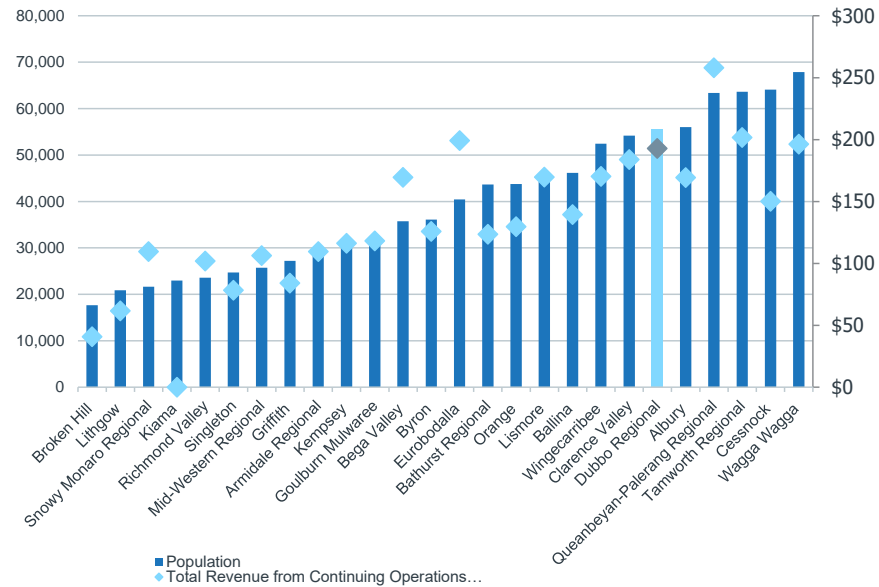
Source: OLG Time Series Data (2020/21)



3.3.3 Population vs Total Operating Revenue

There is another strong positive correlation shown for Dubbo Regional Council being fifth highest population within the group, and sixth highest in regard to total operating revenue. A positive correlation exists between population and total revenue, indicating that the relationship between population and total revenue is very strong, as evidenced by the scatter graph in the figure below which shows obvious trend.

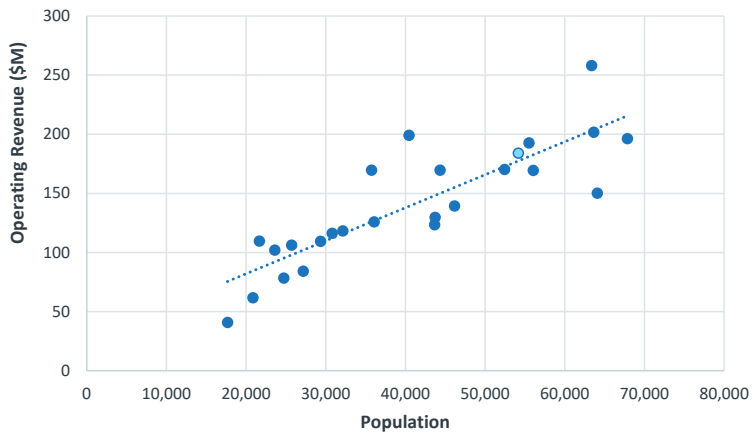
Figure 3.14 Population versus Operating Revenue (\$M) across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.15 Population versus Operating Revenue (\$M) across Selected Group of Councils



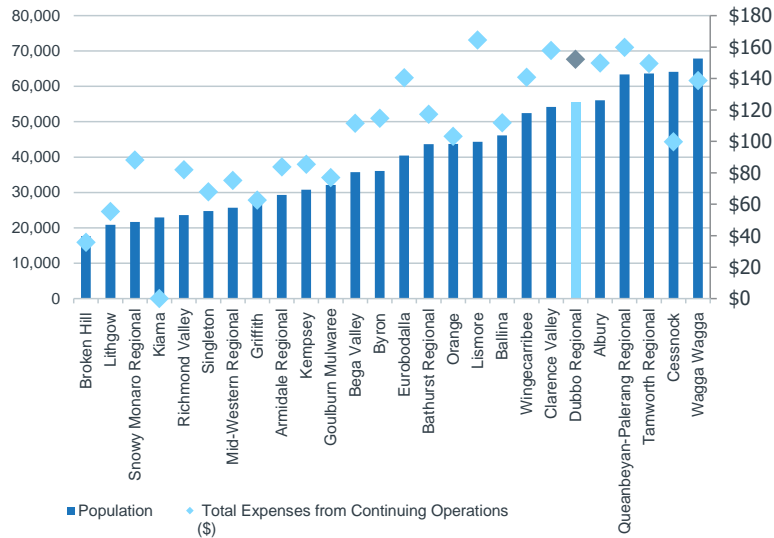
Source: OLG Time Series Data (2020/21)



3.3.4 Population & Total Operating Expenses Comparison

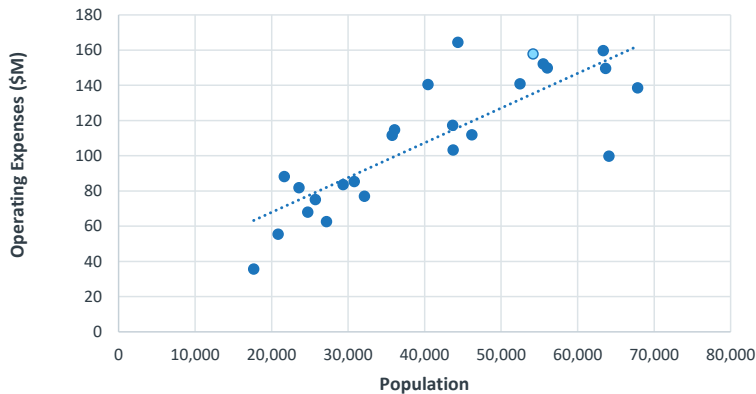
Both Dubbo Regional Council's population and operating expenses is ranked at fourth within the group. A positive correlation (correlation coefficient of 0.75) exists between population and operating expenses, indicating that an increase in population is associated with a tendency for operating expenses to rise. This relationship is relatively strong, as evidenced by the slight upward trend in the scatter graph in the figure below.

Figure 3.16 Population versus Operating expenses (\$M) across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

Figure 3.17 Population versus Operating expenses (\$M) across Selected Group of Councils

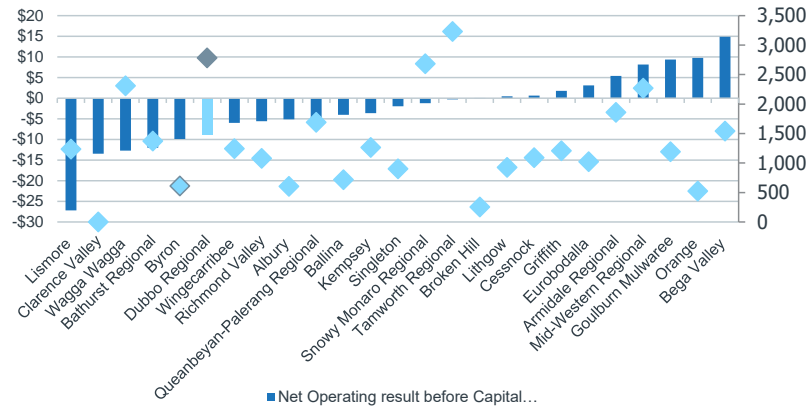


Source: OLG Time Series Data (2020/21)



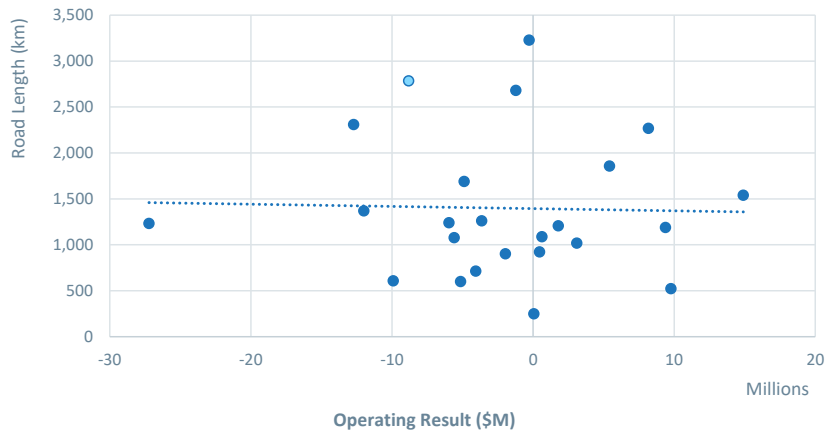
3.3.5 Net operating result vs Total Road Length

Figure 3.18 Net Operating Result versus Road Length across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

Figure 3.19 Net Operating Result versus Road Length across Selected Group of Councils



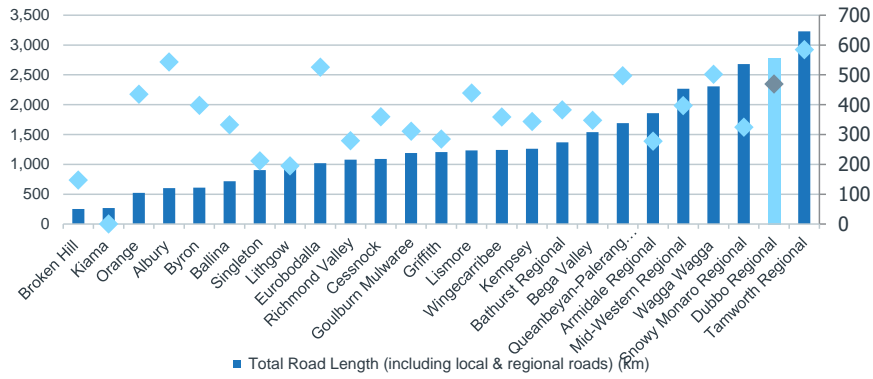
Source: OLG Time Series Data (2020/21)



3.3.6 Total Road Length vs FTE

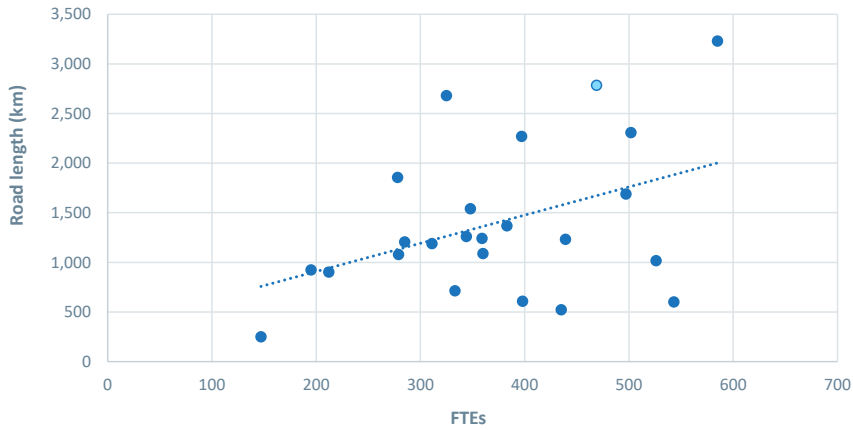
Dubbo Regional Council is positioned second in the group based on road length; however, it is positioned sixth in terms of FTEs. Whilst there is some correlation between road length and staffing required, clearly there are other significant determinants of staffing such as other key services provided, population served, etc.

Figure 3.20 Total Road Length versus FTE across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

Figure 3.21 Total Road Length versus FTE across Selected Group of Councils



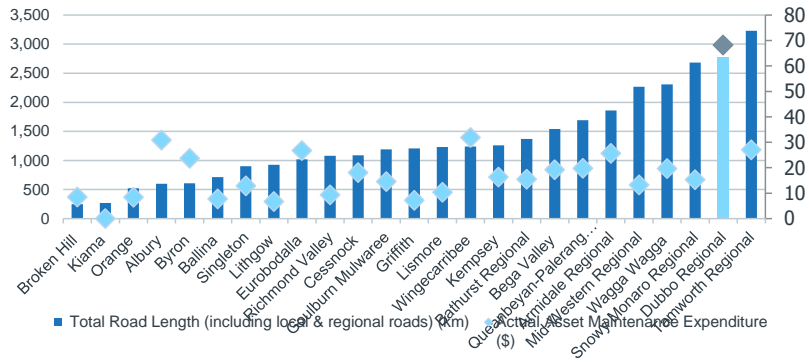
Source: OLG Time Series Data (2020/21)



3.3.7 Asset Maintenance Expenditure vs Road Length

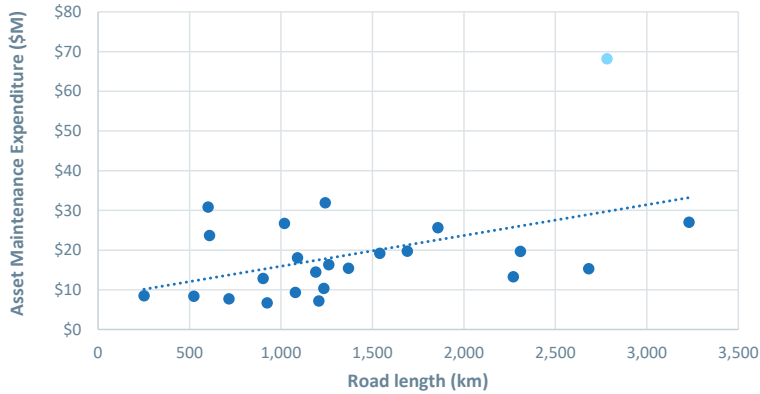
Dubbo Regional Council is an outlier in terms of asset maintenance expenditure in the subject year. This may indicate that DRC experienced unusual asset maintenance costs that year, such as recovery from natural disaster or similar. This is worthy of further investigation during future phases of the financial sustainability review, which will examine Council financial performance over a period of years.

Figure 3.22 Asset Maintenance Expenditure versus Road Length across Selected Group of Councils



Source: OLG Time Series Data (2020/21)

Figure 3.23 Asset Maintenance Expenditure versus Road Length across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



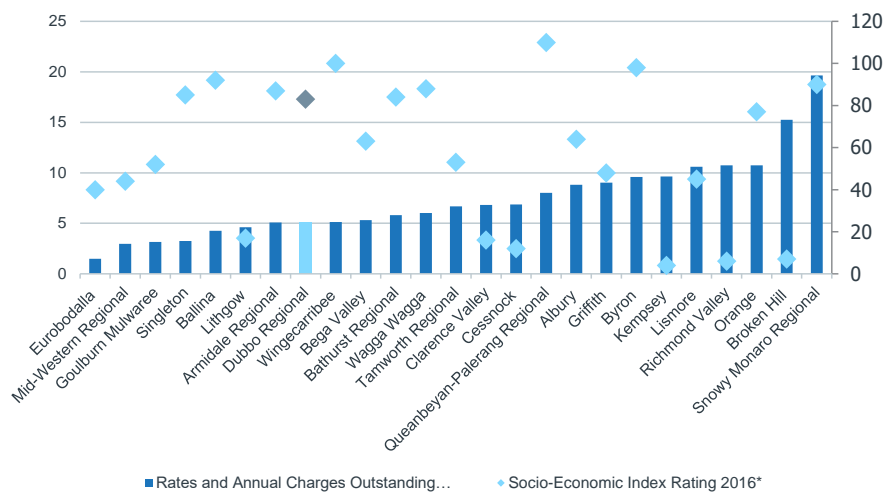
3.4 SOCIO-ECONOMIC INDEX RATING VS RATES OUTSTANDING

The Socio-Economic Index (SEI) rating is based on census data, and is a measure used to classify geographical areas based on their socio-economic characteristics, including a range of demographic, social and economic factors such as income, education, employment, and occupation. The SEI rating assigns a numerical value to each area, with higher values indicating higher levels of socio-economic advantage and lower values indicating lower levels of advantage. With an SEI rating of 83, Council has a ranking that indicates moderate advantage within the group.

Dubbo has quite low to moderate outstanding rates percentage at 5%, indicating relatively low problems with recovery of rates.

There is a negative correlation (correlation coefficient of -0.10) between SEI and Rates Outstanding, which means that within the group, areas with lower SEI ratings tend to have higher rates outstanding percentages, while areas with higher SEI ratings tend to have lower rates outstanding percentages. This suggests that the socio-economic index provides a reasonable measure of a community's ability and willingness to pay rates on time. This relationship is however quite weak, suggesting that other factors beyond the SEI metric may also influence rates outstanding percentages.

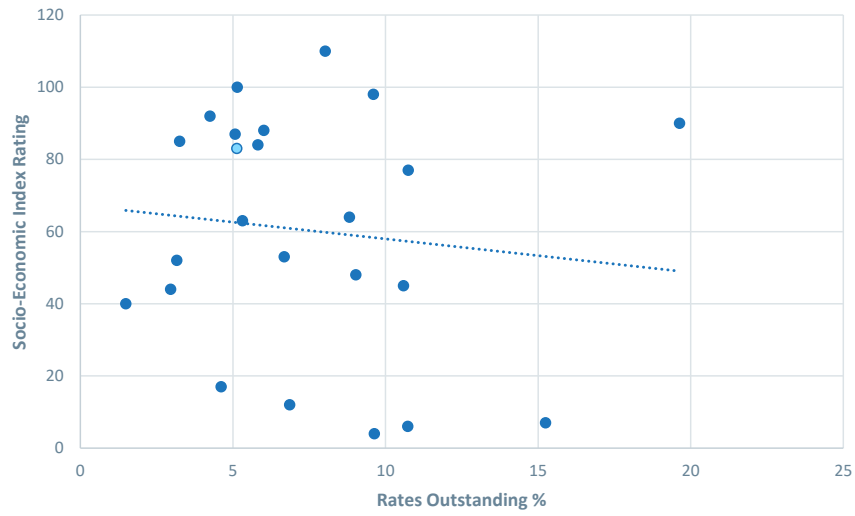
Figure 3.24 SEI Rating versus Rates Outstanding across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



Figure 3.25 SEI Rating versus Rates Outstanding across Selected Group of Councils



Source: OLG Time Series Data (2020/21)



4. HISTORICAL FINANCIAL PERFORMANCE

AEC's analysis of the historical financial performance of Council, and the underlying drivers of financial performance, is based on the review of evidence in the form of audited financial statements for the financial years 2017/18 to 2021/22 and adopted budgeted performance for the 2022/23 and 2023/24 financial years. Note, budget for 2022/23 is used as financial statements for 2022/23 were not published during the period of this review.

Historically, Council has reported a consolidated position as well as three fund types that are included in the consolidated position:

- Water Fund – Provision of water network services to properties within the serviceable areas and funded through the water access charge, consumption charge and other water fees.
- Sewer Fund - Provision of sewer network services to properties within the serviceable areas and funded through the sewerage access charge and other sewerage fees.
- General Fund – All other services and infrastructure provided by Council not funded by water or sewerage revenue. Revenue for the general fund is predominantly general rate revenue and grant funding, as well as revenue earned from fees and charges for services provided.

While analysis of Council's consolidated position is provided below, greater emphasis is placed on the analysis of the individual fund types that determine the consolidated position.

4.1 OPERATING POSITION

Council is required to prepare financial statements to report the operating result in two ways:

- Operating result from continuing operations, and
- Net operating result for the year before grants and contributions provided for capital purposes.

It is generally considered more appropriate to consider the operating result excluding the grants received for capital purposes, as such revenue is not able to be used to fund operating expenditure. However, a major expense contributing to the operating result is depreciation, and it should be noted that Council receives grants for capital purposes that are used to renew depreciating assets.

Furthermore, while the policy positions of State and Federal governments will almost certainly impact on the quantum and the recurrent nature of capital grants, sources of grant funding for capital such as Roads to Recovery, Regional Roads, and Block Grant, which are used by Council to renew depreciating assets, have been established for some time and likely to continue. Therefore, from an assessment of whether Council can fund all operating expenses, particularly when depreciation is a major expense item, some caution needs to be applied when just considering the financial operating position excluding all capital grant revenue.

4.1.1 Consolidated Operating Position

Table 4.1 below outlines the reported consolidated income statement for Council from 2017/18 to 2021/22 with 2022/23 and 2023/24 budgeted position – note, the 2023/24 budget has been adjusted by AEC after consulting with Council where there were inconsistencies or other adjustments required to the 2023/24 budget e.g. depreciation expense. The consolidated position is determined by the aggregate net operating result of the three fund types.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 4.1 Income Statement – Consolidated

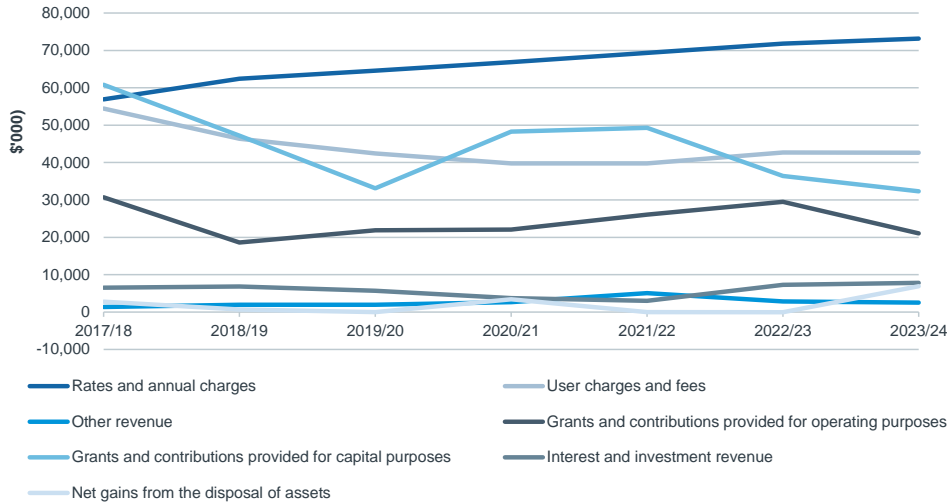
INCOME STATEMENT - CONSOLIDATED	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	
Income from continuing operations							
Rates and annual charges	56,909	62,438	64,587	66,845	69,356	71,837	73,156
User charges and fees	54,445	46,393	42,455	39,776	39,771	42,668	42,599
Other revenue	1,359	1,934	1,986	2,628	5,062	2,863	2,545
Grants and contributions provided for operating purposes	30,703	18,610	21,858	22,054	26,053	29,479	21,075
Grants and contributions provided for capital purposes	60,804	47,179	33,077	48,265	49,260	36,395	32,306
Interest and investment revenue	6,494	6,834	5,716	3,703	3,006	7,272	7,815
Other income	151	49	149	37	158	-	-
Net gains from the disposal of assets	2,762	703	-	3,446	-	(44)	6,916
Internal Revenue	-	-	-	-	-	-	(1,656)
Total income from continuing operations	213,627	184,140	169,828	186,754	192,666	190,470	184,756
Expenses from continuing operations							
Employee benefits and on-costs	37,187	40,104	45,200	44,932	44,485	50,470	52,138
Materials and services	32,936	35,017	36,364	53,696	46,710	42,413	32,334
Borrowing costs	5,682	4,435	3,691	3,095	2,981	2,795	2,455
Depreciation, amortisation and impairment of non-financial assets	30,407	39,902	42,261	45,551	48,457	49,601	50,133
Other expenses	16,069	16,900	15,075	2,356	2,438	16,576	17,022
Internal expenditure	-	-	-	-	-	-	(1,678)
Net losses from the disposal of assets	-	-	2,493	-	7,149	-	-
Total expenses from continuing operations	122,281	136,358	145,084	149,630	152,220	161,855	152,404
Operating result from continuing operations	91,346	47,782	24,744	37,124	40,446	28,615	32,352
Net operating result for the year before grants and contributions provided for capital purposes	30,542	603	(8,333)	(11,141)	(8,814)	(7,780)	46

Source – Council Published Financial Statements



Council has produced a net operating deficit in the last three years of the five past financial years. The deficits are due to a significant increase in material and services, reduced investment and interest income and user charges and fees, and considerable depreciation cost increases over the five year period. The significant increase in materials and services was due to accounting changes in the treatment of some expenses previously stated as other expenses (approximately \$12.7 million)

Figure 4.1 Operating Revenue Trend - Consolidated



Source – Council Published Financial Statements

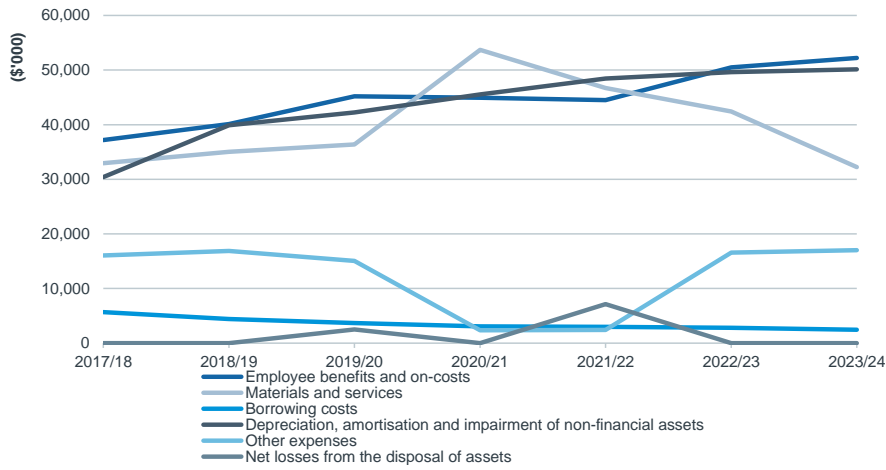
Table 4.2 Income Percentage (%) Changes over 7-year period - Consolidated

P&L Items	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Rates and annual charges	9.7%	3.4%	3.5%	3.8%	3.6%	1.8%
User charges and fees	-14.8%	-8.5%	-6.3%	0.0%	7.3%	-0.2%
Other revenue	42.3%	2.7%	32.3%	92.6%	-43.4%	-11.1%
Grants and contributions provided for operating purposes	-39.4%	17.5%	0.9%	18.1%	13.2%	-28.5%
Grants and contributions provided for capital purposes	-22.4%	-29.9%	45.9%	2.1%	-26.1%	-11.2%
Interest and investment revenue	5.2%	-16.4%	-35.2%	-18.8%	141.9%	7.5%
Net gains from the disposal of assets	-67.5%	204.1%		327.0%	-100.0%	

Source – Council Published Financial Statements



Figure 4.2 Operating Expense Trend - Consolidated



Source – Council Published Financial Statements

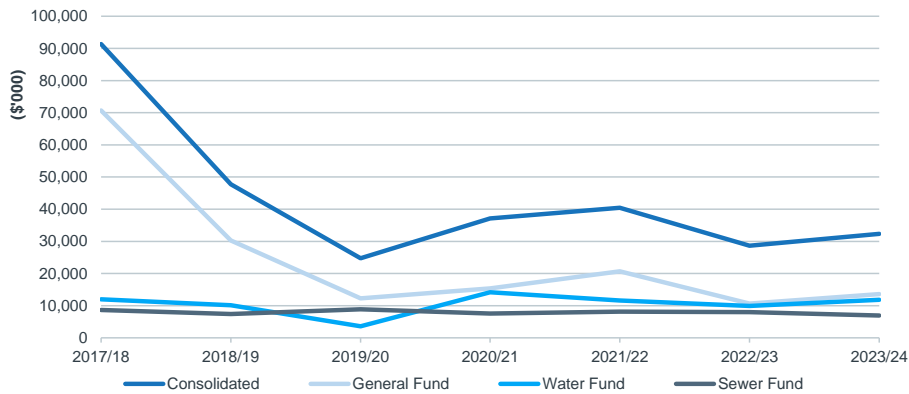
Table 4.3 Expense Percentage (%) Changes over 7-year period - Consolidated

P&L Items	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Employee benefits and on-costs	7.8%	12.7%	-0.6%	-1.0%	13.5%	3.3%
Materials and services	6.3%	3.8%	47.7%	-13.0%	2.4%	1.1%
Borrowing costs	-21.9%	-16.8%	-16.1%	-3.7%	-6.2%	-12.2%
Depreciation, amortisation and impairment of non-financial assets	31.2%	5.9%	7.8%	6.4%	2.4%	1.1%
Other expenses	5.2%	-10.8%	-84.4%	3.5%	579.9%	2.7%
Net losses from the disposal of assets						

Source – Council Published Financial Statements

4.1.2 Operating Result by Fund Type

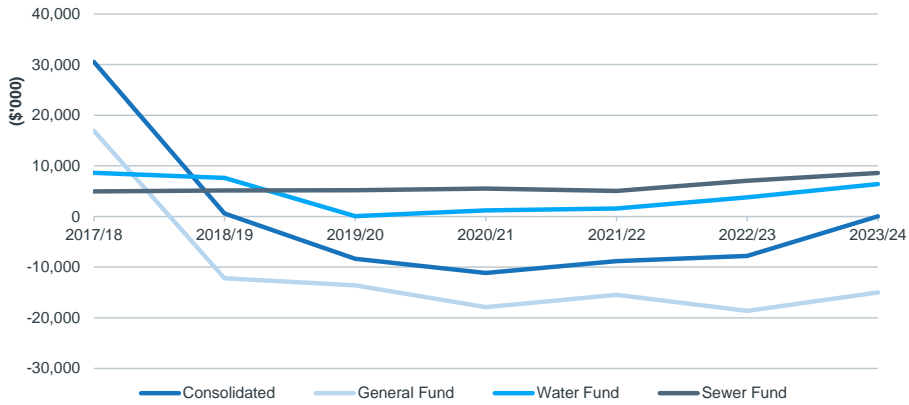
Figure 4.3 Operating Result by Fund



Source – Council Published Financial Statements



Figure 4.4 Operating Result before Capital Grants & Contributions by Fund



Source – Council Published Financial Statements

4.1.3 General Fund

The following Tables and Figures below outline Council's income statement for the General Fund from 2017/18 to 2021/22 and 2022/23 and 2023/24 original budget.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



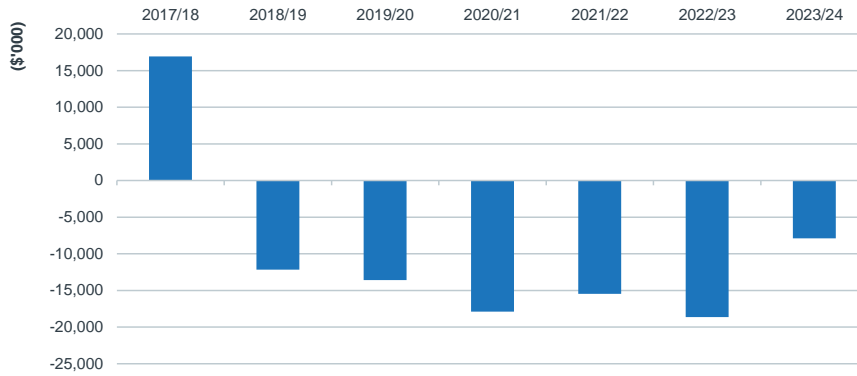
Table 4.4 Income Statement – General Fund

INCOME STATEMENT - GENERAL	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	
Income from continuing operations							
Rates and annual charges	38,083	42,830	44,078	45,458	46,903	48,708	50,564
User charges and fees	29,592	23,268	24,606	21,914	22,048	23,743	24,290
Other revenue	1,263	1,808	1,870	2,518	4,902	2,669	2,343
Grants and contributions provided for operating purposes	30,461	18,364	21,616	22,048	26,053	29,230	20,829
Grants and contributions provided for capital purposes	53,748	42,417	25,867	33,243	36,154	29,281	21,478
Interest and investment revenue	4,164	4,158	3,683	2,240	1,716	4,150	4,064
Other income	151	49	149	(3)	158	-	-
Net gains from the disposal of assets	2,762	703	-	3,446	-	(44)	6,916
Internal Revenue	-	-	-	-	-	-	(1,656)
Total income from continuing operations	160,224	133,597	121,869	130,864	137,934	137,737	128,828
Expenses from continuing operations							
Employee benefits and on-costs	28,721	31,092	34,836	34,515	35,285	45,275	45,097
Materials and services	26,538	28,642	28,495	42,278	35,129	27,939	26,058
Borrowing costs	3,037	1,985	1,343	907	964	931	775
Depreciation, amortisation and impairment of non-financial assets	20,113	29,269	31,534	35,443	38,868	39,953	38,290
Other expenses	11,946	12,347	11,605	2,356	2,438	12,984	13,786
Internal expenditure	-	-	-	-	-	-	(8,767)
Net losses from the disposal of assets	(824)	19	1,781	-	4,560	-	-
Total expenses from continuing operations	89,531	103,354	109,594	115,499	117,244	127,082	115,239
Operating result from continuing operations	70,693	30,243	12,275	15,365	20,690	10,655	13,589
Net operating result for the year before grants and contributions provided for capital purposes	16,945	(12,174)	(13,592)	(17,878)	(15,464)	(18,626)	(7,889)

Source – Council Published Financial Statements



Figure 4.5 Net Operating Result (before grants and contributions for capital) – General Fund



Source – Council Published Financial Statements

The General Fund’s net operating position has been in a deficit position over the past four years, most notably impacted by increasing depreciation costs and high reliance on grants and contributions proved for capital purposes. Income from this stream has averaged \$38.3 million over the five-year period from 2017/18 to 2021/22.

The next two years (2022/23 & 2023/24) also predict significant deficits in the General Fund of \$18.6 million and \$7.9 million, respectively. This is not a sustainable position for the general fund.

4.1.4 Water Fund

Table below outlines the reported income statement for the Water Fund from 2017/18 to 2021/22 and budgets for 2022/23 and 2023/24. Figure below depicts the actual operating result of the fund before capital grants and contributions over the seven years.

The Water Fund has provided operating surpluses for the assessment period. The subsequent budgets for 2022/23 and 2023/24 are planned to produce further surpluses of \$3.8 million and \$2.3 million.

The 2019/20 financial year was notably the lowest surplus of \$82,000 where the Water Fund generated a much lower income from user charges and fees, reduction in investment and interest income and increase in employee costs and depreciation costs.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



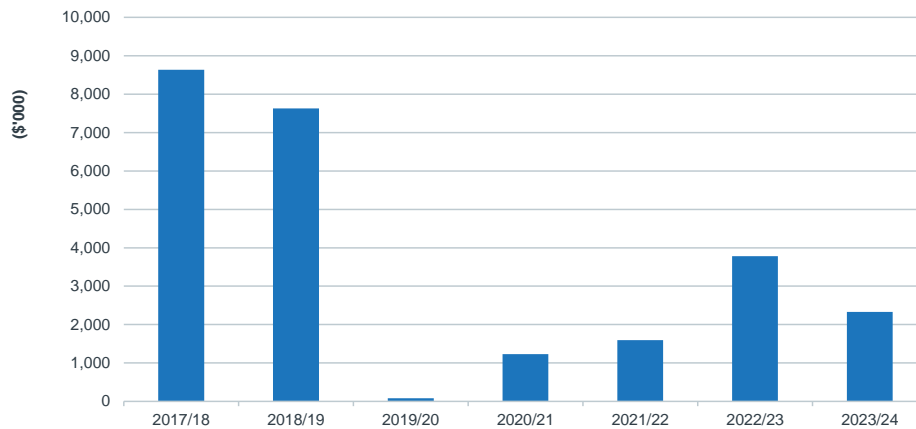
Table 4.5 Income Statement – Water Fund

INCOME STATEMENT - WATER	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	
Income from continuing operations							
Rates and annual charges	7,043	7,283	7,646	8,022	8,438	8,676	8,242
User charges and fees	19,460	18,235	13,231	13,340	12,990	14,094	13,423
Other revenue	41	63	56	57	86	61	42
Grants and contributions provided for operating purposes	121	127	124	6	-	133	130
Grants and contributions provided for capital purposes	3,369	2,480	3,511	12,944	10,036	6,144	9,494
Interest and investment revenue	969	1,193	976	678	687	1,406	1,911
Other income	-	-	-	27	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-
Total income from continuing operations	31,003	29,381	25,544	35,074	32,237	30,514	33,242
Expenses from continuing operations							
Employee benefits and on-costs	4,878	5,014	6,109	5,974	5,285	2,609	3,425
Materials and services	4,381	4,154	5,834	7,975	7,753	9,245	4,294
Borrowing costs	1,633	1,534	1,515	1,449	1,379	1,317	1,241
Depreciation, amortisation and impairment of non-financial assets	5,280	5,560	6,005	5,499	5,248	5,165	6,295
Other expenses	2,778	3,012	2,350	-	-	2,252	2,076
Internal expenditure	-	-	-	-	-	-	4,087
Net losses from the disposal of assets	50	(2)	138	-	944	-	-
Total expenses from continuing operations	19,000	19,272	21,951	20,897	20,609	20,588	21,418
Operating result from continuing operations	12,003	10,109	3,593	14,177	11,628	9,926	11,824
Net operating result for the year before grants and contributions provided for capital purposes	8,634	7,629	82	1,233	1,592	3,782	2,330

Source – Council Published Financial Statements



Figure 4.6 Net Operating Result (before grants and contributions for capital) – Water Fund



Source – Council Published Financial Statements

4.1.5 Sewerage Fund

Table below outlines the reported income statement for the Sewerage Fund from 2017/18 to 2021/22 and budgets for 2022/23 and 2023/24. Figure below depicts the actual and budgeted operating result of the fund before capital grants and contributions over the seven years.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



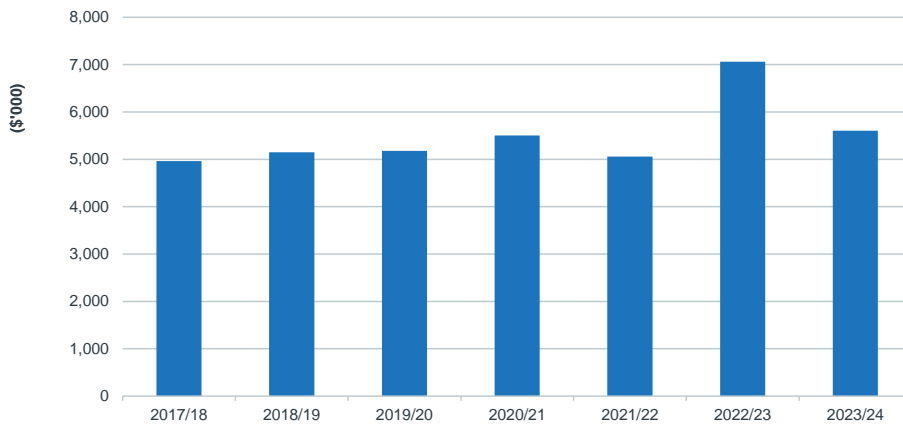
Table 4.6 Income Statement – Sewerage Fund

INCOME STATEMENT - SEWER	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
	ACTUAL					BUDGET	
Income from continuing operations							
Rates and annual charges	11,783	12,325	12,863	13,365	14,015	14,453	14,350
User charges and fees	5,393	4,890	4,618	4,522	4,733	4,831	4,886
Other revenue	55	63	60	53	74	133	160
Grants and contributions provided for operating purposes	121	119	118	-	-	116	116
Grants and contributions provided for capital purposes	3,687	2,282	3,699	2,078	3,070	970	1,334
Interest and investment revenue	1,361	1,483	1,057	785	603	1,716	1,840
Other income	-	-	-	13	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-
Total income from continuing operations	22,400	21,162	22,415	20,816	22,495	22,219	22,686
Expenses from continuing operations							
Employee benefits and on-costs	3,588	3,998	4,255	4,443	3,915	2,586	3,616
Materials and services	2,017	2,221	2,035	3,443	3,828	5,229	1,981
Borrowing costs	1,012	916	833	739	638	547	439
Depreciation, amortisation and impairment of non-financial assets	5,014	5,073	4,722	4,609	4,341	4,483	5,548
Other expenses	1,345	1,541	1,120	-	-	1,340	1,160
Internal expenditure	-	-	-	-	-	-	3,002
Net losses from the disposal of assets	774	(17)	574	-	1,645	-	-
Total expenses from continuing operations	13,750	13,732	13,539	13,234	14,367	14,185	15,746
Operating result from continuing operations	8,650	7,430	8,876	7,582	8,128	8,034	6,940
Net operating result for the year before grants and contributions provided for capital purposes	4,963	5,148	5,177	5,504	5,058	7,064	5,606

Source – Council Published Financial Statements



Figure 4.7 Net Operating Result (before grants and contributions for capital) – Sewerage Fund



Source – Council Published Financial Statements

The reported net operating result for the Sewerage Fund is surplus averaging \$5.2 million over the five years with an additional \$7.1 million and \$5.6 million projected, respectively for 2022/23 and 2023/24.



4.2 FINANCIAL PERFORMANCE MEASURES

Table 4.7 Financial Performance Indicators – Historical Performance

Indicator	Target	Fund	2017/18	2018/19	2019/20	2020/21	2021/22
Local Government Industry Indicators							
Operating Performance Ratio	Greater than 0%	TARGET	0.00%	0.00%	0.00%	0.00%	0.00%
		Consolidated	14.54%	-0.11%	-4.32%	-9.36%	-0.86%
		General	9.78%	-14.29%	-11.65%	-20.58%	-7.76%
		Water	28.65%	28.36%	0.37%	5.57%	7.17%
		Sewer	19.80%	27.27%	27.66%	29.37%	26.04%
Own Source Operating Revenue Ratio	Greater than 60%	TARGET	60.00%	60.00%	60.00%	60.00%	60.00%
		Consolidated	57.00%	63.77%	67.62%	61.63%	60.88%
		General	46.71%	53.76%	60.79%	56.59%	54.85%
		Water	89.07%	91.13%	86.26%	63.08%	68.87%
		Sewer	84.17%	88.65%	83.50%	90.02%	86.35%
Unrestricted Current Ratio	Greater than 1.5	TARGET	1.50	1.50	1.50	1.50	1.50
		Consolidated	5.52	4.35	4.11	2.93	4.33
		General	5.52	4.35	4.11	2.93	4.33
		Water	9.22	14.61	16.17	13.60	15.22
		Sewer	14.07	12.42	21.00	8.94	4.59
Debt Service Cover Ratio	Greater than 2.0	TARGET	2.00	2.00	2.00	2.00	2.00
		Consolidated	6.17	4.70	4.50	3.96	5.64
		General	4.87	2.69	3.37	2.40	4.67
		Water	9.39	9.51	4.93	5.54	5.85
		Sewer	10.81	11.90	12.61	14.35	15.40
Rates and Annual Charges Outstanding	Less than 10%	TARGET	10.00%	10.00%	10.00%	10.00%	10.00%
		Consolidated	4.88%	5.48%	5.63%	5.35%	5.13%
		General	1.63%	2.22%	8.08%	7.66%	7.40%
		Water	4.39%	5.25%	0.00%	0.00%	0.00%
		Sewer	16.35%	17.59%	0.00%	0.00%	0.00%
Cash Expense Cover Ratio	Greater than 3 months	TARGET	3.00	3.00	3.00	3.00	3.00
		Consolidated	25.79	26.13	22.86	20.25	20.20
		General	19.63	17.81	17.51	19.12	18.74
		Water	34.38	44.60			
		Sewer	71.82	71.85			

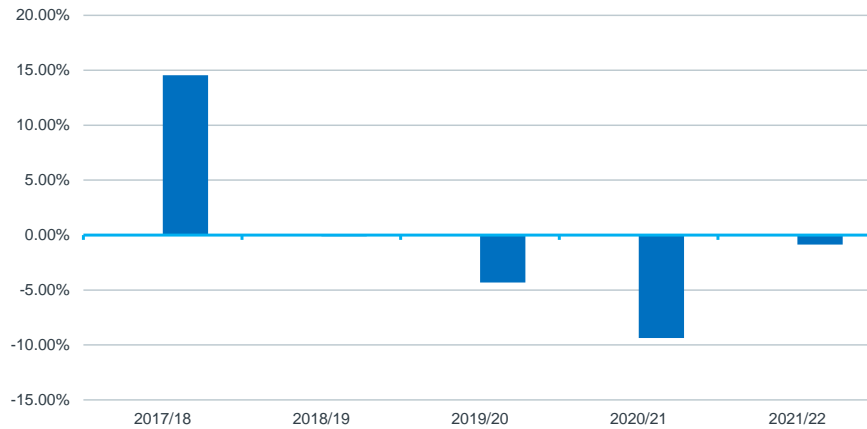


4.2.1 Operating Performance Ratio

This performance ratio measures Council's achievement of containing operating expenditure within operating revenue. The industry benchmark is for councils to be greater than 0.00%.

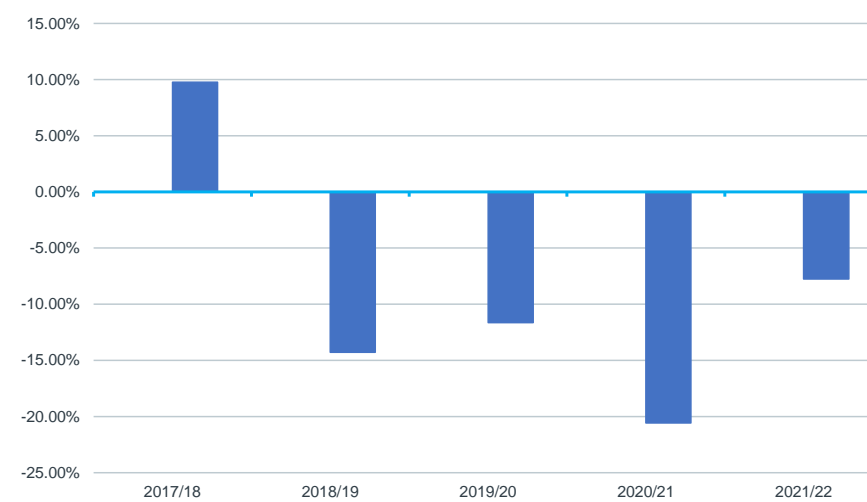
Council's operating performance ratio has deteriorated as a consolidated position and for the general fund. The water and sewer operations has met the industry performance measures over the five years of assessment. However, it is still important to note that the performance ratio for water fund has diminished over the last three years. As a consolidated and general fund last met this performance indicator in 2017/18. The worst performance outcome was in 2020/21 whereby the general fund had an operating performance ratio of -20.58%.

Figure 4.8 Operating Performance Ratio – Consolidated



Source – Council Published Financial Statements

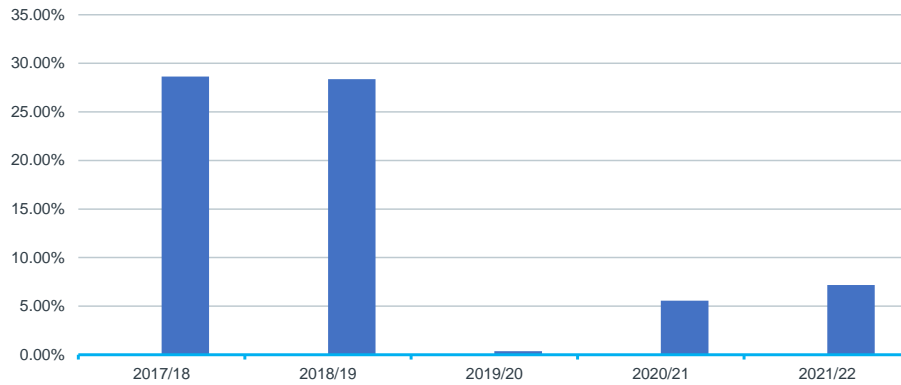
Figure 4.9 Operating Performance Ratio – General Fund



Source – Council Published Financial Statements

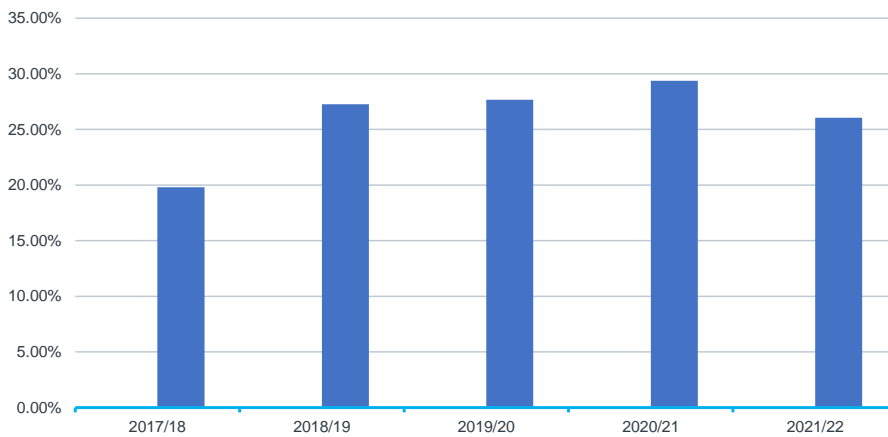


Figure 4.10 Operating Performance Ratio – Water Fund



Source – Council Published Financial Statements

Figure 4.11 Operating Performance Ratio – Sewer Fund



Source – Council Published Financial Statements

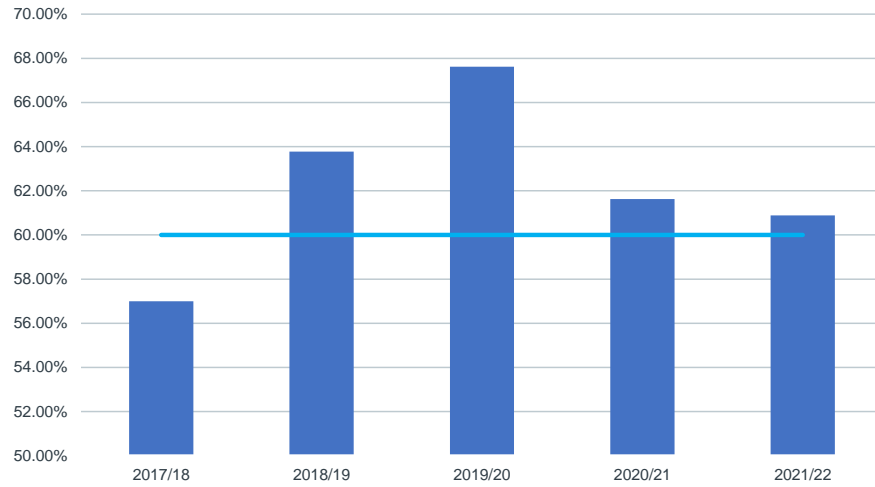
4.2.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. The benchmark is set at greater than 60%. Council has not met this performance measure on several occasions over the five years. The general fund has not met this performance measure four out of the five years except for 2019/20 which was just over the benchmark at 60.79%. This non-compliance is mainly due to Council's high reliance on grants and contributions.

The water and sewer funds have met this measure over all of the five years.

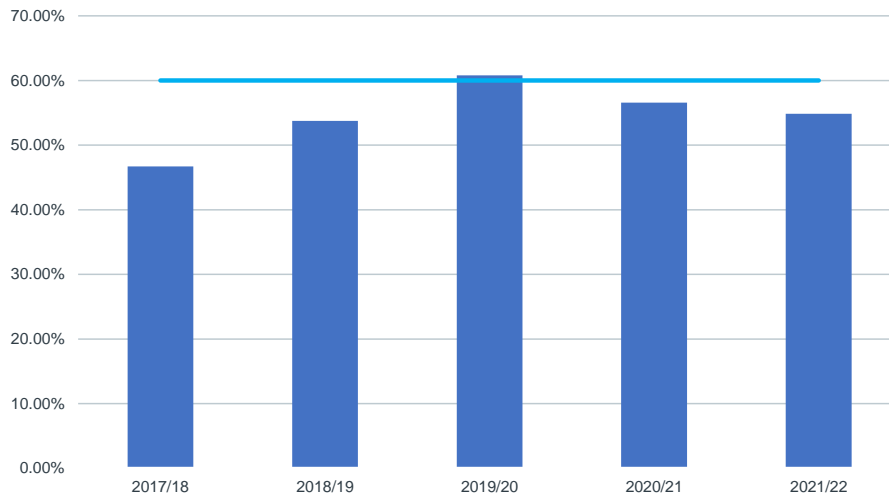


Figure 4.12 Own Source Operating Revenue Ratio – Consolidated



Source – Council Published Financial Statements

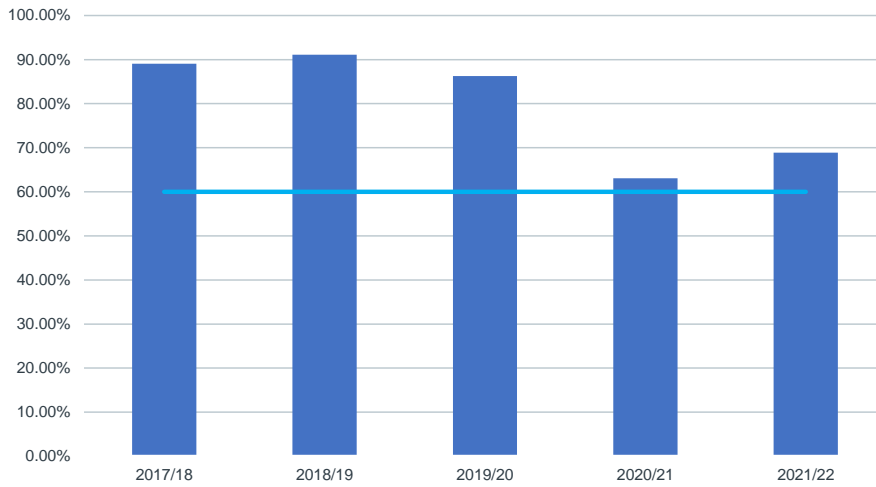
Figure 4.13 Own Source Operating Revenue – General Fund



Source – Council Published Financial Statements

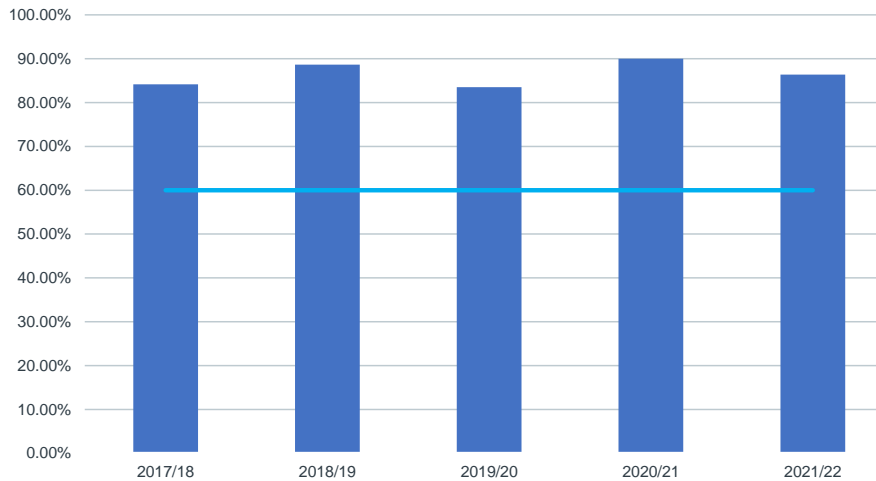


Figure 4.14 Own Source Operating Revenue – Water Fund



Source – Council Published Financial Statements

Figure 4.15 Own Source Operating Revenue – Sewer Fund



Source – Council Published Financial Statements

4.2.3 Unrestricted Current Ratio

The purpose of this ratio is to assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council. Benchmark been greater than 1.5.

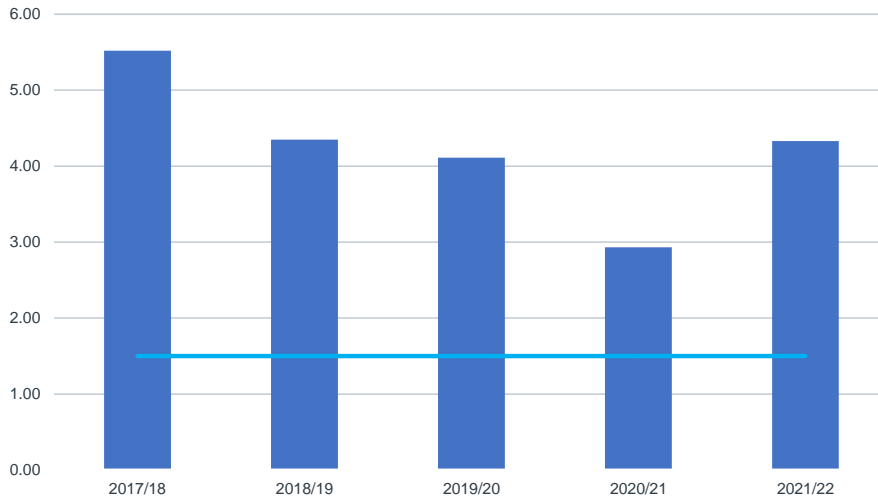
Council has met this benchmark through all its fund and financial years Council maintains a higher level of current assets over its current obligations or liability.



It should be noted that Council funds carried over capital works from previous year from the residual unrestricted cash available as at the end of the previous year. This results in minimal unrestricted cash available to mitigate risk to budgets and unforeseen events effecting services that are within the General Fund.

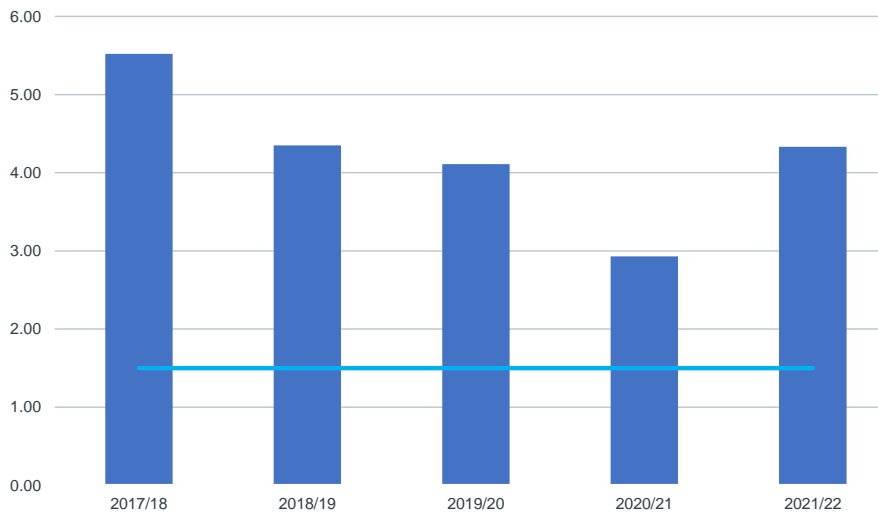
It should also be further noted that the adequacy of internal and external reserves will be further assessed as to whether the reserves are sufficient to address the infrastructure investments required for both asset renewals and investment in new assets to meet growth requirements.

Figure 4.16 Unrestricted Current Ratio – Consolidated



Source – Council Published Financial Statements

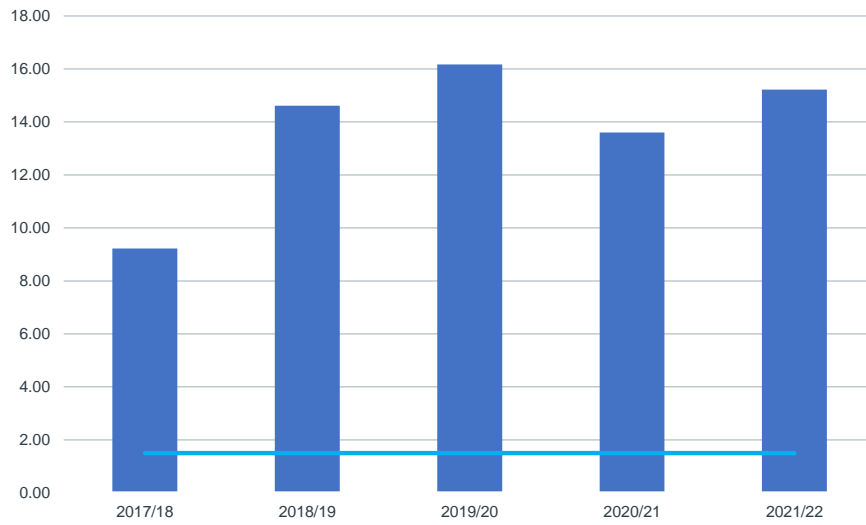
Figure 4.17 Unrestricted Current Ratio – General Fund



Source – Council Published Financial Statements

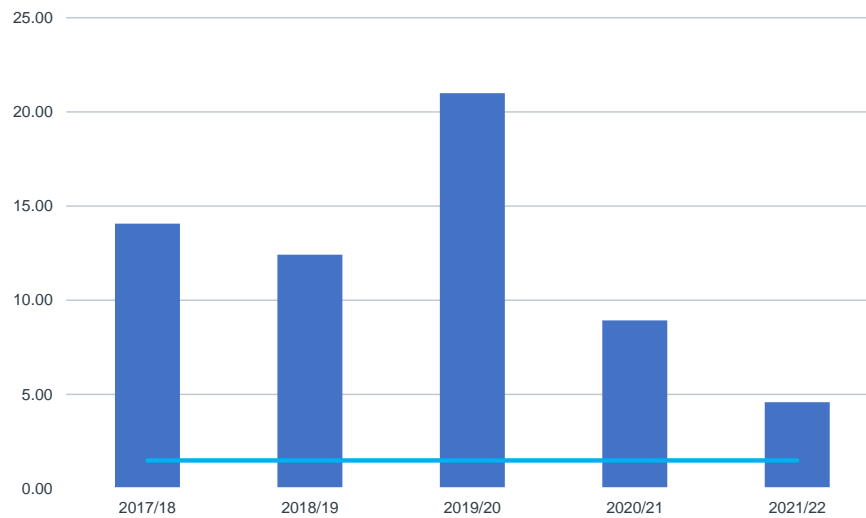


Figure 4.18 Unrestricted Current Ratio – Water Fund



Source – Council Published Financial Statements

Figure 4.19 Unrestricted Current Ratio – Sewer Fund



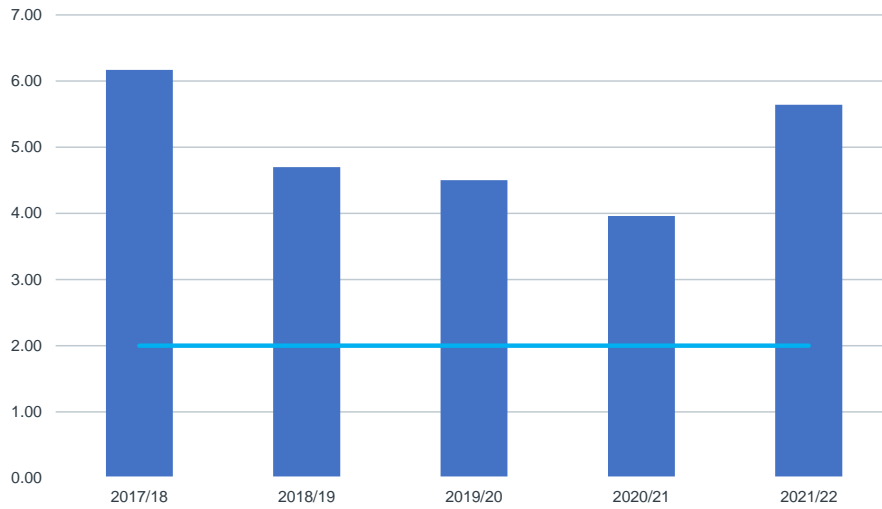
Source – Council Published Financial Statements

4.2.4 Debt Service Cover Ratio

The rationale of the debt service cover ratio measures the availability of operating cash to service debt including interest, principal, and lease payments. Council has at a consolidated level met the benchmark of 2.00. The lowest ratio was in 2020/21 at 3.96, which was due to the impact of COVID 19 during the year which impacted Council's operating cash. However, Council was still able to generate sufficient cash to cover its debt in 2021/22 with a ratio of 4.33 higher than the benchmark of 2.00.

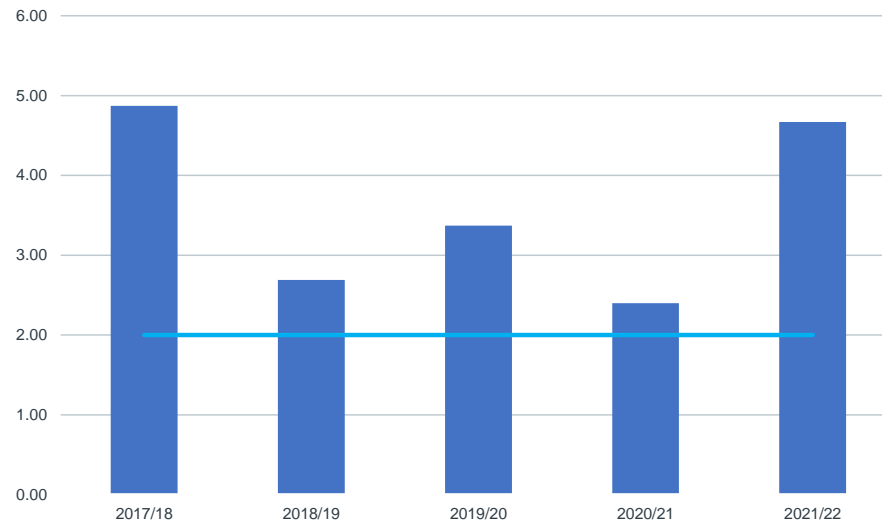


Figure 4.20 Debt Service Cover Ratio – Consolidated



Source – Council Published Financial Statements

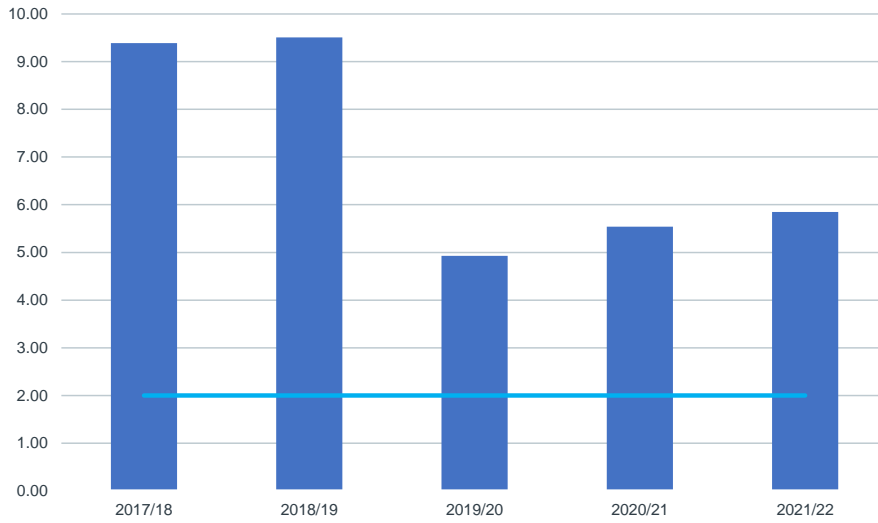
Figure 4.21 Debt Service Cover Ratio – General



Source – Council Published Financial Statements

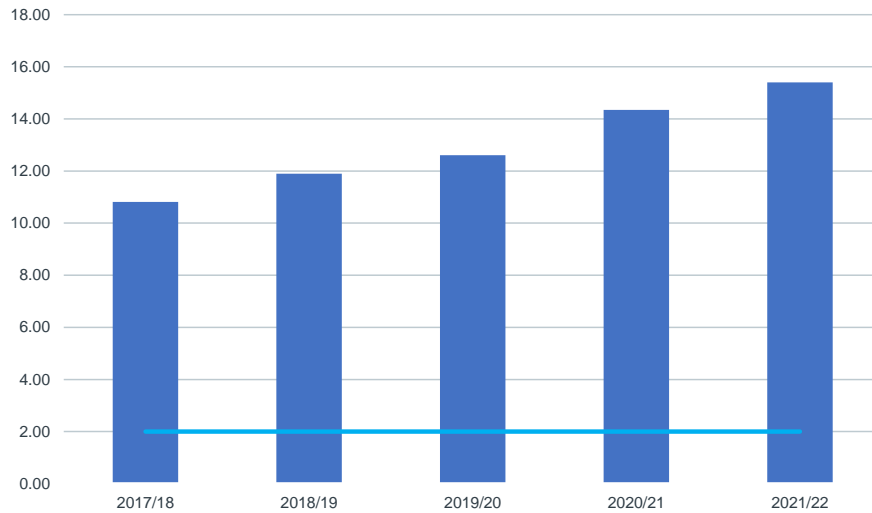


Figure 4.22 Debt Service Cover Ratio – Water



Source – Council Published Financial Statements

Figure 4.23 Debt Service Cover Ratio – Sewer



Source – Council Published Financial Statements



4.3 AVAILABILITY OF CASH

The following sections provide analysis of Council's historical performance in generating and using cash for operating, investing, and financing activities. Council does not report cashflow by fund type in the financial statements and therefore the following analysis is on a consolidated basis.

4.3.1 Cashflow

Table below outlines the reported consolidated cashflows for financial years from 2017/18 to 2021/22 and the two preceding years of budgets. The cash generated from operating activities fluctuated significantly over the period, most notably due to grants and contributions and Council's capital expenditure spend. The fluctuations in grants received differs from the Income Statement due to a change in accounting standards (reflected from 2019/20 onwards) that require Council to recognise the grants provided for specific purposes to be aligned with the delivery of the service or asset acquisition that the grant has been provided for. In the Statement of Cashflows, the grant is recognised when received. It is therefore important that Council accounts for grants within constrained reserves to ensure the cash received is quarantined for the purposes of the grant.

Total cash, cash equivalents and investments decreased in the first four years from 2017/18 to 2020/21 and then had a slight increase in 2021/22. This was mainly due to a lower capital expenditure compared to the rest of the assessment period. This can be further analysed to identify which funding types and what service areas have accumulated cash and what is the unrestricted component of the cash that Council has accumulated.

Figure below highlights the consolidated cash flows for operating, investing, and financing activities. Both the cash flows generated from operating activities and the cash flows used in investing activities fluctuate. The fluctuation is due to grant funding received and used in investment in assets, as well as the annual completion of other investments in the annual capital works plan.

Figure below highlights what proportion of the cash that has been accumulating is managed from within readily accessible cash accounts (cash & cash equivalent) and what is used in investments – investments return a higher return than cash within readily accessible bank accounts. Forward planning of the use of Council's cash enables the interest earned from cash to be maximised by investing responsibly. Investments have decreased from \$197.73 million at the end of 2017/18 to \$180.87 million at the end of 2021/22.

Total cash, cash equivalent and investment have a slight increase in the same period from \$234.49 million to \$236.41 million. Council is budgeting a reduction of this to \$212.00 million by end of 2023/24 financial year.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 4.8 Statement of Cash Flows - Consolidated

STATEMENT OF CASH FLOWS - CONSOLIDATED	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	
Cash Flows from operating activities							
<i>Receipts:</i>							
Rates and annual charges	56,224	61,777	64,792	67,503	69,774	70,691	73,299
User charges and fees	58,031	47,063	44,968	39,335	39,741	43,592	43,061
Investment and interest revenue received	6,404	6,837	5,907	4,754	3,281	1,517	7,855
Grants and contributions	69,391	51,515	46,230	56,859	60,100	48,343	49,678
Bonds, deposits and retention amounts received	216	67	-	602	-	-	-
Other operating	5,929	771	472	5,086	1,064	4,292	2,729
<i>Payments:</i>							
Employee benefits and on-costs	(38,646)	(40,548)	(45,026)	(45,021)	(44,317)	(48,929)	(51,787)
Materials and services	(36,109)	(34,386)	(39,308)	(49,666)	(50,299)	(30,312)	(32,207)
Borrowing costs	(3,865)	(3,809)	(3,733)	(3,144)	(2,949)	(2,973)	(2,640)
Bonds, deposits and retention amounts refunded	-	-	(99)	-	(323)	-	-
Other operating	(17,825)	(16,628)	(15,565)	(2,481)	(2,359)	(15,587)	(17,022)
Net cash provided (or used in) operating activities	99,750	72,659	58,638	73,827	73,713	70,634	72,966
Cash Flows from investing activities							
<i>Receipts:</i>							
Sale of investments	220,916	103,568	136,078	162,914	92,022	2,901	-
Sale of infrastructure, property, plant and equipment	1,672	2,645	3,200	10,803	1,779	1,421	2,447
Deferred Debtors Receipts	864	461	470	34	79	-	-
Other investing	4,460	2,678	760	8,777	6,695	11,558	14,550
<i>Payments:</i>							
Purchase of investment securities	(256,275)	(91,167)	(134,820)	(135,018)	(117,049)	-	(171)
Purchase of infrastructure, property, plant and equipment	(54,312)	(71,850)	(70,238)	(80,229)	(58,310)	(74,553)	(75,926)
Purchase of intangible assets	-	-	-	-	-	-	-
Purchase of real estate assets	(1,210)	(3,515)	(2,089)	(3,109)	(4,062)	(5,977)	(7,634)
Deferred debtors and advances made	(210)	(86)	-	18	20	-	-
Other investing	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	(84,095)	(57,266)	(66,639)	(35,810)	(78,826)	(64,650)	(66,734)
Cash Flows from financing activities							

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL

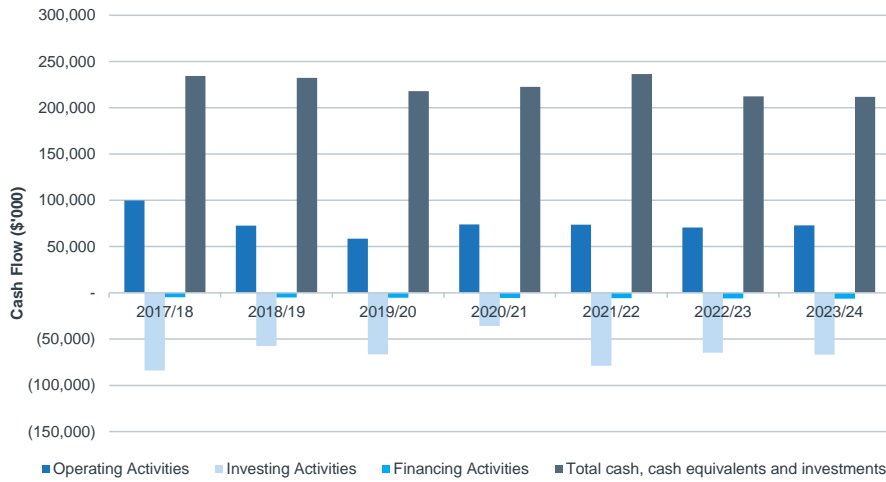


STATEMENT OF CASH FLOWS - CONSOLIDATED	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	
Receipts:							
New Residential Accommodation Bonds	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-
Payments:							
Repayment of borrowings and advances	(4,652)	(4,969)	(5,206)	(5,502)	(5,829)	(5,984)	(6,230)
Principal component of lease payments	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	(4,652)	(4,969)	(5,206)	(5,502)	(5,829)	(5,984)	(6,230)
Net increase/(decrease) in cash and cash equivalents	11,003	10,424	(13,207)	32,515	(10,942)	-	2
Cash and cash equivalents - beginning of year	25,752	36,755	47,179	33,972	66,487	3,000	3,000
Cash and cash equivalents - end of the year	36,755	47,179	33,972	66,487	55,545	3,000	3,002
Investments on hand - end of year	197,732	185,331	184,073	156,136	180,865	209,445	208,999
Total cash, cash equivalents and investments	234,487	232,510	218,045	222,623	236,410	212,445	212,001

Source – Council Published Financial Statements

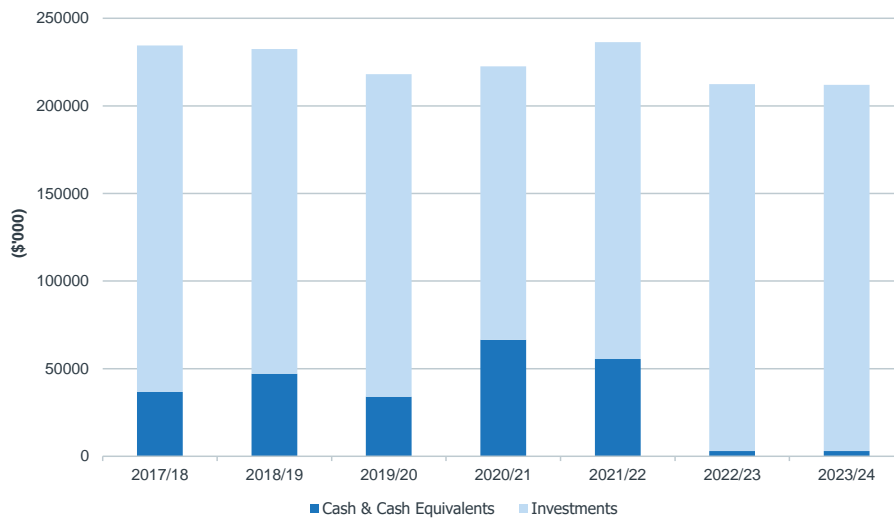


Figure 4.24 Cash Flows for Operating, Investing and Financing Activities - Consolidated



Source – Council Published Financial Statements

Figure 4.25 Total Cash and Investments at end of financial year - Consolidated



Source – Council Published Financial Statements



4.3.2 Cash restrictions

Table below outlines the balance of cash held within the different reserves and what cash is unrestricted.

Table 4.9 Cash Reserves – Consolidated – as at 30 June 2022

		2018	2019	2020	2021	2022
Fund		\$'000	\$'000	\$'000	\$'000	\$'000
External Restrictions - Included in Liabilities						
Specific Purpose Unexpended Grants - General Fund	General				0	
External Restrictions - Included in Liabilities		0	0	0	0	0
External Restrictions - Other						
Developer Contributions - General	General	13,622	14,237	11,958	13,356	11,698
Developer Contributions - Water Fund	Water					
Developer Contributions - Sewer Fund	Sewer					
Specific Purpose Unexpended Grants	General	38,481	41,179	24,336	23,471	25,476
Water fund	Water	39,548	50,958	56,681	53,881	59,502
Sewer fund	Sewer	48,036	51,849	58,284	60,861	62,761
Stormwater Management	General	2,830	2,997	4,156	5,002	4,047
Domestic Waste Management	General	2,429	1,347	1,632	3,670	4,149
External Restrictions - Other		144,946	162,567	157,047	160,241	167,633
Total External Restrictions		144,946	162,567	157,047	160,241	167,633
Internal Restrictions						
Deposits, retentions and bonds	General					
Employees Leave Entitlement	General	3,931	2,397	3,200	4,028	3,446
Governance	General	2,300				
Financial Assistance Grants	General	5,769				
Dubbo City Holiday Park	General	673	748	423		
Property Development	General	5,394	6,600	2,960	6,551	1,577
Dubbo City Regional Airport	General	20	410	3,297	2,129	2,827
Livestock Markets	General	3,973	4,210	3,102	3,127	2,771
Other Waste Management Services	General	3,737	8,696	12,528	14,711	17,904
Road Network - State Road	General	2,756	2,145	1,246	378	1,431
Fleet Management Services	General	10,781	7,519	9,833	8,960	9,991
Future Asset Renewals	General	47,207	34,218	24,409	22,498	29,017
Unexpended Loans/Borrowings	General					
Total Internal Restrictions		86,541	66,943	60,998	62,382	68,964
TOTAL RESTRICTIONS		231,487	229,510	218,045	222,623	236,597
Total cash, cash equivalents and investments		234,487	232,510	218,045	222,623	236,410
Externally restricted cash		144,946	162,567	157,047	160,241	167,633
Internally restricted cash		86,541	66,943	60,998	62,382	68,964
Externally restricted - included in liabilities		0	0	0	0	0
Unrestricted and unallocated cash, cash equivalent and investments		3,000	3,000	0	0	-187

Source – Council Published Financial Statements

At the end of 2021/22, Council had total cash, cash equivalents and investments of \$236.4 million, of which \$167.6 million is externally restricted, \$69.0 million is internally restricted and there is no restrictions for commitments in reported liabilities (mostly contracted grant liabilities). The residual amount of negative \$187,000 is considered unrestricted. Council has no unrestricted cash that can be used as a contingency for unforeseen and unbudgeted events.



It is also notable that Council has not restricted the financial assistance grant (FAG) advance payment or any incomplete capital works from prior years. Over the years, Council has wiped out several internal reserves as this could be seen as a way to create a positive unrestricted cash balance.

On a positive note, Council seems to have a reasonable amount of \$29.0 million internally restricted for the purpose of future asset renewals.

Internal reserves have been created by historical Council resolutions. Council should review its internal reserves at least on an annual basis for its relevance.

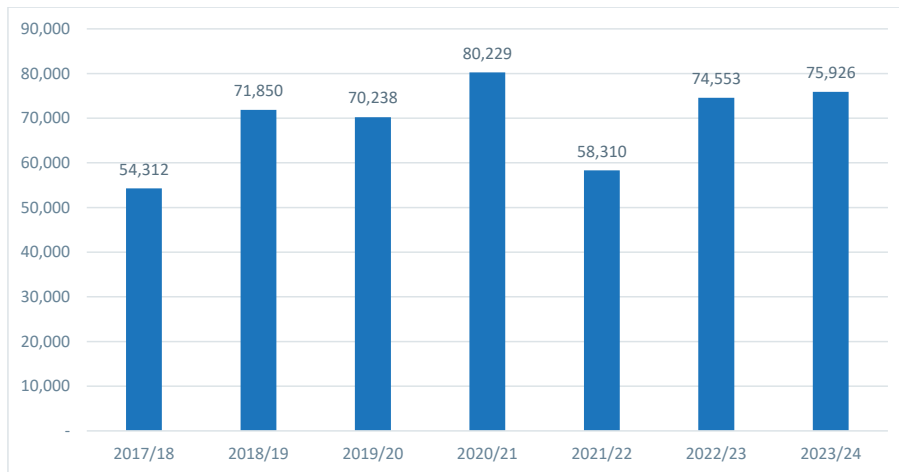
4.4 INVESTMENT IN ASSETS

The following sections outline Council's historical approach to investing in assets and performance measures achieved. Asset management component of the project will be reevaluated in more detail throughout the course of the project. Asset management is a core discipline and an essential management approach to ensuring Council's investment in assets delivers on both the sustainability of physical assets and fiscal capital (that is, Council's ability to access cash). The following analysis outlines Council's current approach to asset management, followed by analysis of Council's performance of investing in assets by fund type.

4.4.1 Capital Works Spend

Dubbo Regional Council has spent in total \$334.9 million over five years on capital expenditure, an average of \$67.0 million annually. Council had budgeted to spend another \$74.6 million in 2022/23 and \$75.9 million in 2023/24.

Figure 4.26 Capital Program Spend - Consolidated



Source – Annual Financial Statements



4.4.2 Reported Condition of Assets

In preparing the Annual Financial Statements, Council is required to complete the Special Schedules, which includes the Report on Infrastructure Assets. Figure below is an extract from the 2021/22 Annual Financial Statements.

Figure 4.27 Report on Infrastructure Assets – Extract

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to agreed level of service set by Council		2021/22 Required maintenance ^(a)	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000					1	2	3	4	5
Buildings	Other	91,903	91,903	8,509	8,509	165,735	266,305	41.5%	26.2%	24.3%	5.1%	3.0%		
	Sub-total	91,903	91,903	8,509	8,509	165,735	266,305	41.5%	26.2%	24.3%	5.1%	3.0%		
Other structures	Other structures	52,616	52,616	4,863	4,863	114,921	180,552	48.8%	23.1%	20.0%	8.2%	0.0%		
	Sub-total	52,616	52,616	4,863	4,863	114,921	180,552	48.8%	23.1%	20.0%	8.2%	0.0%		
Roads	Other	199,624	199,624	19,550	19,550	979,375	1,339,129	55.9%	29.6%	12.8%	1.7%	0.0%		
	Bulk earth works	-	-	-	-	445,930	445,930	100.0%	0.0%	0.0%	0.0%	0.0%		
	Sub-total	199,624	199,624	19,550	19,550	1,425,305	1,785,059	66.9%	22.2%	9.6%	1.2%	0.0%		
Water supply network	Other	94,806	94,806	20,791	20,791	315,417	448,894	67.9%	10.9%	12.7%	4.7%	3.8%		
	Sub-total	94,806	94,806	20,791	20,791	315,417	448,894	67.9%	10.9%	12.7%	4.7%	3.8%		
Sewerage network	Other	106,333	106,333	12,491	12,941	237,387	314,161	41.0%	31.4%	16.9%	6.3%	4.4%		
	Sub-total	106,333	106,333	12,491	12,941	237,387	314,161	41.0%	31.4%	16.9%	6.3%	4.4%		
Stormwater drainage	Other	22,270	22,270	1,305	1,305	133,861	181,394	50.9%	36.8%	7.0%	4.6%	0.6%		
	Sub-total	22,270	22,270	1,305	1,305	133,861	181,394	50.9%	36.8%	7.0%	4.6%	0.6%		
Open space / recreational assets	Swimming pools	1,079	1,079	186	186	5,763	9,003	78.8%	8.4%	12.8%	5.2%	(5.2%)		
	Sub-total	1,079	1,079	186	186	5,763	9,003	78.8%	8.4%	12.8%	5.2%	(5.2%)		
Total – all assets		568,631	568,631	67,695	68,145	2,398,389	3,185,368	60.5%	22.7%	12.4%	3.2%	1.2%		

(a) Required maintenance is the amount identified in Council's asset management plans.

Source – Annual Financial Statements 2021/22

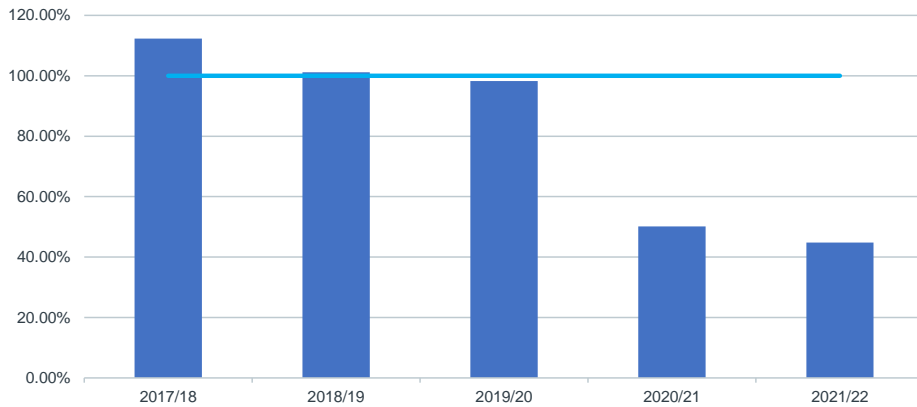


The following are standard observations of the Report on Infrastructure Assets:

- Reported condition of the assets is determined by a qualitative assessment, relying upon opinion of officers involved in the management of the assets.
- The estimated cost to bring assets to satisfactory standard is based on opinion of officers involved in the preparation of the report, not based on a quantitative assessment of Council's asset register.
- Required maintenance is based on historical expenditure, not on a cost of required and planned maintenance.

4.4.3 Performance Measure – Building and Infrastructure Renewals Ratio

Figure 4.28 Building and Infrastructure Renewals Ratio – Consolidated



Source – Annual Financial Statements

Figure above outlines the Council's consolidated historical performance based on the building and infrastructure renewals ratio. The ratio is calculated by the value of asset renewals on buildings and infrastructure divided by the depreciation of buildings and infrastructure. If the ratio is above 100%, the cost of renewals in the financial year exceeds the estimate of the value of the assets consumed within the year (that is, depreciation expense). Over the long term, the average building and infrastructure renewal need to be at least 100% to indicate that Council is replacing assets at the same rate as the assets are being consumed. The ratio will only be accurate if the calculation of annual depreciation expense materially reflects actual consumption.

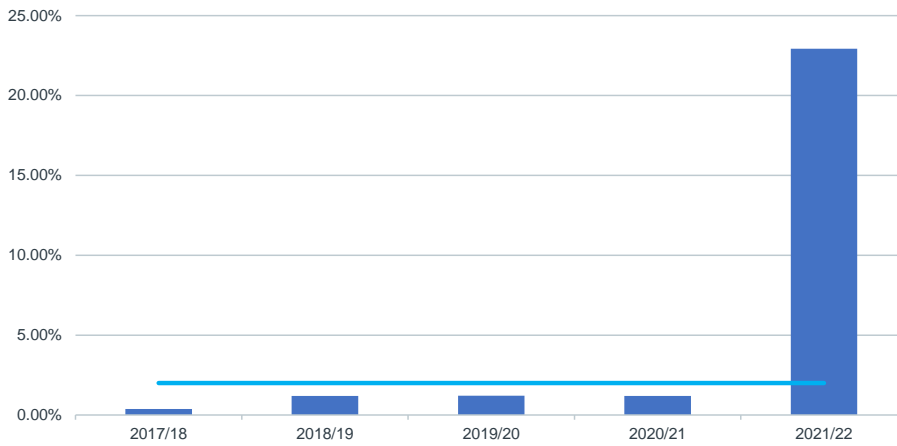
The building and infrastructure renewals ratio indicated that Council had invested sufficiently in building and infrastructure asset renewals compared to depreciation on building and infrastructure assets until 2019/20. For the next two years, this ratio has majorly deteriorated to as low as 44.78% in 2021/22.

Dubbo Regional Council has met this ratio three of the past five years whereby indicating that the renewal of building and infrastructure assets are more than the depreciation (or consumption) of assets.



4.4.4 Performance Measure – Infrastructure Backlog Ratio

Figure 4.29 Infrastructure Backlog Ratio – Consolidated



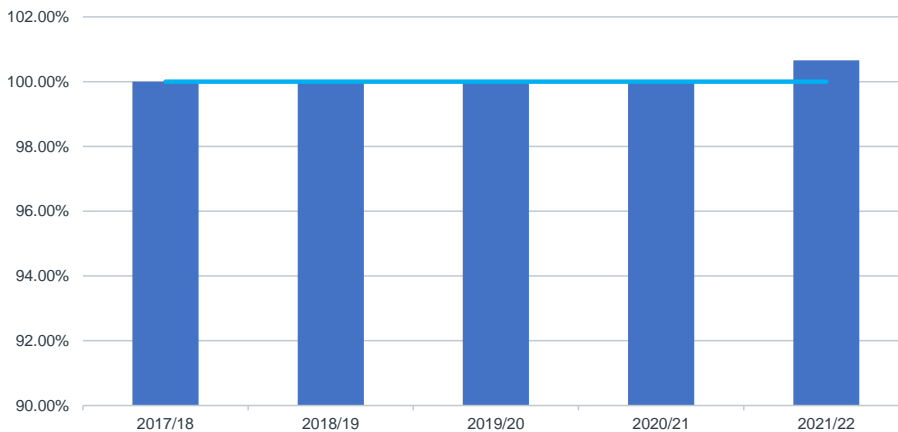
Source – Annual Financial Statements

The infrastructure backlog ratio is calculated by dividing the total estimated cost to bring assets back to satisfactory standard by the total gross replacement cost of assets. A target of below 2% is the established industry benchmark. The reported ratio for Council was reported stable for the four years and then sees a massive increase in backlog. This indicates inconsistency in reporting as the backlog cannot possibly increase over 20 times from one year to another.

The accuracy of the performance reported depends upon how accurate the Council has been in estimating the cost of the backlog.

4.4.5 Performance Measure – Asset Maintenance Ratio

Figure 4.30 Asset Maintenance Ratio – Consolidated



Source – Annual Financial Statements

The asset maintenance ratio is calculated by dividing the actual maintenance spend for the reported financial year by the total cost of planned asset maintenance (as outlined in the Asset Management Plans). Figure 30 indicates that the Council’s actual expenditure on maintenance has been reasonably consistent with the planned maintenance.

The reporting again seems questionable as the ratio is perfectly proportional to the target at 100% for all the funds over the five years except for the sewer fund reporting 103.6% in 2021/22.

5. SCENARIO PLANNING

A key component of the Financial Sustainability Review is the development of a forecast of Council's financial position based on current setting – that being the operating budget for 2023/24 (adjusted in forward years for known nonrecurrent budget items), current service levels, adopted strategies and plans and the current investment in assets. With an established forecast of current settings, AEC has then been able to develop alternative scenarios to assess corrections required to improve the financial sustainability concerns raised in the base forecast scenario.

5.1 METHODOLOGY

To enable the assessment of Council's financial sustainability, AEC has developed a number of scenarios that illustrate the mid to long term considerations of Council's financial position. Each scenario includes an assessment of the consolidated financial outcomes, as well the financial outcome for the General Fund, Sewer Fund, Water Fund and Waste Fund – AEC has separated out the waste management functions from the General Fund to enable a separate assessment of the sustainability of the waste services.

The scenarios are as follows:

- Base scenario – a forecast of the continuation of current financing and investment practices.
- Enhanced asset renewal and maintenance scenario – an increase in the expenditure to maintain the infrastructure capital
- Enhanced asset renewal, maintenance and cash scenario – an increase in expenditure and generation of cash to maintain both fiscal capital and infrastructure capital.

Each of these scenarios has been developed through adopting the following methodology and approach:

- Configuration of the AEC LTFP tool to forecast Council's primary statements (income statement, balance sheet and the statement of cash flows) throughout the assessment period
- Creating an additional fund for waste, separating waste services from other services in the General Fund.
- Determining Council's current operational costs and revenues by referring to:
 - Previous years' audited financial statements - 2017/18 to 2021/22
 - Council's most recent draft financial statements for the 2022/23 financial year. We understand that these results have not yet completed the audited, but nonetheless reflect a reasonable forecast of the financial position likely to be reported for this period.
 - The 2023/24 budget advised by Council reflecting the current financial operating performance of Council services.
- Using the 2022/23 draft financial statements, establish the reserve balances as at 1 July 2023 and project forward the balance of the individual reserves based on services and assets the reserves are intended for.
- Developing assumptions for the indexation and growth of both operating and capital expenditure and revenue.
- AEC has included forecasts for new operating costs related to new and upgraded assets, such as depreciation, operating costs and asset maintenance costs.
- AEC has forecast financial costs such as interest on borrowings and revenue from investments based on forecast rates of return and our calculated forecasts of the balance sheet position of Council throughout the forecast period.
- The specific assumptions with respect to Council's capital works program (both new assets and renewals program) vary between scenarios, but broadly AEC has constructed a range of scenarios that are informed by Council's current 4-year capital works program (new and renewals). The Base Case assumes that the current investment in renewals included in the 4-year capital works program will continue for the remainder of the assessment period. AEC has also included likely continuation of investment in new assets for water and sewer, roads and footpaths – particularly where related to ongoing property development activities that are assumed to continue.

The two scenarios with enhanced asset renewals and maintenance have been developed by AEC informed by our analysis of Council asset register, including remaining useful life and replacement costs, Council's records of asset conditions and interviews with asset custodians in relation to the accuracy and reliability of asset data held in Council's asset register. Ideally AEC would use mature Asset Management Plans to inform the renewal budget required, however Council's currently Asset Management



Plans do not have sufficient planning for asset renewals. In the absence of renewals plans, Councils often use depreciation to reflect the asset renewals required. It should be noted that AEC has not used depreciation as the basis for planned renewals but rather a more realistic forecast for demand based on the current asset information provided by Council. The result is that Council does not meet the asset renewal ratio across the assessment period due to asset classes where evidence suggests the renewals are not required. Asset renewals may not be required because the assets are in good condition and not planned to be renewed in the 10 year assessment period, or Council does not intend to renew the asset, or the Council is not responsible for the renewal of the asset (for example, the emergency services assets – the “red fleet”).

5.2 GUIDE TO INTERPRETATION FOR THE BASE SCENARIO

5.2.1.1 Reporting Format

AEC has sought to provide forecasted financial reports that are, to the extent possible, consistent with Council audited financial reports, as we anticipate that the audience for this report are familiar with Council's audited financial statements.

5.2.1.2 Breakdown by Fund

Historically, Council has reported a consolidated position as well as three fund types that are included in the consolidated position.

AEC has generally adopted a similar reporting hierarchy, but have also separated waste related services into a separate 'Waste Fund'. This is also reflected in a separate reserve to manage the cash restrictions in relation to domestic waste management.

The funds reported (in addition to the consolidated position reflecting the sum of all funds) are therefore summarised as follows:

- Water Fund – Provision of water network services to properties within the serviceable areas and funded through the water access charge, consumption charge and other water fees.
- Sewer Fund - Provision of sewer network services to properties within the serviceable areas and funded through the sewerage access charge and other sewerage fees.
- Waste Fund – all domestic and other waste management services provided by Council. Revenue for the waste fund is principally waste management charges levied by Council.
- General Fund – All other services and infrastructure provided by Council not funded by water, sewerage or waste revenue. Revenue for the general fund is predominantly general rate revenue and grant funding, as well as revenue earned from fees and charges for services provided.

While analysis of Council's consolidated position is provided below, greater emphasis is placed on the analysis of the individual fund types that determine the consolidated position.

6. FINANCIAL PERFORMANCE FOR THE BASE SCENARIO

6.1 ASSUMPTIONS AND QUALIFICATIONS

The following key assumptions have been made in the compilation of the Base Case Scenario, which represents the forecast position on the assumption that Council continues the implementation of current operations and practices throughout the forecast period:

- AEC has included Council's forecast capital works program (new assets and renewals) during the first 4 years of the forecast period. Council's forward planning for capital works has not been prepared beyond the 4th forecast year. Beyond that time, AEC has:
 - Included an ongoing renewals program at approximately the average of the forecast during years 2 to year 4.
 - Continued the investment in new assets where it is highly likely the demand will continue – such as continuation of the property development function and investment in new water and sewer assets.
- Our calculation of the forecast position of internal and external reserves include escalation of operating revenues and costs, together with other cash flows based on continuation of existing practices and capital works funding advised in Council's 4-year capital works program (which we have extended over the forecast period)
- AEC has included growth in the ordinary rates base of approximately 1% per annum, which has been based on advice from Council on anticipated growth in properties and a continuation of the recent historical trend growth. We have also included an assumed 2.5% per annum rate peg in line with IPART recommendations.
- AEC has included escalation in Council staffing costs in line with the relevant award (3.5% in 2023/24, followed by 3% per annum thereafter). We have also assumed 0.5% growth in staff numbers (FTE basis) in the Base Scenario per annum.
- AEC has also assumed CPI cost indexation based on Australian Government Budget 2023/24 indexation forecasts (where available) and continuation of trend increases thereafter.
- AEC has included Council's currently forecast program for property development and sales, which AEC understands reflects an optimistic or aggressive target program which will produce sufficient cash surpluses to return a \$500,000 cash dividend payment to the General Fund each year throughout the assessment period (this is after all capital investments including land development costs and construction of infrastructure assets such as roads, pathways etc).

6.2 NET OPERATING POSITION OF BASE CASE

Council has produced a net operating deficit in the last three years in terms of Net Operating Result before grants and contributions. This deficit position is also forecast to continue through the 2022/23 and 2023/24 financial years (based on our forecast for 2023/24).

AEC's forecast indicates that, under the Base Case Scenario (continuation of current practices) Council is forecast to deliver a consolidated operating deficit of approximately \$29.8 million over the forecast period (excluding capital grants and contributions), with individual annual results ranging from approx. \$5.9 million deficit to \$1.0 million surplus.

Table 5.1 below outlines the reported consolidated Income Statement for Council showing historical audited financial results, 2022/23 draft financial results, 2023/24 adopted budget and ten years forecast from 2024/25 to 2033/34. The consolidated position is determined by the aggregate net operating result of the four Funds. Table 5.2 outlined the same information but only for the General Fund.

As outlined in Table 5.1 Council is forecast to produce net operating deficits across the forward financial years. Table 5.2 indicates that the operating deficits in the consolidated report is due to a significant operating deficit forecast for the General Fund that deteriorates to a \$22.6 million deficit in the 2033/34 financial year.

Figure 5.1 and Figure 5.2 below outlines how each of the different funds contribute to the forecasted consolidated operating result.

6.3 OPERATING PERFORMANCE BY SERVICE

Table 5.6 below reports the net operating result for each service. This may be interpreted broadly as the cost to Council of providing each Service. While the table reports the budgeted operating result for each service for 2023/24 only, the forecast for across the assessment period assumed continuation of the operating result in 2023/24 with indexation and growth component applied (where relevant).

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 6.1 Income Statement – Consolidated

INCOME STATEMENT - CONSOLIDATED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	ACTUAL				DRAFT ACTUAL	FORECAST	FORWARD PLAN										
Income from continuing operations																	
Rates and annual charges	62,438	64,587	66,845	69,356	72,492	73,156	75,717	78,367	81,110	83,949	86,887	89,928	93,075	96,333	99,705	103,194	
User charges and fees	46,393	42,455	39,776	39,771	44,916	42,909	44,089	45,191	46,321	47,479	48,666	49,882	51,129	52,408	53,718	55,061	
Other revenue	1,934	1,986	2,628	5,062	3,405	2,235	2,296	2,354	2,412	2,473	2,535	2,598	2,663	2,729	2,798	2,868	
Grants and contributions provided for operating purposes	18,610	21,858	22,054	26,053	28,542	19,945	20,031	20,531	21,045	21,571	22,110	22,663	23,229	23,810	24,405	25,016	
Grants and contributions provided for capital purposes	47,179	33,077	48,265	49,260	56,552	48,036	9,625	11,668	9,882	68,113	12,932	13,082	13,236	13,395	13,559	13,728	
Interest and investment revenue	6,834	5,716	3,703	3,006	7,662	9,833	10,003	10,048	11,017	12,053	12,288	13,082	13,336	14,085	15,020	15,989	
Other income	49	149	37	158	-	-	-	-	-	-	-	-	-	-	-	-	
Net gains from the disposal of assets	703	-	3,446	-	71	8,997	14,564	11,182	6,818	11,094	11,371	11,656	11,947	12,246	12,552	12,866	
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total income from continuing operations	184,140	169,828	186,754	192,666	213,640	205,111	176,325	179,341	178,605	246,730	196,789	202,891	208,616	215,006	221,757	228,722	
Expenses from continuing operations																	
Employee benefits and on-costs	40,104	45,200	44,932	44,485	47,319	51,306	53,373	55,253	57,199	59,214	61,299	63,458	65,693	68,006	70,401	72,880	
Materials and services	35,017	36,364	53,696	46,710	50,321	46,511	47,504	48,343	49,737	51,963	54,195	55,186	56,858	58,571	61,035	62,128	
Borrowing costs	4,435	3,691	3,095	2,981	2,995	2,450	2,096	1,808	1,589	1,360	1,156	1,007	860	727	518	390	
Depreciation, amortisation and impairment of non-financ	39,902	42,261	45,551	48,457	54,323	55,953	58,143	59,812	61,506	64,235	66,137	68,086	70,083	72,131	74,230	76,381	
Other expenses	16,900	15,075	2,356	2,438	4,690	4,443	4,493	4,540	4,589	4,638	4,689	4,741	4,794	4,849	4,905	4,963	
Internal expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net losses from the disposal of assets	-	2,493	-	7,149	3,276	-	-	-	-	-	-	-	-	-	-	-	
Total expenses from continuing operations	136,358	145,084	149,630	152,220	162,924	160,663	165,609	169,756	174,620	181,410	187,476	192,477	198,288	204,285	211,088	216,742	
Operating result from continuing operations	47,782	24,744	37,124	40,446	50,716	44,448	10,716	9,585	3,985	65,320	9,313	10,414	10,328	10,722	10,668	11,980	
Net operating result for the year before grants and contributions provided for capital purposes	603	(8,333)	(11,141)	(8,814)	(5,836)	(3,588)	1,091	(2,083)	(5,897)	(2,792)	(3,620)	(2,668)	(2,908)	(2,673)	(2,891)	(1,749)	

Source – AEC (unpublished)

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 6.2 Income Statement – General Fund

INCOME STATEMENT - GENERAL	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	ACTUAL					DRAFT ACTUAL	FORECAST	FORWARD PLAN									
Income from continuing operations																	
Rates and annual charges	42,830	44,078	45,458	46,903	49,296	40,839	42,268	43,747	45,278	46,863	48,503	50,201	51,958	53,777	55,659	57,607	
User charges and fees	23,268	24,606	21,914	22,048	24,643	20,760	21,331	21,864	22,411	22,971	23,546	24,134	24,738	25,356	25,990	26,640	
Other revenue	1,808	1,870	2,518	4,902	3,180	1,823	1,873	1,920	1,968	2,017	2,067	2,119	2,172	2,226	2,282	2,339	
Grants and contributions provided for operating purposes	18,364	21,616	22,048	26,053	28,292	19,575	19,651	20,142	20,646	21,162	21,691	22,233	22,789	23,359	23,943	24,541	
Grants and contributions provided for capital purposes	42,417	25,867	33,243	36,154	45,930	37,209	6,018	8,079	6,310	64,558	9,395	9,562	9,733	9,909	10,089	10,275	
Interest and investment revenue	4,158	3,683	2,240	1,716	4,248	3,325	3,232	3,145	3,495	3,682	3,291	3,423	2,977	2,986	3,138	3,272	
Other income	49	149	(3)	158	-	-	-	-	-	-	-	-	-	-	-	-	
Net gains from the disposal of assets	703	-	3,446	-	(1,966)	8,997	14,564	11,182	6,818	11,094	11,371	11,656	11,947	12,246	12,552	12,866	
Internal Revenue	-	-	-	-	-	38,583	39,644	40,635	41,651	42,692	43,759	44,853	45,974	47,124	48,302	49,509	
Total income from continuing operations	133,597	121,869	130,864	137,934	153,623	171,110	148,581	150,714	148,576	215,039	163,624	168,181	172,288	176,982	181,954	187,048	
Expenses from continuing operations																	
Employee benefits and on-costs	31,092	34,836	34,515	35,285	37,240	43,184	44,911	46,483	48,110	49,794	51,537	53,341	55,208	57,140	59,140	61,210	
Materials and services	28,642	28,495	42,278	35,129	36,977	31,657	31,990	32,341	33,269	34,941	36,605	37,014	38,090	39,192	41,028	41,479	
Borrowing costs	1,985	1,343	907	964	1,155	765	595	430	306	176	77	40	12	5	-	-	
Depreciation, amortisation and impairment of non-financial assets	29,269	31,534	35,443	38,868	41,646	42,327	43,855	45,052	46,311	48,501	49,849	51,231	52,648	54,100	55,588	57,114	
Other expenses	12,347	11,605	2,356	2,438	4,690	4,443	4,493	4,540	4,589	4,638	4,689	4,741	4,794	4,849	4,905	4,963	
Internal expenditure	-	-	-	-	-	26,975	27,717	28,410	29,120	29,848	30,594	31,359	32,143	32,947	33,770	34,615	
Net losses from the disposal of assets	19	1,781	-	4,560	2,873	-	-	-	-	-	-	-	-	-	-	-	
Total expenses from continuing operations	103,354	109,594	115,499	117,244	124,581	149,352	153,562	157,258	161,706	167,899	173,352	177,726	182,894	188,232	194,432	199,380	
Operating result from continuing operations	30,243	12,275	15,365	20,690	29,042	21,758	(4,981)	(6,544)	(13,130)	47,140	(9,728)	(9,545)	(10,607)	(11,250)	(12,478)	(12,332)	
Net operating result for the year before grants and contributions provided for capital purposes	(12,174)	(13,592)	(17,878)	(15,464)	(16,888)	(15,451)	(10,999)	(14,622)	(19,440)	(17,418)	(19,123)	(19,107)	(20,340)	(21,159)	(22,567)	(22,607)	



Table 6.3 Income Percentage (%) Forecast Trend – Consolidated

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations										
Rates and annual charges	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
User charges and fees	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other revenue	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants and contributions provided for operating purposes	0.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants and contributions provided for capital purposes	-80.0%	21.2%	-15.3%	589.3%	-81.0%	1.2%	1.2%	1.2%	1.2%	1.2%
Interest and investment revenue	1.7%	0.4%	9.7%	9.4%	2.0%	6.5%	1.9%	5.6%	6.6%	6.5%
Other income										
Net gains from the disposal of assets	61.9%	-23.2%	-39.0%	62.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Internal Revenue										
Total income from continuing operations	-14.0%	1.7%	-0.4%	38.1%	-20.2%	3.1%	2.8%	3.1%	3.1%	3.1%

Source – AEC (unpublished)

Table 6.4 Expense Percentage (%) Forecast Trend – Consolidated

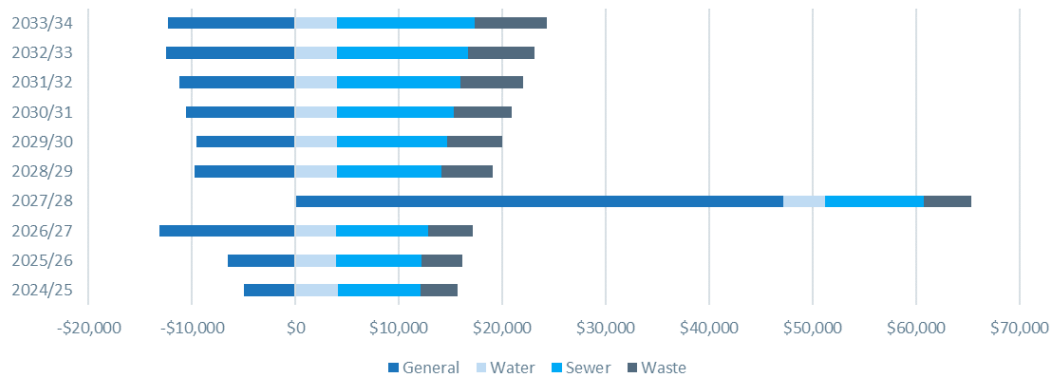
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses from continuing operations										
Estimated total staff costs	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Staff costs capitalised	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Employee benefits and on-costs	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Materials and services	2.1%	1.8%	2.9%	4.5%	4.3%	1.8%	3.0%	3.0%	4.2%	1.8%
Borrowing costs	-14.5%	-13.7%	-12.1%	-14.4%	-15.0%	-13.0%	-14.6%	-15.5%	-28.8%	-24.6%
Depreciation, amortisation and impairment of non-financial assets	3.9%	2.9%	2.8%	4.4%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%
Other expenses	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%
Internal expenditure										
Net losses from the disposal of assets										
Total expenses from continuing operations	3.1%	2.5%	2.9%	3.9%	3.3%	2.7%	3.0%	3.0%	3.3%	2.7%

Source – AEC (unpublished)

6.3.1.1 Overview Results by Fund

The following figures indicate the forecast contribution by Fund to the consolidated Forecast Operating Result in the Base Case Scenario.

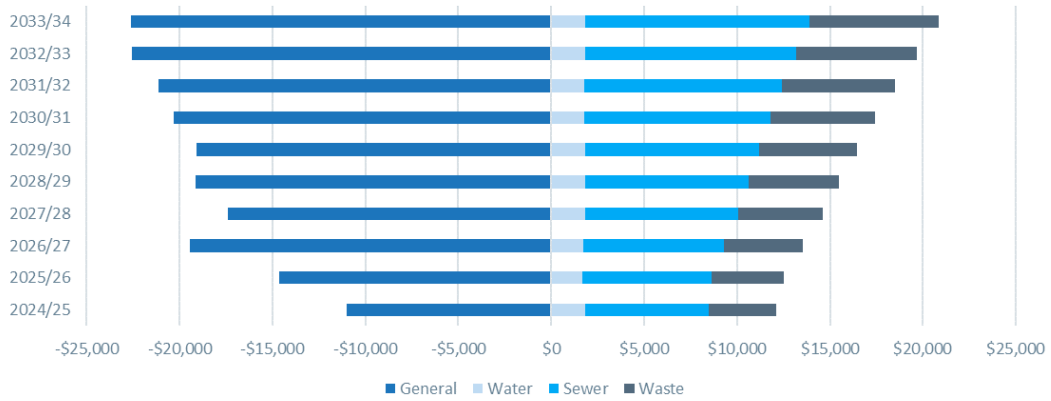
Figure 6.1 Operating Result from Continuing Operations by Fund (includes capital grants)



Source – AEC (unpublished)



Figure 6.2 Operating Result before Capital Grants & Contributions by Fund



Source – AEC (unpublished)



6.4 AVAILABILITY OF CASH

Table 6.7 indicates the forecast cashflow throughout the forecast period under the Base Case Scenario for the Consolidated entities, and Table 6.8 shows the forecast cashflow for the General Fund.

The Cashflow forecast for the Base Case Scenario currently indicates a substantial growth in cash across the assessment period, from total cash, cash equivalents and investments of \$188 million at the start of the 2023/24 financial year to \$378 million by the end of the 2033/34 financial year. However, the cash accumulates most significantly in externally restricted cash reserves (mainly for sewer fund, developer contributions, domestic waste) and internally restricted cash reserves (mainly in the Other Waste Management Services reserve).

The accumulation in the externally restricted cash reserves is primarily due to lack of planned use of the funding in the Capital Works Plan – given that AEC was only provided with planned capital expenditure for the current financial year plus three forward years.

However, while total cash is increasing (due to lack of planning for capital expenditure), the unrestricted cash – the balance of cash available after cash is quarantined for reserve purposes – deteriorates into a negative balance of (\$44 million). Council must avoid a negative unrestricted cash position, as it would indicate the Council does not have sufficient cash to back the reserves and therefore the Council has expended cash that should have been quarantined for purposes other than that which the reserve was established for. This should be a significant concern for the Council as Ministerial Approval is required to access cash from a number of the external reserves.

There is a mitigating factor has to avoid a negative unrestricted cash balance in the short term – that is the Future Asset Renewal reserve. AEC understands that this reserve has historically been used effectively as the “residual or balancing reserve” in which either a cash surplus or cash deficit that is generated in any one year was adjusted against the Future Asset Renewal reserve. Given that the Future Asset Renewal reserve is expected to have a balance of approximately \$44.8 million at the end of the 2022/23 financial year, there is substantial capacity to mitigate the risk of a negative unrestricted cash balance in the short term – but this will not be adequate in the medium to long term.

While it is not possible within the scope of this review for AEC to definitively determine the historical reason for a significant amount of cash to accumulate in the Future Asset Renewal reserve, anecdotally the lower than planned completion rate for capital works programs has contributed significantly to the accumulation of cash in previous years.

Furthermore, as outlined later in this paper, the deterioration into a negative balance occurs despite Council investing significantly less than what is necessary in asset renewals to maintain the condition and performance of assets – the shortfall in asset renewal investments compared to depreciation expense is estimated by AEC to be \$28.1 million per year.

Therefore, AEC concludes that in the Base Scenario, Council does not maintain fiscal capital adequately to be sustainable, most significantly due to insufficient cash being generated in the General Fund (related to the operating deficit in the General Fund).

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 6.7 Statement of Cash Flows – Consolidated

STATEMENT OF CASH FLOWS - CONSOLIDATED	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	ACTUAL						DRAFT ACTUAL	FORECAST	FORWARD PLAN									
Cash Flows from operating activities																		
<i>Receipts:</i>																		
Rates and annual charges	56,224	61,777	64,792	67,503	69,774	72,787	73,156	75,717	78,367	81,110	83,949	86,887	89,928	93,075	96,333	99,705	103,194	
User charges and fees	58,031	47,063	44,968	39,335	39,741	41,431	42,909	44,089	45,191	46,321	47,479	48,666	49,882	51,129	52,408	53,718	55,061	
Investment and interest revenue received	6,404	6,837	5,907	4,754	3,281	6,082	9,833	10,003	10,048	11,017	12,053	12,288	13,082	13,336	14,085	15,020	15,989	
Grants and contributions	69,391	51,515	46,230	56,859	60,100	71,011	67,981	29,656	32,200	30,927	89,683	35,042	35,745	36,466	37,205	37,965	38,744	
Bonds, deposits and retention amounts received	216	67	-	602	-	59	-	-	-	-	-	-	-	-	-	-	-	
Other operating	5,929	771	472	5,086	1,064	7,005	2,235	2,296	2,354	2,412	2,473	2,535	2,598	2,663	2,729	2,798	2,868	
<i>Payments:</i>																		
Employee benefits and on-costs	(38,646)	(40,548)	(45,026)	(45,021)	(44,317)	(47,668)	(50,964)	(53,017)	(54,884)	(56,818)	(58,819)	(60,891)	(63,035)	(65,255)	(67,553)	(69,932)	(72,394)	
Materials and services	(36,109)	(34,386)	(39,308)	(49,666)	(50,299)	(53,447)	(46,511)	(47,504)	(48,343)	(49,737)	(51,963)	(54,195)	(55,186)	(56,858)	(58,571)	(61,035)	(62,128)	
Borrowing costs	(3,865)	(3,809)	(3,733)	(3,144)	(2,949)	(3,358)	(2,450)	(2,096)	(1,808)	(1,589)	(1,360)	(1,156)	(1,007)	(860)	(727)	(518)	(390)	
Bonds, deposits and retention amounts refunded	-	-	(99)	-	(323)	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating	(17,825)	(16,628)	(15,565)	(2,481)	(2,359)	(2,567)	(4,443)	(4,493)	(4,540)	(4,589)	(4,638)	(4,689)	(4,741)	(4,794)	(4,849)	(4,905)	(4,963)	
Net cash provided (or used in) operating activities	99,750	72,659	58,638	73,827	73,713	91,335	91,747	54,651	58,583	59,055	118,857	64,487	67,267	68,902	71,061	72,816	75,981	
Cash Flows from investing activities																		
<i>Receipts:</i>																		
Sale of investments	220,916	103,568	136,078	162,914	92,022	150,575	87,750	95,500	95,500	85,500	80,500	80,500	90,500	100,500	100,500	100,500	100,500	
Sale of infrastructure, property, plant and equipment	1,672	2,645	3,200	10,803	1,779	1,943	2,830	3,563	3,395	3,625	3,551	3,640	3,731	3,825	3,920	4,018	4,119	
Sale of real estate assets	4,460	2,678	760	8,777	6,695	-	14,995	24,274	18,637	11,363	15,015	15,391	15,776	16,170	16,574	16,989	17,413	
Deferred Debtors Receipts	864	461	470	34	79	75	-	-	-	-	-	-	-	-	-	-	-	
Other investing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Payments:</i>																		
Purchase of investment securities	(256,275)	(91,167)	(134,820)	(135,018)	(117,049)	(179,079)	(65,000)	(75,500)	(85,500)	(95,500)	(95,500)	(105,500)	(105,500)	(133,500)	(128,500)	(128,500)	(128,500)	
Purchase of infrastructure, property, plant and equipment	(54,312)	(71,850)	(70,238)	(80,229)	(58,310)	(50,656)	(117,299)	(90,142)	(50,165)	(42,693)	(122,551)	(55,751)	(72,257)	(62,148)	(59,919)	(61,328)	(62,861)	
Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of real estate assets	(1,210)	(3,515)	(2,089)	(3,109)	(4,062)	(3,121)	(7,634)	(5,990)	(5,803)	(5,028)	(8,427)	(8,613)	(8,819)	(9,030)	(9,245)	(9,466)	(9,692)	
Deferred debtors and advances made	(210)	(86)	-	18	20	19	-	-	-	-	-	-	-	-	-	-	-	
Other investing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided (or used in) investing activities	(84,095)	(57,266)	(66,639)	(35,810)	(78,826)	(80,244)	(84,358)	(48,296)	(23,936)	(42,733)	(127,411)	(70,333)	(76,569)	(84,183)	(76,670)	(77,787)	(79,021)	

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



STATEMENT OF CASH FLOWS - CONSOLIDATED	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	ACTUAL					DRAFT ACTUAL	FORECAST	FORWARD PLAN										
Cash Flows from financing activities																		
<i>Receipts:</i>																		
New Residential Accommodation Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>																		
Repayment of borrowings and advances	(4,652)	(4,969)	(5,206)	(5,502)	(5,829)	(5,984)	(6,230)	(5,463)	(3,065)	(3,184)	(3,385)	(2,212)	(2,362)	(2,090)	(2,221)	(2,092)	(2,220)	
Principal component of lease payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	(4,652)	(4,969)	(5,206)	(5,502)	(5,829)	(5,984)	(6,230)	(5,463)	(3,065)	(3,184)	(3,385)	(2,212)	(2,362)	(2,090)	(2,221)	(2,092)	(2,220)	
Net increase/(decrease) in cash and cash equivalents	11,003	10,424	(13,207)	32,515	(10,942)	5,107	1,158	892	31,582	13,138	(11,939)	(8,058)	(11,664)	(17,370)	(7,831)	(7,064)	(5,260)	
Cash and cash equivalents - beginning of year	25,752	36,755	47,179	33,972	66,487	55,545	60,652	61,810	62,702	94,283	107,422	95,482	87,425	75,761	58,390	50,560	43,496	
Cash and cash equivalents - end of the year	36,755	47,179	33,972	66,487	55,545	60,652	61,810	62,702	94,283	107,422	95,482	87,425	75,761	58,390	50,560	43,496	38,236	
Investments on hand - end of year	197,732	185,331	184,073	156,136	182,742	211,012	188,262	168,262	158,262	168,262	183,262	208,262	223,262	256,262	284,262	312,262	340,262	
Total cash, cash equivalents and investments	234,487	232,510	218,045	222,623	238,287	271,664	250,072	230,964	252,545	275,684	278,744	295,687	299,023	314,652	334,822	355,758	378,498	

Source – AEC (unpublished)

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 6.8 Statement of Cash Flows – General Fund

STATEMENT OF CASH FLOWS - GENERAL	2017/18	2018/19	2019/20	2020/21	2021/22	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	ACTUAL					BUDGET	FORECAST	FORWARD PLAN										
Cash Flows from operating activities																		
<i>Receipts:</i>																		
Rates and annual charges	-	-	-	-	-	40,839	40,839	42,268	43,747	45,278	46,863	48,503	50,201	51,958	53,777	55,659	57,607	
User charges and fees	-	-	-	-	-	20,450	20,760	21,331	21,864	22,411	22,971	23,546	24,134	24,738	25,356	25,990	26,640	
Investment and interest revenue received	-	-	-	-	-	4,064	3,325	3,232	3,145	3,495	3,682	3,291	3,423	2,977	2,986	3,138	3,272	
Grants and contributions	-	-	-	-	-	42,184	56,784	25,669	28,221	26,956	85,720	31,086	31,795	32,522	33,267	34,032	34,816	
Bonds, deposits and retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating	-	-	-	-	-	56,660	40,405	41,516	42,554	43,618	44,709	45,826	46,972	48,146	49,350	50,584	51,848	
<i>Payments:</i>																		
Employee benefits and on-costs	-	-	-	-	-	(42,842)	(42,842)	(44,555)	(46,115)	(47,729)	(49,399)	(51,128)	(52,918)	(54,770)	(56,687)	(58,671)	(60,724)	
Materials and services	-	-	-	-	-	(20,300)	(31,657)	(31,990)	(32,341)	(33,269)	(34,941)	(36,605)	(37,014)	(38,090)	(39,192)	(41,028)	(41,479)	
Borrowing costs	-	-	-	-	-	(770)	(765)	(595)	(430)	(306)	(176)	(77)	(40)	(12)	(5)	-	-	
Bonds, deposits and retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating	-	-	-	-	-	(58,275)	(31,418)	(32,210)	(32,950)	(33,709)	(34,486)	(35,283)	(36,100)	(36,937)	(37,796)	(38,676)	(39,577)	
Net cash provided (or used in) operating activities	-	-	-	-	-	42,009	55,431	24,666	27,695	26,745	84,942	29,159	30,454	30,532	31,057	31,028	32,402	
Cash Flows from investing activities																		
<i>Receipts:</i>																		
Sale of investments	-	-	-	-	-	-	42,750	50,000	40,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Sale of infrastructure, property, plant and equipment	-	-	-	-	-	1,824	2,167	3,322	3,017	2,823	3,010	3,085	3,162	3,241	3,322	3,405	3,490	
Sale of real estate assets	-	-	-	-	-	14,550	14,995	24,274	18,637	11,363	15,015	15,391	15,776	16,170	16,574	16,989	17,413	
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other investing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Payments:</i>																		
Purchase of investment securities	-	-	-	-	-	-	(30,000)	(30,000)	(30,000)	(30,000)	(20,000)	(30,000)	(30,000)	(38,000)	(38,000)	(38,000)	(38,000)	
Purchase of infrastructure, property, plant and equipment	-	-	-	-	-	(66,986)	(90,754)	(66,143)	(35,877)	(32,325)	(105,391)	(38,161)	(54,227)	(43,667)	(40,977)	(41,912)	(42,960)	
Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of real estate assets	-	-	-	-	-	(7,634)	(7,634)	(5,990)	(5,803)	(5,028)	(8,427)	(8,613)	(8,819)	(9,030)	(9,245)	(9,466)	(9,692)	
Deferred debtors and advances made	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other investing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided (or used in) investing activities	-	-	-	-	-	(58,245)	(68,476)	(24,538)	(10,026)	(23,166)	(85,792)	(28,298)	(44,109)	(41,286)	(38,326)	(38,984)	(39,748)	

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL

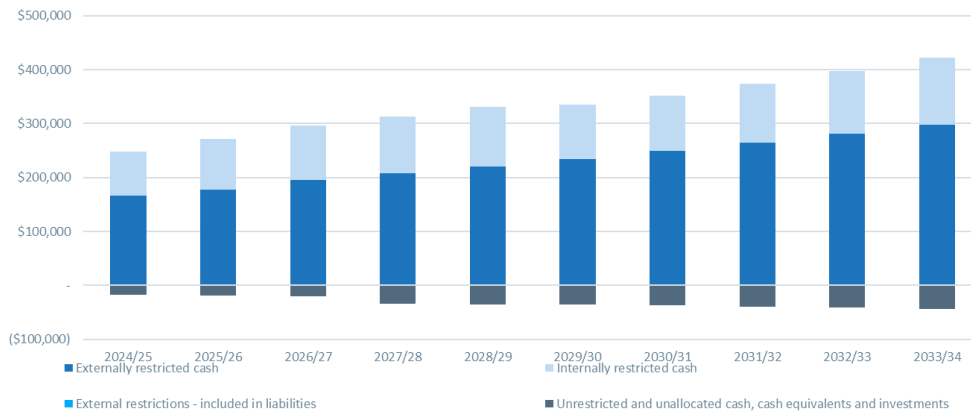


STATEMENT OF CASH FLOWS - GENERAL	2017/18	2018/19	2019/20	2020/21	2021/22	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	ACTUAL					BUDGET	FORECAST	FORWARD PLAN									
Cash Flows from financing activities																	
<i>Receipts:</i>																	
New Residential Accommodation Bonds								-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings								-	-	-	-	-	-	-	-	-	-
Other financing								-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>																	
Repayment of borrowings and advances							(2,359)	(2,529)	(1,584)	(1,643)	(1,748)	(471)	(508)	(117)	(123)	-	-
Principal component of lease payments							-	-	-	-	-	-	-	-	-	-	-
Other financing							-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities							(2,359)	(2,529)	(1,584)	(1,643)	(1,748)	(471)	(508)	(117)	(123)	-	-
Net increase/(decrease) in cash and cash equivalents							(15,404)	(2,402)	16,086	1,936	(2,597)	390	(14,163)	(10,871)	(7,392)	(7,957)	(7,347)
Cash and cash equivalents - beginning of year							23,737	8,333	5,931	22,017	23,953	21,356	21,746	7,583	(3,289)	(10,680)	(18,637)
Cash and cash equivalents - end of the year							8,333	5,931	22,017	23,953	21,356	21,746	7,583	(3,289)	(10,680)	(18,637)	(25,983)
Investments on hand - end of year							72,466	52,466	42,466	42,466	32,466	32,466	32,466	40,466	48,466	56,466	64,466
Total cash, cash equivalents and investments							80,799	58,397	64,483	66,419	53,822	54,212	40,049	37,177	37,786	37,829	38,483

Source – AEC (unpublished)



Figure 6.3 Restricted and Unrestricted Cash – Base Case Scenario



Source – AEC (unpublished)

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 6.9 Reserves Summary – Consolidated

RESERVES - CONSOLIDATED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Externally Restricted - Other												
Developer contributions – general	15,621	17,644	20,227	22,889	25,632	28,460	31,374	34,379	37,478	40,673	43,969	47,368
Unexpended grants	29,897	12,725	2,480	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587
Water fund	63,219	63,592	57,734	57,518	60,841	60,018	59,122	58,151	57,100	55,967	54,958	53,867
Sewer fund	73,660	74,665	77,090	85,739	97,368	106,523	116,309	126,760	137,913	149,806	162,478	175,973
Stormwater Management	4,357	3,358	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031
Domestic Waste Management	4,220	5,050	6,043	7,100	7,244	8,182	9,236	10,415	11,723	13,167	14,756	16,495
Developer contributions – water fund	-	-	-	-	-	-	-	-	-	-	-	-
Developer contributions – sewer fund	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Externally Restricted - Other	190,974	177,035	166,605	177,863	195,703	207,800	220,659	234,322	248,831	264,231	280,779	298,322
Internally Restricted												
Employees Leave Entitlement	3,401	3,789	3,853	3,743	3,328	3,328	3,328	3,328	3,328	3,328	3,328	3,328
Property development	(7,612)	(13,261)	(3,796)	3,217	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853
Dubbo Regional Airport	2,027	2,873	4,872	6,834	9,182	10,655	13,064	410	(653)	1,911	4,530	7,203
Livestock markets	3,298	3,549	3,547	3,866	4,244	4,477	4,705	4,928	5,145	5,357	5,562	5,760
Other waste management services	21,612	23,295	26,367	29,728	33,201	36,974	40,980	45,236	49,755	54,555	59,654	65,070
Road network - state roads	1,401	1,401	1,401	870	870	684	493	298	98	10	10	10
Fleet management services	9,828	9,090	6,758	6,824	7,443	6,601	5,718	4,794	3,827	2,815	1,755	647
Future asset renewal	44,887	43,088	38,971	38,971	38,971	38,971	38,971	38,971	38,971	38,971	38,971	38,971
Dubbo city holiday park	-	-	-	-	-	-	-	-	-	-	-	-
Federal financial assistance grant (advance receipt)	-	-	-	-	-	-	-	-	-	-	-	-
Governance	-	-	-	-	-	-	-	-	-	-	-	-
Other historic reserves	-	-	-	-	-	-	-	-	-	-	-	-
Carry over projects	-	-	-	-	-	-	-	-	-	-	-	-
Internally Restricted	78,842	73,823	81,974	94,053	100,093	104,543	110,113	100,818	103,324	109,800	116,663	123,842
Total internal and external restrictions	269,816	250,857	248,579	271,916	295,796	312,343	330,772	335,140	352,155	374,031	397,442	422,164
Total cash, cash equivalents and investments	271,664	250,072	230,964	252,545	275,684	278,744	295,687	299,023	314,652	334,822	355,758	378,498
Externally restricted cash	190,974	177,035	166,605	177,863	195,703	207,800	220,659	234,322	248,831	264,231	280,779	298,322
Internally restricted cash	78,842	73,823	81,974	94,053	100,093	104,543	110,113	100,818	103,324	109,800	116,663	123,842
External restrictions - included in liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted and unallocated cash, cash equivalents ar	1,848	(785)	(17,615)	(19,371)	(20,113)	(33,599)	(35,086)	(36,118)	(37,503)	(39,210)	(41,684)	(43,666)

Source – AEC (unpublished)



6.5 INVESTMENT IN ASSETS TO MAINTAIN INFRASTRUCTURE CAPITAL

Council has provided AEC with a prepared capital works program (new assets and renewals) spanning only the first four years of the forecast period. We note that the Integrated Planning and Reporting framework requires that Councils maintain a 10 year forward program. AEC have therefore extrapolated the four-year program provided in order to provide a 10-year program. In the Base Case Scenario, we have assumed that the average spend during the initial 4 year capital works plan provided by Council will continue throughout the forecast period.

The Base Case Scenario includes a total of \$884.9 million over the next ten years on capital expenditure, comprising \$418.6 million of new assets and \$466.3 million of asset renewals over the forecast period.

6.5.1 Focus Asset Groups

To assess the adequacy of Council's renewals investment, AEC engaged with asset custodians for selected 'focus' asset classes as agreed with Council senior staff, reviewed and analysed asset data held by Council to form an assessment of the adequacy of Council's investment in asset renewals and maintenance and whether the investment is likely to maintain the infrastructure capital or not.

The following is a summary of AEC observations:

- The focus asset classes that were the subject of specific asset custodian engagement included Waste, Buildings, Fleet, Transport, Stormwater, IT and Open Space and Recreation.
- During engagement with asset custodians, AEC identified a shortfall in Council's current annual expenditure on asset renewals across the 4-years of Council's Budget period. Our assessment of the annualised average sustainable renewal expenditure in the specific focus asset classes was \$39.3m. This compared to Council's programmed works of \$41.9m, \$38.8 million, \$30.8 million and \$25.9 million across respective financial years – an average of \$34.3 million (or \$5 million per annum shortfall compared to our calculation of the sustainable investment level).
- AEC also identified a backlog of asset renewals totalling \$79.0 million across the focus asset classes.
- If Council were to address both the backlog renewals over a period of 10 years, as well as increasing the asset renewal program to a sustainable level, this would require an increase in renewals expenditure in the focus asset classes of \$12.9 million.

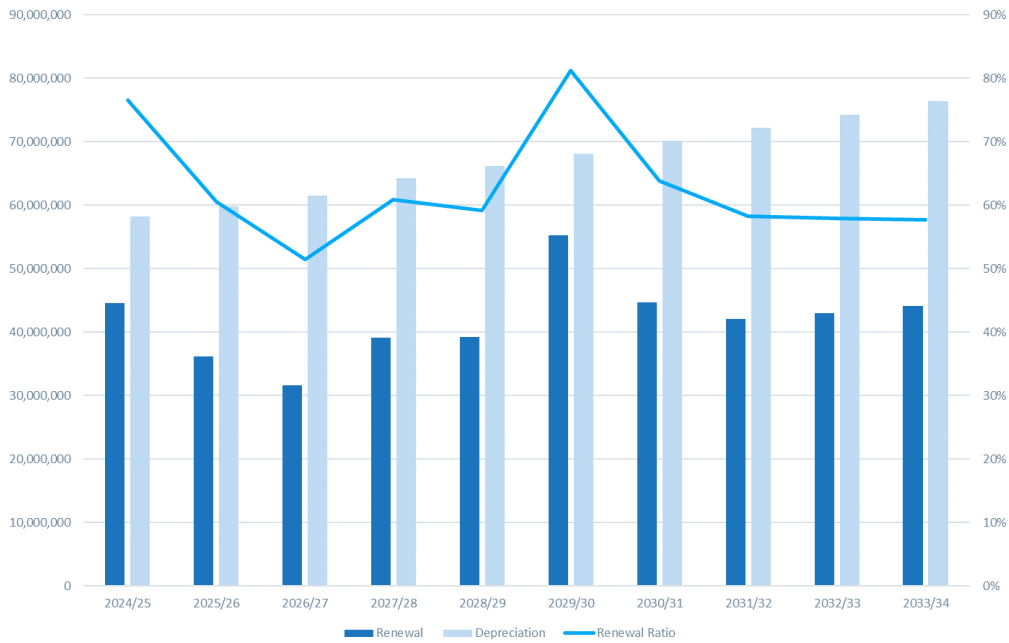
6.5.2 All Asset Groups

AEC extrapolated the findings for the focused asset classes across the remaining asset classes. AEC analysed the annual depreciation and compared to the current planned investment in renewal of the asset classes. Our review indicates that depreciation on all assets controlled by Council is an average during the forecast period of \$66.5 million. By comparison, Council's annual programmed expenditure on asset renewals during the forecast period is \$46.7 million, \$43.3 million, \$34.4 million and \$29.3 million across respective financial years – an annual average of \$38.4 million. This reflects a shortfall compared to depreciation expense of \$28.1 million per year.

Council's current planned renewals expenditure in the Base Scenario represents an average renewal ratio over the forecast period of 65%, which is substantially below the Office of Local Government target value of 100%.

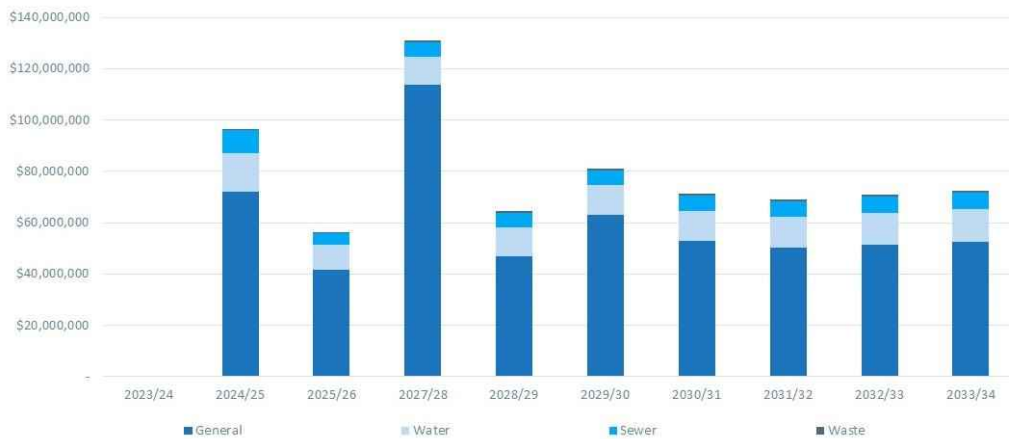


Figure 6.4 Capital Program Spend – Consolidated



Source – AEC (unpublished)

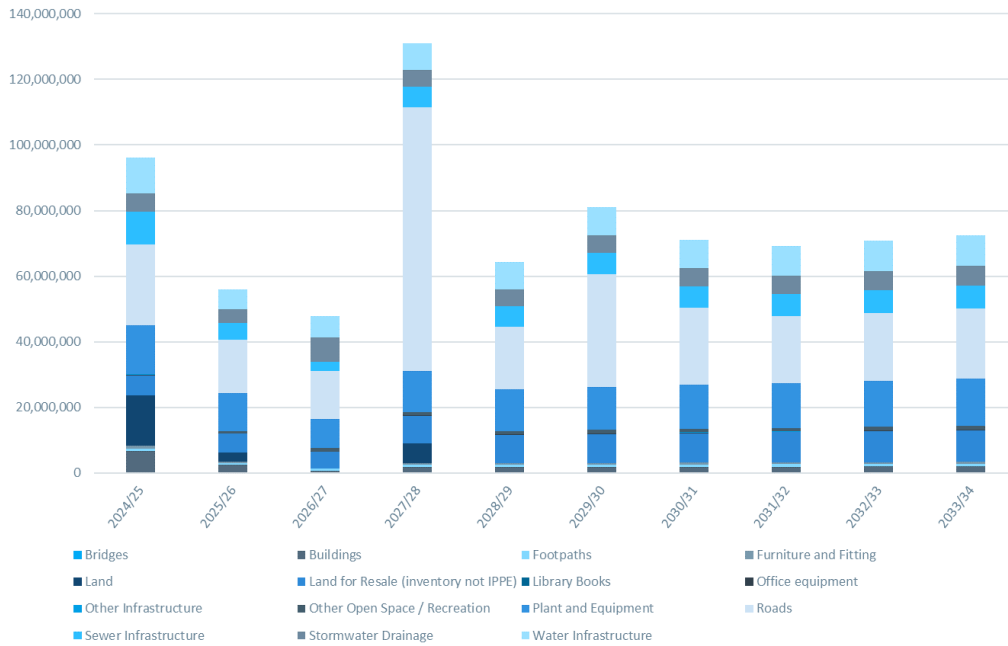
Figure 6.5 Capital Works Program by Fund – Base Case Scenario



Source – AEC (unpublished)



Figure 6.6 Capital Program Spend – by Asset Class (Base Case)



Source – AEC (unpublished)

6.5.2.1 Reported Condition of Assets

In preparing the Annual Financial Statements, Council is required to complete the Special Schedules, which includes the Report on Infrastructure Assets. AEC has reviewed the preparation of the Report on Infrastructure Assets as at 30 June 2022 and investigated the accuracy in the preparation of the report to provide confidence in using the report to comment on whether Council is maintaining infrastructure capital in a sustainable manner.

Our review and discussions with asset custodians indicates that the Report on Infrastructure Assets was completed without reliable data on the actual asset condition and backlog reporting. There is also a calculation error in the reported estimate to bring assets to a satisfactory level – the reported amount is \$569 million whereas applying similar approach AEC calculates the amount to be approximately \$140 million.

AEC has concluded that the Report on Infrastructure Assets is therefore not reliable to inform a conclusion. This should be a concern for Council as it is an important component of the performance reporting within the Integrated Planning and Reporting framework and a key report to inform the Council on the condition and adequacy of the current investment in asset maintenance and asset renewals.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Figure 6.7 Report on Infrastructure Assets – Extract

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council		2021/22 Required maintenance ^(a)	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000					1	2	3	4	5
Buildings	Other	91,903	91,903	8,509	8,509		165,735	266,305	41.5%	26.2%	24.3%	5.1%	3.0%	
	Sub-total	91,903	91,903	8,509	8,509		165,735	266,305	41.5%	26.2%	24.3%	5.1%	3.0%	
Other structures	Other structures	52,616	52,616	4,863	4,863		114,921	180,552	48.8%	23.1%	20.0%	8.2%	0.0%	
	Sub-total	52,616	52,616	4,863	4,863		114,921	180,552	48.8%	23.1%	20.0%	8.2%	0.0%	
Roads	Other	199,624	199,624	19,550	19,550		979,375	1,339,129	55.9%	29.6%	12.8%	1.7%	0.0%	
	Bulk earth works	-	-	-	-		445,930	445,930	100.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	199,624	199,624	19,550	19,550		1,425,305	1,785,059	66.9%	22.2%	9.6%	1.2%	0.0%	
Water supply network	Other	94,806	94,806	20,791	20,791		315,417	448,894	67.9%	10.9%	12.7%	4.7%	3.8%	
	Sub-total	94,806	94,806	20,791	20,791		315,417	448,894	67.9%	10.9%	12.7%	4.7%	3.8%	
Sewerage network	Other	106,333	106,333	12,491	12,941		237,387	314,161	41.0%	31.4%	16.9%	6.3%	4.4%	
	Sub-total	106,333	106,333	12,491	12,941		237,387	314,161	41.0%	31.4%	16.9%	6.3%	4.4%	
Stormwater drainage	Other	22,270	22,270	1,305	1,305		133,861	181,394	50.9%	36.8%	7.0%	4.6%	0.6%	
	Sub-total	22,270	22,270	1,305	1,305		133,861	181,394	50.9%	36.8%	7.0%	4.6%	0.6%	
Open space / recreational assets	Swimming pools	1,079	1,079	186	186		5,763	9,003	78.8%	8.4%	12.8%	5.2%	(5.2%)	
	Sub-total	1,079	1,079	186	186		5,763	9,003	78.8%	8.4%	12.8%	5.2%	(5.2%)	
Total – all assets		568,631	568,631	67,695	68,145		2,398,389	3,185,368	60.5%	22.7%	12.4%	3.2%	1.2%	

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Source – Annual Financial Statements 2021/22



The following are standard observations:

- Reported condition of the assets is not determined by a qualitative assessment, relying upon opinion of officers involved in the management of the assets.
- The estimated cost to bring assets to satisfactory standard is based on opinion of officers involved in the preparation of the report, not based on a quantitative assessment of Council's asset register.
- Required maintenance is based on historical expenditure, not on a cost of required and planned maintenance.

AEC has undertaken at least 10 virtual engagements with asset custodians to understand the asset management approach currently practiced by Council. The approach involved modelling asset renewals, engaging with key asset management personnel via online meetings, and utilising an engagement framework to evaluate the current approach's maturity and financial impact on Council's planning.

Conclusions from our investigations include:

- Council has not invested in condition assessments to adequately plan for asset renewals and maintenance.
- Council should refine its methodology for determining the funding programs of works, and prioritising the programs of works to ensure adequate investment in programs of renewals over the mid-term, while providing flexibility from year to year to adjust within the program.
- Development of funding requirements for renewal programs should be activity based where possible, with known quantity of works at a known cost rate e.g., 150kms or road reseals at rate of \$15/m².
- Council should develop and maintain records to inform productivity assessment and productivity targets in setting budgets – e.g. \$/km graded, \$/m of pipe relined, \$/km of gravel re-sheeting.
- Anecdotally from asset custodians, Council has significantly under invested in its transport assets, particularly buildings and stormwater.
- Maintenance is heavily reactive, with limited planning for cyclical and other preventative maintenance. As a general rule, cost of maintenance for reactive works is at least 3 times that of planned maintenance, with breakdown maintenance costing in excess of 5 times the cost to maintain assets. It would suggest there is significant capacity to improve the efficiency of Council's maintenance activities.

6.6 SUMMARY ASSESSMENT OF BASE CASE

The Base Case scenario was developed by AEC to assess whether the current policy, strategies and resource allocation settings will over the medium to long term maintain fiscal capital (access to cash) and infrastructure capital (assets).

Based on the above analysis AEC concludes that:

- The Council is forecast to continue to produce significant operating deficits in the General Fund contributing to insufficient cash being generated from operations to avoid the unrestricted cash from deteriorating into a negative balance.
- While Council has a healthy balance (approximately \$48 million) in the Future Asset Renewal reserve, this is a short term mitigation only.
- The current investment in asset renewals is insufficient to maintain the current infrastructure capital.

The lack in the maturity of the asset management planning, in particular the ability to project forward the asset renewal demand and the backlog in the renewals, is a significant limiting factor in reporting on the adequacy of the current investment in renewal of assets and constrains the confidence in long term financial planning.



7. PERFORMANCE OF THE ENHANCED ASSET RENEWALS SCENARIO

Given that the assessment of the Base Case identified insufficient investment in asset renewals, AEC developed a scenario that increases the investment in asset renewals sufficient to maintain the infrastructure capital. There is no increase in the generation of cash in this scenario, therefore it is expected the Council will produce significant cash deficits in this scenario. Therefore, this Scenario is for illustrative purposes only to show the demand on cash should the Council enhance asset renewals to a level that is likely to sustain infrastructure capital.

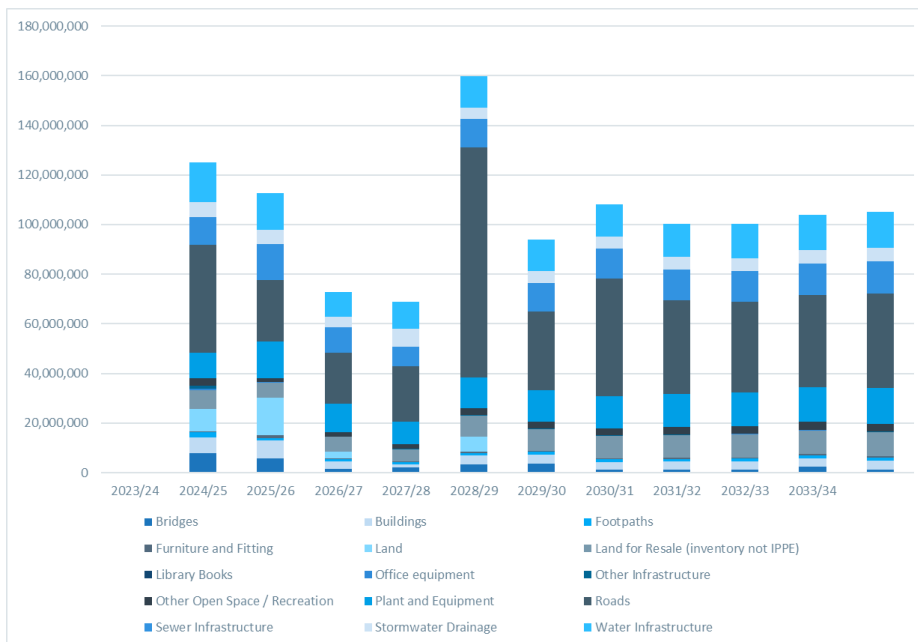
7.1 ASSUMPTIONS AND QUALIFICATIONS

The Enhanced Asset Renewals scenario has been compiled based on the Base Case Scenario, with equivalent assumptions, but with modifications to investment in asset renewals and increased maintenance (where relevant)

In consultation with asset custodians and relevant Executive members, AEC has increased the value of the forecast renewals program based on an activity based assessment of the minimum technical level of treatment necessary to sustain the assets in an acceptable level of performance (indicated predominantly by expected change in condition of assets).

The level of renewals assumed raises the Capital Renewal Ratio to an average of 97% over the forecast period, which is slightly below the Office of Local Government recommended target of 100%. In discussion with Council an average asset renewal ratio of 97% is most likely a reasonable target given that Council currently holds on the Balance Sheet and included in the annual depreciation expense assets that the Council is not planning to renew. This includes assets in the "Red Fleet" – emergency services fleet items that the Council is not responsible to fund the renewal.

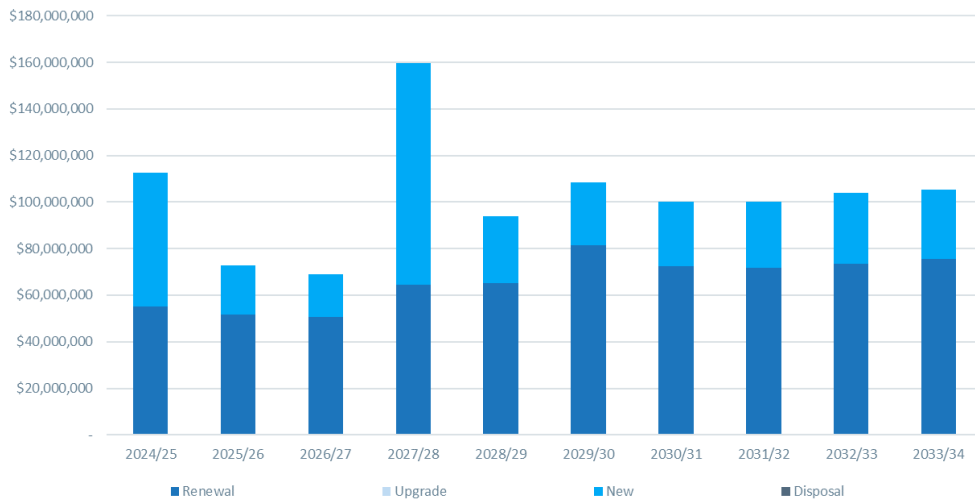
Figure 7.1 Capital Works Program – By Asset Class



Source – AEC (unpublished)

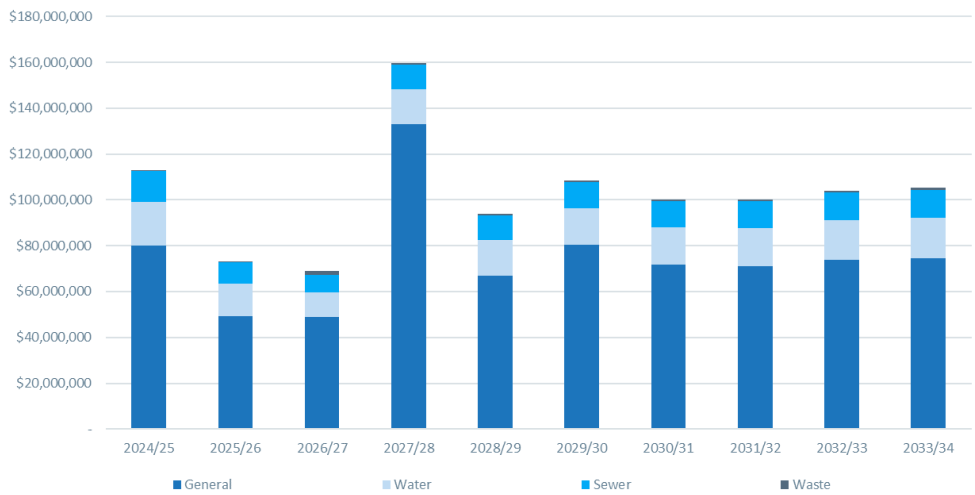


Figure 7.2 Capital Works Program by Investment Type



Source – AEC (unpublished)

Figure 7.3 Capital Program Spend – by Fund Type



Source – AEC (unpublished)



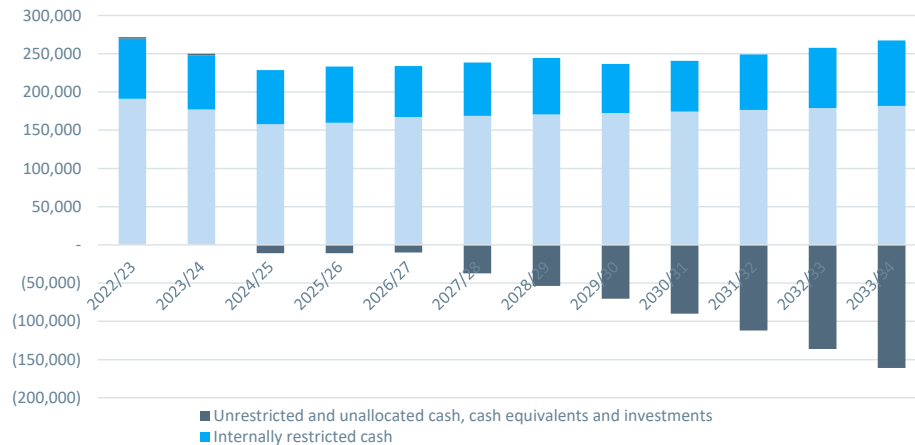
7.2 AVAILABILITY OF CASH

As expected, under the Enhanced Asset Renewals Scenario the total cash, cash equivalents and investments is forecast to decline from \$271.6 million reported in 2022/23 to \$106.3 million in 2033/34. This reflects a consumption of \$165.3 million of Council's cash reserves. This is due to additional investment in asset renewals without any enhanced cash being generated.

We have not amended our assumptions with respect to internally restricted reserves (except for the Future Asset Renewal reserve) which remain projected to increase from \$78.8 million in 2022/23 to \$85.6 million in 2033/34.

The Future Asset Renewal reserve is used to fund additional asset renewals, with the reserve deteriorating from \$44.9 million in 2022/23 to a balance of \$0.750 million in 2033/34

Figure 7.4 Restricted and Unrestricted Cash



Source – AEC (unpublished)

This results in a forecast decline in Unrestricted Cash, Cash Equivalents and Investments as outlined in the following table.

Table 7.1 Cash Available to Fund Renewal Program

Year	Unrestricted cash (\$ million)	Asset Renewal Reserve	Total Unrestricted Cash and Asset Renewal Reserve
2022/23	\$1.8	\$44.9	\$46.7
2024/25	(\$10.7)	\$27.7	\$17.0
2028/29	(\$53.7)	\$2.6	(\$51.1m)
2033/34	(\$160.9)	\$0.8	(\$160.1m)

Source – AEC (unpublished)

This indicates that Council most likely has sufficient cash (both Unrestricted and within the Future Asset Renewal reserve) to fund the increased level of renewals within the Enhanced Renewals Scenario until 2024/25 without further actions to increase revenue or drive efficiencies. However, doing so results in an unsustainable decline in Council cash reserves, so should not be permitted to persist beyond 2024/25.



7.3 INVESTMENT IN ASSETS

Following consultation with asset custodians and relevant Executive members, AEC has developed a capital works program with an enhanced asset renewal program that is likely to result in a maintenance of infrastructure capital. In the Enhanced Asset Renewal scenario AEC has also increased operating expenditure expected on the gravel grading program to meet the technical levels of service as defined by the asset custodians.

In total, the Enhanced Renewal scenario projects an additional \$239.1 million over the 10 year forward assessment period required to maintain the infrastructure capital under the control of Council.

Due to the lack of confidence in the current condition assessments in the asset register, in particular quantifying the backlog in asset renewals, AEC has not been able to address backlog replacements for specific asset categories.

Table 7.2 Increase in Renewal Expenditure – Enhanced Renewal Program

Year	Total Renewal Program - Base Case Scenario	Total Renewal Program - Enhanced Asset Renewal Scenario	Increase in Asset Renewal Program Assumed
2023/24	46.7	46.7	0.0
2024/25	44.7	55.3	10.6
2025/26	36.4	51.6	15.1
2026/27	31.8	50.6	18.8
2027/28	39.4	64.4	25.1
2028/29	39.4	65.1	25.7
2029/30	55.7	81.3	25.6
2030/31	45.0	72.6	27.6
2031/32	42.4	71.9	29.5
2032/33	43.3	73.6	30.2
2033/34	44.4	75.4	31.0
TOTAL	469.3	708.4	239.1

Source – AEC (unpublished)

7.4 SUMMARY ASSESSMENT OF ENHANCED ASSET RENEWAL SCENARIO

The Enhanced Asset Renewal scenario was developed by AEC to assess the impact on fiscal capital (access to cash) should Council increase the investment in asset renewals and increase maintenance expenditure with an approach that is likely to maintain the infrastructure capital (assets).

Based on the above analysis AEC concludes that:

- An additional \$239.1 million is required to be invested in asset renewals over the next 10 years to maintain infrastructure capital.
- Without additional generation of cash, the enhanced asset renewals can only be funded to 2024/25 from existing cash held by Council.
- This Scenario is not a plausible scenario as the cash position significantly deteriorates to a position that is not acceptable nor compliant with Council's financial management responsibilities.



8. FINANCIAL PERFORMANCE OF THE ENHANCED ASSET RENEWALS AND ENHANCED CASH SCENARIO

Following development of the Base Case and Enhanced Asset Renewal scenarios, it is evident that Council will not be sustainable without an increase in the generation of cash from operations. AEC has developed a third scenario that, in addition to enhancing the asset renewals and asset maintenance, increased the cash generated to increase cash available to fund the additional asset renewals and maintenance.

8.1 ASSUMPTIONS AND QUALIFICATIONS

This scenario has been compiled based on the previous Enhanced Renewals Scenario, with equivalent assumptions, but with the following further modifications.

AEC has assumed actions will be taken by Council that will have the effect of improving the cash generated from operations by an aggregate amount equivalent to a cumulative increase over four years of 37.1% in ordinary rates, above what would otherwise be projected through the annual rate peg (increase in rates) and growth.

Table 8.1 Correction Required to Enhance Cash Generation

	2024/25 Adjustment %	2025/26 Adjustment %	2026/27 Adjustment %	2027/28 Adjustment %
% Adjustment to Ordinary Rates (or equivalent initiatives)	7.50%	7.50%	7.50%	7.50%
Rate Peg Assumed	2.50%	2.50%	2.50%	2.50%
Growth Assumed	1.00%	1.00%	1.00%	1.00%
Total Increase	11.0%	11.0%	11.0%	11.0%

The cumulative increase in rates without the adjustment would be a 14.8% increase in the fourth year. With the correction the cumulative increase (including the 7.5% increase for four consecutive years) would be a 51.8% increase in the fourth years. The cumulative impact of the adjustment is therefore the difference – being 37.1%.

Whilst correction above has been expressed in a change in net revenue assumed in the form of the percentage increase in ordinary rates, this may be achieved through a combination of initiatives, including:

- Identification of operational efficiencies and productivity improvements.
- Reduction in service provision – levels and/or range of services.
- Reduction in debt through sale of surplus assets.
- Increase in revenue from operations through increase in service fees, rates and/or charges.

8.1.1 Consolidated Operating Position

Under the Enhanced Asset Renewal and Enhanced Cash scenario, the operating position improves to produce a health consolidated operating surplus, however while the General Fund improves significantly the General Fund does not improve sufficiently to avoid an operating deficit.

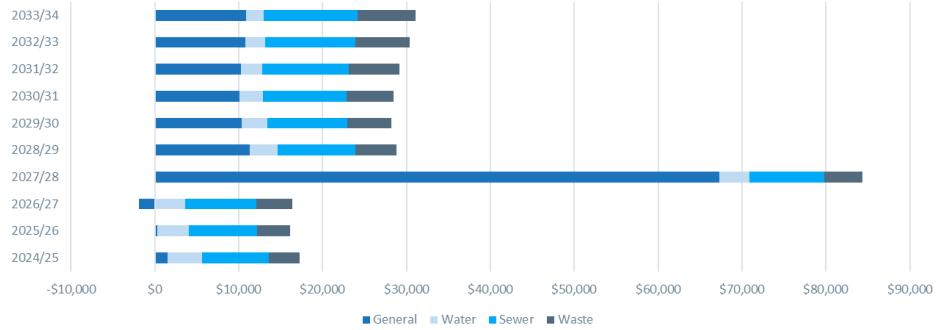
Following four years of increasing the cash generated from operations by 7.5% above the rate peg and population growth (a cumulative additional increase of 37.1%) the operating position in the General Fund improves from a net operating deficit of \$15.5 million in 2023/24 to an operating deficit of \$3.2 million in 2027/28.

It worth noting that Council has estimated the annual depreciation on assets that Council does not intend to renew (or has no responsibility to renew) is approximately \$4.0 million. It could be considered that an operating deficit of



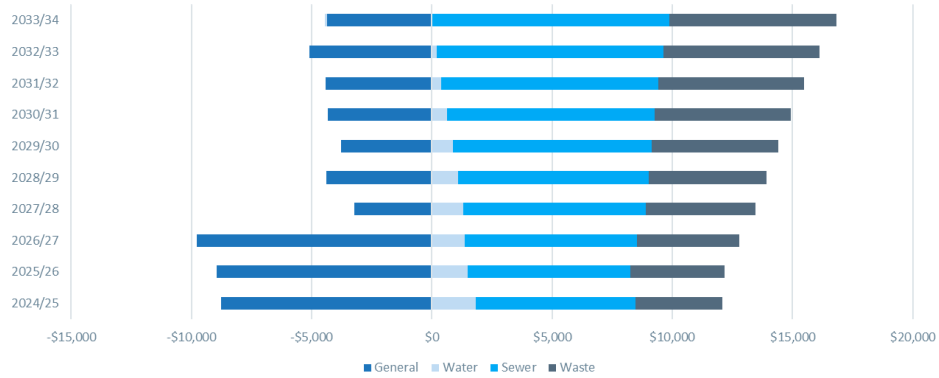
\$3.2 million in 2027/28 is a responsible target given that \$4.0 million of the depreciation expense included in the deficit relates to assets the Council does not plan to renew.

Figure 8.1 Operating Result (including Capital Grants) – By Fund



Source – AEC (unpublished)

Figure 8.2 Net Operating Result (excluding Capital Grants) – By Fund



Source – AEC (unpublished)

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 8.2 Income Statement – Consolidated

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	FORECAST	FORWARD PLAN									
Income from continuing operations											
Rates and annual charges	73,156	78,812	85,014	91,821	99,298	102,774	106,371	110,094	113,947	117,935	122,063
User charges and fees	42,909	44,089	45,191	46,321	47,479	48,666	49,882	51,129	52,408	53,718	55,061
Other revenue	2,235	2,296	2,354	2,412	2,473	2,535	2,598	2,663	2,729	2,798	2,868
Grants and contributions provided for operating purposes	19,945	20,031	20,531	21,045	21,571	22,110	22,663	23,229	23,810	24,405	25,016
Grants and contributions provided for capital purposes	48,036	13,941	12,853	11,501	74,084	19,266	17,612	17,880	18,155	19,377	18,729
Interest and investment revenue	9,833	10,003	9,649	10,204	10,818	10,672	11,064	10,945	11,259	11,690	12,120
Other income	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	8,997	14,564	11,182	6,818	11,094	11,371	11,656	11,947	12,246	12,552	12,866
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	205,111	183,735	186,775	190,122	266,816	217,393	221,845	227,888	234,554	242,475	248,721
Expenses from continuing operations											
Employee benefits and on-costs	51,306	53,909	55,803	57,763	59,791	61,891	64,065	66,315	68,644	71,054	73,549
Materials and services	46,511	47,791	48,652	50,073	52,338	54,613	55,622	57,313	59,045	61,540	62,654
Borrowing costs	2,450	2,096	1,808	1,589	1,360	1,156	1,007	860	727	518	390
Depreciation, amortisation and impairment of non-financial assets	55,953	58,200	59,885	61,601	64,363	66,302	68,262	70,272	72,332	74,456	76,620
Other expenses	4,443	4,493	4,540	4,589	4,638	4,689	4,741	4,794	4,849	4,905	4,963
Internal expenditure	-	-	-	-	-	-	-	-	-	-	-
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	160,663	166,490	170,688	175,614	182,491	188,652	193,697	199,554	205,597	212,473	218,175
Operating result from continuing operations	44,448	17,246	16,087	14,508	84,325	28,742	28,148	28,334	28,957	30,002	30,546
Net operating result for the year before grants and contributions provided for capital purposes	(3,588)	3,305	3,234	3,007	10,241	9,475	10,536	10,454	10,803	10,625	11,817

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 8.3 Income Statement – General Fund

INCOME STATEMENT - GENERAL	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	FORECAST	FORWARD PLAN									
Income from continuing operations											
Rates and annual charges	40,839	45,368	50,406	56,008	62,238	64,417	66,671	69,005	71,420	73,919	76,507
User charges and fees	20,760	21,331	21,864	22,411	22,971	23,546	24,134	24,738	25,356	25,990	26,640
Other revenue	1,823	1,873	1,920	1,968	2,017	2,067	2,119	2,172	2,226	2,282	2,339
Grants and contributions provided for operating purposes	19,575	19,651	20,142	20,646	21,162	21,691	22,233	22,789	23,359	23,943	24,541
Grants and contributions provided for capital purposes	37,209	10,334	9,264	7,930	70,530	15,729	14,092	14,376	14,668	15,907	15,275
Interest and investment revenue	3,325	3,232	3,092	3,412	3,587	3,235	3,411	3,066	3,142	3,324	3,481
Other income	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	8,997	14,564	11,182	6,818	11,094	11,371	11,656	11,947	12,246	12,552	12,866
Internal Revenue	38,583	39,644	40,635	41,651	42,692	43,759	44,853	45,974	47,124	48,302	49,509
Total income from continuing operations	171,110	155,996	158,505	160,842	236,291	185,815	189,169	194,067	199,541	206,218	211,158
Expenses from continuing operations											
Employee benefits and on-costs	43,184	44,911	46,483	48,110	49,794	51,537	53,341	55,208	57,140	59,140	61,210
Materials and services	31,657	32,048	32,415	33,364	35,069	36,770	37,191	38,278	39,393	41,254	41,718
Borrowing costs	765	595	430	306	176	77	40	12	5	-	-
Depreciation, amortisation and impairment of non-financial assets	42,327	43,912	45,126	46,406	48,629	50,014	51,408	52,836	54,301	55,814	57,352
Other expenses	4,443	4,493	4,540	4,589	4,638	4,689	4,741	4,794	4,849	4,905	4,963
Internal expenditure	26,975	28,483	29,195	29,925	30,673	31,440	32,226	33,031	33,857	34,704	35,571
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	149,352	154,443	158,190	162,701	168,980	174,528	178,946	184,160	189,544	195,817	200,814
Operating result from continuing operations	21,758	1,554	315	(1,859)	67,311	11,287	10,223	9,907	9,997	10,401	10,344
Net operating result for the year before grants and contributions provided for capital purposes	(15,451)	(8,780)	(8,949)	(9,788)	(3,219)	(4,442)	(3,869)	(4,469)	(4,672)	(5,506)	(4,931)



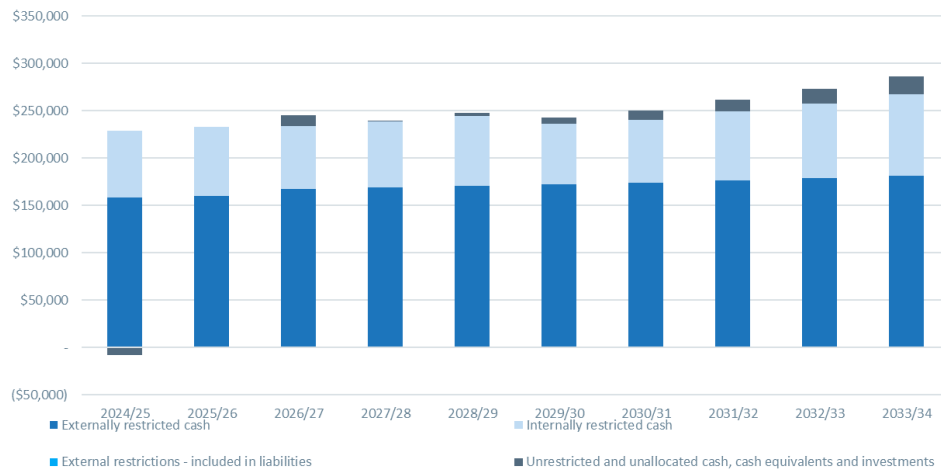
8.2 AVAILABILITY OF CASH

Under the Enhanced Asset Renewals and Enhanced Cash scenario the total cash, cash equivalents and investments is forecast to remain broadly stable, commencing at \$271.6 million in 2022/23 and being maintained at \$286.5 million in 2033/34.

Under this scenario, internally restricted reserves increase from \$78.8 million in 2023/24 to \$85.6 million in 2033/34. The unrestricted cash balance increases from \$1.8 million in 2023/24 to \$19.5 million in 2033/34, with the improvement in the balance achieved in the last five years of the ten year assessment period.

An increasing unrestricted cash position is a good outcome for Council in the scenario modelling given the low confidence in the measurement of the asset renewal backlog. An improving unrestricted cash position in the last five years will enable the Council to invest further in asset renewals to address the backlog once the asset management capacity has matured.

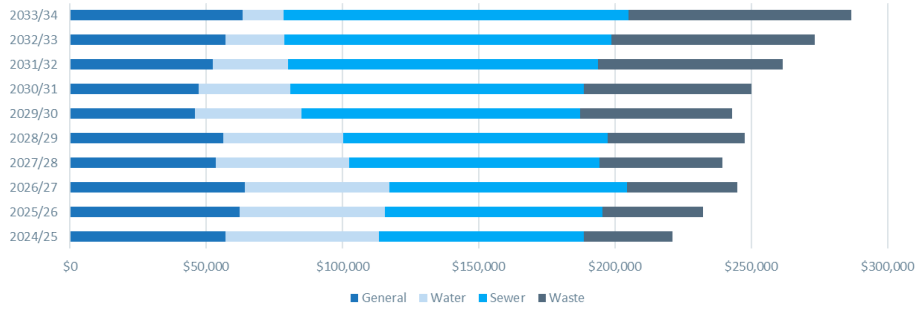
Figure 8.3 Restricted and Unrestricted Cash



Source – AEC (unpublished)



Figure 8.4 Cash and cash equivalents by Fund (\$,000s)



Source – AEC (unpublished)

8.3 SUMMARY ASSESSMENT OF ENHANCED ASSET RENEWAL AND ENHANCED CASH SCENARIO

The Enhanced Asset Renewal and Enhanced Cash scenario was developed by AEC to assess the increase in cash required to general sufficient cash to maintain fiscal capital, while also increasing the investment in asset renewals and maintenance to maintain the infrastructure capital.

Based on the above analysis AEC concludes that an improvement in the cash generated from operations in required to an aggregate amount equivalent to a cumulative increase over four years of 37.1% in ordinary rates, above what would otherwise be projected through the annual rate peg (increase in rates) and growth.

Table 8.4 Correction Required to Enhance Cash Generation

	2024/25 Adjustment %	2025/26 Adjustment %	2026/27 Adjustment %	2027/28 Adjustment %
% Adjustment to Ordinary Rates (or equivalent initiatives)	7.50%	7.50%	7.50%	7.50%
Rate Peg Assumed	2.50%	2.50%	2.50%	2.50%
Growth Assumed	1.00%	1.00%	1.00%	1.00%
Total Increase	11.0%	11.0%	11.0%	11.0%

The cumulative increase in rates without the adjustment would be a 14.8% increase in the fourth year. With the correction the cumulative increase (including the 7.5% increase for four consecutive years) would be a 51.8% increase in the fourth years. The cumulative impact of the adjustment is therefore the difference – being 37.1%.

Whilst the correction has been expressed in a change in net revenue assumed in the form of the percentage increase in ordinary rates, this may be achieved through a combination of initiatives, including:

- Identification of operational efficiencies and productivity improvements.
- Reduction in service provision – levels and/or range of services.
- Reduction in debt through sale of surplus assets.
- Increase in revenue from operations through increase in service fees, rates and/or charges.

FINANCIAL SUSTAINABILITY REVIEW – DUBBO REGIONAL COUNCIL



Table 8.5 Reserve Balances

RESERVES - CONSOLIDATED	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Externally Restricted - Other												
Developer contributions – general	15,621	17,644	20,227	22,889	25,632	28,460	31,374	34,379	37,478	40,673	43,969	47,368
Unexpended grants	29,897	12,725	2,480	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587
Water fund	63,219	63,592	53,622	49,023	47,681	42,042	36,030	29,628	22,817	15,577	8,099	158
Sewer fund	73,660	74,665	72,566	75,972	82,019	85,493	89,243	93,287	97,643	102,331	107,370	112,783
Stormwater Management	4,357	3,358	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031	3,031
Domestic Waste Management	4,220	5,050	6,043	7,100	7,244	8,182	9,236	10,415	11,723	13,167	14,756	16,495
Externally Restricted - Other	190,974	177,035	157,969	159,602	167,194	168,794	170,502	172,327	174,278	176,366	178,811	181,423
Internally Restricted												
Employees Leave Entitlement	3,401	3,789	3,853	3,743	3,328	3,328	3,328	3,328	3,328	3,328	3,328	3,328
Property development	(7,612)	(13,261)	(3,796)	3,217	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853
Dubbo Regional Airport	2,027	2,873	4,872	6,834	9,182	10,655	13,064	410	(653)	1,911	4,530	7,203
Livestock markets	3,298	3,549	3,547	3,866	4,244	4,477	4,705	4,928	5,145	5,357	5,562	5,760
Other waste management services	21,612	23,295	26,367	29,728	33,201	36,974	40,980	45,236	49,755	54,555	59,654	65,070
Road network - state roads	1,401	1,401	1,401	870	870	684	493	298	98	10	10	10
Fleet management services	9,828	9,090	6,758	6,824	7,443	6,601	5,718	4,794	3,827	2,815	1,755	647
Future asset renewal	44,887	40,128	27,673	18,395	5,462	4,079	2,591	2,300	2,002	1,697	1,071	750
Internally Restricted	78,842	70,863	70,675	73,477	66,584	69,651	73,732	64,147	66,355	72,526	78,763	85,621
Total internal and external restrictions	269,816	247,898	228,644	233,079	233,779	238,444	244,234	236,474	240,633	248,892	257,574	267,044
Total cash, cash equivalents and investments	271,664	250,072	221,008	232,209	244,806	239,446	247,500	242,796	250,069	261,556	273,154	286,518
Externally restricted cash	190,974	177,035	157,969	159,602	167,194	168,794	170,502	172,327	174,278	176,366	178,811	181,423
Internally restricted cash	78,842	70,863	70,675	73,477	66,584	69,651	73,732	64,147	66,355	72,526	78,763	85,621
External restrictions - included in liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted and unallocated cash, cash equivalents and investments	1,848	2,174	(7,636)	(870)	11,027	1,002	3,267	6,323	9,435	12,664	15,580	19,474



9. DEFINING A SUSTAINABLE FUTURE

The vision for a sustainable Dubbo Regional Council is that the Council will be able to achieve the vision outlined in the Community Strategic Plan while maintaining over the medium to long term both fiscal capital (that is access to cash) and the infrastructure capital (that is assets that the Council owns).

The following performance indicators are recommended to measure whether the Council is likely to be maintaining fiscal capital and infrastructure capital:

- Within the 10-year forecast, Dubbo Regional Council would like to achieve and maintain a net operating surplus greater than 0 percent (%). As a growing council, Dubbo Regional Council needs to produce above the benchmark to support the growth in services and infrastructure required.
- Council should have at least \$5 million in the unrestricted cash balance.
- Council should achieve an average of 95% for the asset renewal ratio over a ten year period. This will likely need reviewing for the next ten years once Council has improved the asset register and has a more fully understood quantum of the infrastructure backlog and the renewal investment required.
- The Council should keep the infrastructure backlog below the industry benchmark of 2%. It was noted that further actions are required to better determine the backlog, including comprehensive asset condition assessments.

9.1 OPTIONS AVAILABLE TO COUNCIL TO ACHIEVE THE VISION

The following options are provided with the view to collectively improving the capacity of the council to maintain fiscal capital and infrastructure capital into the future.

9.1.1 Efficiencies Savings and Productivity Improvement

A strategic option to improve the efficiency and productivity of the council's operations is to introduce productivity measures into the Operational Plan and Annual Budget. These measures could include metrics such as the cost per kilometre of grading, the cost per kilometre of resealing, or other relevant measures that can provide insights into the efficiency of Council's operations. By including these measures in the annual budget, Council can set specific targets for improving productivity and can monitor progress towards those targets. Council and Management can discuss the impact of resourcing decisions on levels of service by informed consideration of the activity costs of programs and the community can be informed about the activity the Council has funded (e.g. 65kms of resheeting of gravel roads, 55kms of reseal urban sealed roads, operating hours of customer services centres, libraries, visitor information centre etc.).

To implement this strategy, the council should start by conducting a thorough review of the range of services provided and the current cost of operations (levels of service) to identify areas where productivity measures could be implemented and are most likely to achieve material improvements in the operating position – through a strategic service planning framework. This might involve analysing data on the cost and duration of various tasks, such as road maintenance or park upkeep, and identifying specific areas where improvements could be made and identifying the optimal (lowest cost) approach to delivery of the level of service. Once these areas have been identified, the council can work to develop specific productivity measures and set targets for improvement.

Investing in employee training and development is also critical for achieving productivity savings. By providing staff with the skills and knowledge they need to perform their jobs more effectively, Council can improve productivity, reduce errors, and increase employee engagement. This may include training on new technologies, process improvement methodologies, or management and leadership skills. In addition, investing in employee development can help retain top talent and attract new talent, which can bring long-term benefits to the organisation. It would appear that asset management needs to be a high priority for staff development, both in terms of asset management systems and the development of optimal technical levels of services (the lowest whole of life cost approach to maintaining assets).



Collaboration and partnerships with other organisations or neighbouring councils can also be explored to achieve productivity savings. By sharing resources and expertise, Council can achieve economies of scale, reduce costs, and improve service delivery. This may include joint procurement initiatives, shared services arrangements, or collaborative capital projects. Regular review and monitoring of these initiatives is crucial to ensure that the desired outcomes are being achieved and that resources are being used efficiently.

AEC has raised an option of establishing a self-funding innovation reserve whereby gains from the initiatives implemented are put back into the reserve for future initiatives. The fund could be used for internal initiatives or fund external experts to research and investigate areas where material improvements could be made. This encourages a culture of innovation and improvement.

9.1.2 Review of User Charges and Fees

A comprehensive review of Council's Fees and Charges is recommended to ensure appropriate targets are set and achieved for revenue generating activities.

9.1.3 Increase in General Rate Through a Special Rate Variation

In AEC view, the Council will need to consider a permanent Special Rate Variation (SRV) to fix the structural operating deficit position and to generate sufficient cash from operations. This is an unavoidable option, with the only variable being the urgency of implementing the correction.

It is AEC's view that the decision to increase the general rate through a SRV should begin in the 2024/25 financial year with a 7.5% increase beyond the expected rate peg and population growth, with an additional 7.5% above rate peg and population growth for three consecutive years. This will have the cumulative impact of increasing the general rate by a cumulative 37.1% above what would be expected through rate peg and population growth.

As estimated by AEC, the current operating deficit is approximately \$15 million in the General Fund and cash being generated from operations is insufficient to fund adequate renewals and maintenance of the current assets controlled by the Council.

9.1.4 Revise Current Range and Levels of Service (including previously endorsed/approved decisions)

To implement a service planning approach, Council should enhance the Integrated Planning and Reporting Framework (IP&R), to include a Service Catalogue and Service Review Program. The Service Catalogue should define the range of services provided by Council and the associated service levels, costs, and performance indicators. This can provide a clear understanding of the services Council provides and ensure that service delivery is aligned with community needs and expectations.

The Service Review Program involves regularly reviewing each service in the Service Catalogue to evaluate its performance and identify areas for improvement. Council can also engage stakeholders in the service planning process by consulting with the community and other stakeholders to identify service priorities and gather feedback on service performance.

By adopting a service planning approach, Council can improve transparency and accountability in service delivery, better understand service performance, enhance stakeholder engagement, and increase efficiency and effectiveness in service delivery. It is important for Council to regularly review and update its service planning approach to ensure it remains aligned with community needs and strategic objectives. This can include investing in staff training and development, infrastructure and technology, and other resources needed to support service delivery.

The Services Catalogue would not include technical levels of services, which are more suitable for inclusion in the asset management plans for other internal-facing operational planning documents.

Council should also regularly review and update the service catalogue to ensure it remains current and reflects changes in service needs and funding levels. This will help Council to continuously improve its service delivery and ensure that it is meeting the needs of the community.



9.1.5 Establish Governance & Enhanced Capital Works Program Framework

To enhance the governance and financial controls, integrating the Project Management Framework, Asset Management Planning, and LTFP is a strategic option that ensures effective management of assets through their lifecycle. The LTFP should be a living resource plan that is adjusted as required to ensure that Council decisions are informed by the impact upon long-term financial sustainability. To implement this option, the best practice provided by the NSW Office of Local Government in the IP&R Guidelines should be followed, which recommends making the projected income and expenditure spreadsheet of the LTFP available at council meetings to inform resourcing decisions.

By aligning project management and asset management activities, organisations can optimise resource allocation and improve efficiencies, resulting in reduced costs and improved outcomes. Operations involved during the project planning and design stages should focus on risk identification, contingency planning, stakeholder management, scope management, design reviews, and quality management to mitigate potential risks and ensure successful project delivery.

The integration of the Project Management Framework, Asset Management Planning, and LTFP would also provide a holistic view of the Council's financial position, ensuring that all decisions are made in consideration of long-term financial sustainability. By implementing this strategic option, councillors can make fully informed decisions, and understand the importance of the Resourcing Strategy documents to that decision-making. This approach will ensure that Councils can mitigate potential risks and manage assets effectively, resulting in long-term financial sustainability.

9.1.6 Asset Management

To ensure the efficient and effective delivery of services to the community, Council should pursue a path of improving its asset management maturity, as outlined in the Asset Management Strategy, particularly focusing on improved asset management leadership and governance (including culture), asset condition assessments, improved accuracy, and use of asset registers, whole of life planning and determining the optimal timing for renewal treatments.

To achieve this goal, the following strategic options should be considered:

- Develop a roadmap for improving asset management maturity. Council measure the current asset management maturity, set target maturity level and develop the strategic improvements initiatives in the Asset Management Strategy.
- The maturity of asset management will need begin with improved leadership and governance, including addressing decision making frameworks, performance management, planning and prioritisation and change the culture of the organisation.
- Asset management systems will need to be enhanced to support the asset portfolio custodians.
- The Council should be provided with an annual "State of Assets Report" which is prepared by management to outline the Report on Infrastructure Assets (a Schedule to the Annual Financial Statements). The State of Assets Report should be provided to Council before the Draft Financial Statements. The State of Assets Report is an ideal opportunity for the Councillors to obtain a deeper understanding of the current assets, the quantum of the backlog in renewals and the current condition of the assets.
- Adopt a risk-based approach to asset management. Council should adopt a risk-based approach to asset management to ensure that resources are allocated to the assets that require the most attention – that being critical assets with the risk of failure being unacceptable. Conducting risk assessments of assets to identify their criticality and likelihood of failure, and prioritising maintenance and renewal activities based on the level of risk posed by each asset will assist with ensuring long-term sustainability.



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OUTCOME DRIVEN





REPORT: Draft Privacy Management Plan

DIVISION: Organisational Performance
REPORT DATE: 31 July 2023
TRIM REFERENCE: ID23/1898

EXECUTIVE SUMMARY

Purpose	<ul style="list-style-type: none"> Seek endorsement Adopt a policy 	<ul style="list-style-type: none"> Fulfil legislated requirement/Compliance
Issue	<ul style="list-style-type: none"> Review undertaken on Privacy Management Plan. Review is 12 months overdue. Information Privacy Commissioner has updated their guide to Privacy Management Plans in December 2022 and this review is based on that review information. 	
Reasoning	<ul style="list-style-type: none"> Every NSW public sector agency is bound by the <i>Privacy and Personal Information Protection Act 1998</i> (PPIP Act) and must implement a privacy management plan that explains: <ul style="list-style-type: none"> The agency's policies and practices for complying with the PPIP Act and the <i>Health Records and Information Privacy Act 2002</i> (HRIP Act) How the agency will make its staff aware of these policies and practices The agency's procedures for dealing with privacy internal reviews under Part 5 of the PPIP Act Other relevant matters relating to the protection of personal and health information that the agency holds (section 33 of the PPIP Act). 	
Financial Implications	Budget Area	There are no financial implications arising from this report.
Policy Implications	Policy Title	Privacy Management Plan.
	Impact on Policy	When adopted will become the Privacy Management Plan for DRC.
Consultation	Strategy Partnerships and Engagement and Corporate Governance	Consultation internally to review the plan and to ensure that the privacy message in all related council policies and council's website is updated and consistent.

STRATEGIC DIRECTION

The Towards 2040 Community Strategic Plan is a vision for the development of the region out to the year 2040. The Plan includes six principle themes and a number of objectives and strategies. This report is aligned to:

Theme:	4 Leadership
CSP Objective:	4.1 Council provides transparent, fair and accountable leadership and governance
Delivery Program Strategy:	4.1.2 Council's decision-making processes are open, transparent and accountable

RECOMMENDATION

- 1. That the Draft Privacy Management Plan attached to this report as Appendix 1 be adopted for the purpose of Public Exhibition.**
- 2. That a further report to Council be provided post the Public Exhibition period.**

Jane Bassingthwaite
Director Organisational Performance

AR
Manager Corporate
Governance

BACKGROUND

Previous Resolutions of Council

27 July 2016 CCL16/108	<i>That Council adopt the Draft Privacy Management Plan attached to this report as Appendix 1.</i>
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Following the merger of the former Dubbo City and Wellington Councils, the Privacy Management Plan was reviewed and adopted by Council.

In May 2020, a minor review was undertaken to update the Privacy Management plan to revise formatting, layout and to bring it under the Dubbo Regional Council logo from the Western Plains Regional Council logo. This update was not provided to Council for endorsement.

Council's current Privacy Management Plan is a lengthy document including attachments, it was decided whilst undertaking the review to take the opportunity to streamline the document to allow it to be clearer and easier to read. The former version is attached as **Appendix 2** to this report to allow comparison between the two versions.

The updated version (**Appendix 1**) has been changed in both look and content to streamline the information along with Council's webpage, to ensure that valid and current links to further information and legislation are up to date.

REPORT

As the Privacy Management Plan has not been fully reviewed since 2016, only having a minor formatting review in 2020, it was decided to review this plan in its entirety to ensure that Council are adhering to the most recent legislation changes, and that the public facing information is accurate, easy to understand and is consistent across the organisation linking to other policies and Council's web page. The intent is to ensure that both members of the public and council staff are able to access and understand the information provided.

Consultation

- Corporate Governance and Strategy, Partnerships and Engagement staff met recently to discuss concerns around information release and what can and cannot be released publically. Particularly in the context of publically available business papers and submissions received by individuals, along with other requests for personal information often received by council.
- The internal discussion was based around the need to undertake the review and streamlining of information in the Plan and to review Council's website along with other council policies to ensure that all information relating to the *Privacy and Personal Information Protection Act 1998* (PIIP Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act) were current and up to date and consistent with the correct information.

- Council’s website will be reviewed and information will be updated with consistent messaging across the relevant areas of the website.
- The Draft Privacy Management Plan will then be placed on public exhibition for community comment. A final report will then be brought back to council for adoption of the Plan.
- Once the Plan has been adopted, all internal induction content will be updated to reflect the updated Plan and staff will be advised of the updated policy and location to ensure that they are up to date with the most recent changes.

Resourcing Implications

- The Manager Corporate Governance is Council’s Privacy Contact Officer. As the contact officer for this Plan, this role manages any issues or concerns raised by staff or members of the public.
- The Governance team as a whole are also responsible for the processing and release of Council information under the Government Information (Public Access) Act 2009 (GIPA) and this Plan and the PPIP Act and HRIP Act are closely aligned to this and have to be managed accordingly.

Options Considered

- By having the plan placed on public exhibition will allow the public to understand how council deal with personal and health information of the ratepayers and others.
- It will also allow public and staff be aware of who to contact with requests for access to personal information and how information council holds can be amended, updated or suppressed under certain circumstances.
- It will ensure transparency and accountability of how council manages personal and health information and once adopted the plan will be made available on Council’s website.

Timeframe

Key Date	Explanation
9 November 2023	Presentation of reviewed Privacy Management Plan to Corporate Services Committee.
23 November 2023	Privacy Management Plan to be adopted by Ordinary Council meeting for purpose of Public Exhibition
27 November 2023	Proposed Public Exhibition Period
15 February 2024	Further report to Council post public exhibition period for adoption
16 February 2024	Placement on Council’s website

APPENDICES:

- 1 [↓](#) Draft Council - Privacy Management Plan
- 2 [↓](#) Council Policy - Privacy Management Plan - May 2022



COUNCIL POLICY

PRIVACY MANAGEMENT PLAN

Date	24 August 2023
Council Resolution Date	
Clause Number	CCL23/
Responsible Position	Manager Corporate Governance
Branch	Corporate Governance
Division	Organisational Performance
Version	2
TRIM Reference Number	ED23/
Review Period	2 Years
Review Date	August 2025
Consultation	All divisions within Council

Document Revision History	
Description	Date
Adopted by Council	July 2016
Updates to formatting and layout.	May 2020
Review of plan as per Information and Privacy Commissioner website	August 2023
Adopted by Council	
Notes	
No significant content changes, therefore did not go to Council for re-adoption.	

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BACKGROUND AND RELATED LEGISLATION

Dubbo Regional Council is committed to protecting the privacy of our customers, business contacts, Councillors, employees, contractors and volunteers.

This Privacy Management Plan (Plan) explains how Dubbo Regional Council (Council) manages personal and health information for the purpose of facilitating its business.

Council is required to have a Plan under s33 of the *Privacy and Personal Information Protection Act 1998* (NSW)(PIIP Act) and health information in accordance with *the Health Records and Information Privacy Act 2002* (NSW)(HRIP Act). The Information and Privacy Commission guidelines for Privacy Management Plans recommend review at least every two years.

The Plan outlines how Council complies with the legislative requirements of the PIIP Act, the HRIP Act and the Privacy Code of Practice for Local Government (Code).

SCOPE

The main objectives of this Plan are to inform the community on how to contact Council about the personal and health information that it holds, how it can be amended and how privacy complaints are handled.

This Plan aims to ensure Council manages the personal and health information it collects, stores, accesses, uses and discloses in the course of its business activities.

Contact Information

The Corporate Manager Governance is Dubbo Regional Council's Public Officer and is assigned the role of Privacy Contact Officer.

The Privacy Contact Officer can provide advice as to:

- Whether the personal or health information is collected for a lawful purpose;
- If that lawful purpose is directly related to a function of Council;
- If Council's documents, contracts, forms and notices comply with the PIIP Act and HRIP Act; and
- Whether the collection of personal or health information is reasonably necessary for the specified purpose.

This Plan should only be used as a guide in the application of the PIIP Act and HRIP Act. Where more specific information is required please refer to the relevant Act or seek information from Council's Privacy Contact Officer.

To contact Council relating to any Privacy matters, information in this Plan or to send privacy related forms please email: council@dubbo.nsw.gov.au, phone: 02 6801 4000 or post PO Box 81, Dubbo NSW 2830.

For assistance in understanding the processes under the PIIP Act and HRIP Act, please contact the Information and Privacy Commission NSW:

Information & Privacy Commission NSW

GPO Box 7011
SYDNEY NSW 2001

Phone: 1800 472 679
Email: ipcinfo@ipc.nsw.gov.au
Web: www.ipc.nsw.gov.au

NSW Civil & Administrative Tribunal

Level 10, John Maddison Tower
86-90 Goulburn Street
SYDNEY NSW 2000
Phone: 1300 006 228

1. INTRODUCTION

1.1 What is personal information

Personal information is defined in section 4 of the PPIP Act as any information or opinions about a person where that person's identity is apparent or can be reasonably ascertained.

1.2 What is not personal information

There are some kinds of information that are not personal information, these include:

- Information about someone who has been deceased for more than 30 years
- Information about someone that is contained in a publicly available publication
- Information or an opinion about a persons' suitability for employment as a public sector official.

Where Council is requested to provide access or make a disclosure about information that has already been published, Council will rely on the provisions of the relevant Act that authorises Council to hold the information and not the PPIP Act, for example, a request under the *Government Information (Public Access) Act 2009* (GIPA Act).

In accordance with the GIPA Act, when inviting public submissions, Council will advise people that their submission, including any personal information in the submission, may be made publicly available.

1.3 What is Health Information

Health information is a more specific type of personal information and is defined in section 6 of the HRIP Act. Health information can include information about a person's physical or mental health such as a psychological report, blood test or an x-ray, results from drug and alcohol tests, and information about a person's medical appointments. It can also include some personal information that is collected to provide a health service, such as a name and telephone number.

2. How Council collects and manages personal and health information

2.1 How Council collects personal information

Council collects personal information to enable it to conduct its functions. Council assesses the level of personal information that is appropriate to be collected on a case-by-case basis. In this section, a reference to personal information is also a reference to health information.

Personal information may be collected from:

- Members of the public
- NSW public sector agencies
- Businesses
- Non-government organisations
- Employees
- Medical professionals.

Contractors acting on Council's behalf may also collect personal information. Council includes clauses in its contracts that require contractors to comply with relevant privacy obligations.

Council has a range of functions requiring or involving the collection of personal information, including:

- Levying and collecting rates
- Providing services, for example, libraries and waste collection
- Consultation with the community, businesses and other stakeholders
- Assessing development and major project applications
- Recording, investigating, and managing complaints and allegations
- Site inspections and audits
- Incident management
- Enforcing regulations and legislation
- Issuing approvals, consents, licences and permits
- Providing funding grants
- Maintaining the non-residential register of electoral information
- Employment
- Fitness for work

Personal information may be collected by Council in any of the following ways:

- Customer requests;
- Financial information (eg debt recover or financial hardship applications);
- Burial and cremation records;
- Closed Circuit Television (CCTV) footage;
- Donation, grant and sponsorship applications;
- Submissions and information collected through Council's community engagement and consultation activities includes entries to competitions from children;
- Public access forum applications; and
- Development applications and related submissions
- Public Registers.

Personal information may be collected electronically, in writing, over the telephone and in person.

2.2 Personal information provided to Council

Individuals may provide Council with personal information when they make application for employment, make enquiries and when Council delivers services to them. This can include names, contact details, opinions, health conditions, family relationships, housing or tenancy information, work and education details. Individuals may also provide Council with personal information about other people.

2.3 Privacy and Personal Information Protection Notice

Under section 10 of the PIP Act, when Council collects personal information from an individual, such as their name, address, telephone number or email address, Council must make the individual aware of:

- The purposes for which the information is being collected
- The intended recipients of the information
- Whether the supply of the information is required by law or is voluntary
- Any consequences for the individual if the information (or any part of it) is not provided
- Ways the individual can access and correct their personal information
- How to contact Council or the Council section that is collecting and holding their information.

2.4 Storage, access and accuracy of personal information

Personal information is stored electronically and in physical files.

The following applies to information Council holds:

- Only authorised council employees can access personal information
- Authorised employees will make every effort to ensure personal information is accurate before using it
- Authorised employees will use personal information only for the purpose for which it was collected
- Employees will not disclose personal information about a person to anyone without the consent of the person it concerns unless they are required or permitted to by law.

Please refer to section 6 for details on exemptions, directions and code of practice that may affect the above.

Electronic information is stored on secure information systems. Networks will be secure and require individual logins. New systems are assessed for compliance with the PPIP Act and the HRIP Act. When not being used, hard copy files and sensitive information are securely stored.

2.5 Application of this Plan

The PPIP Act, HRIP Act and this Plan apply, wherever practicable, to:

- Councillors;
- Council employees;
- Consultants and contractors of Council;
- Volunteers;
- Council owned businesses; and
- Council committees (including community members of those committees which may be established under Section 355 of the Local Government Act 1993 (LGA)).

For the purposes of this Plan any reference to Council or Council staff, is inclusive of the parties listed above.

2.6 Unsolicited Information

Unsolicited information is personal or health information received by Council in circumstances where Council has not asked for or required the information to be provided. Such information is not deemed to have been collected by Council, but the retention, use and disclosure principles of the information will apply to any such information in Council's possession. Personal information contained in petitions received in response to a call for submissions or unsolicited petitions tabled at Council meetings will be treated the same as any other submission and be made available for release to the public.

3. Public Registers

Council is required by law to maintain a number of public registers and to make them available for public inspection.

Some of these registers contain personal information as defined in the PPIP Act, the HRIP Act and the GIPA Act. Section 57 of the PPIP Act requires Council to ensure that access to personal information in a register is consistent with the purpose for which the register exists.

In line with this requirement, Council has developed specific rules governing disclosure of personal information held in registers:

- Council will not disclose personal information in a public register unless the information is to be used for a purpose relating to the purpose of the Register, or an Act under which the Register is kept.
- The Privacy Code of Practice allows disclosure of single items or one page in a Register without explanation. However, such a disclosure can only occur when the person seeking the information attends Council in person.

- Council requires that any person who applies for more than one record or page from a public register, does so by completing a Statutory Declaration. Any such declaration must describe the intended use of the information requested and be witnessed by a Justice of the Peace.

The list of Council registers below specifies the main purpose of each of those registers.

3.1 Council's Public Register list

3.1.1 Under the Local Government Act, 1993

Section 53 - Land Register – The primary purpose is to identify all land vested in Council, or under its control. The secondary purpose includes a consideration of public accountability as to the land held by Council. Third party access is therefore a secondary purpose.

Section 113 - Records of Approvals – The primary purpose is to identify all approvals granted under the LGA.

Section 450A - Register of Pecuniary Interests – The primary purpose of this register is to determine whether or not a Councillor or a member of a council committee has a pecuniary interest in any matter with which the council is likely to be concerned. There is a corresponding public accountability purpose and third party access is a secondary purpose.

Section 602 - Rates Record - The primary purpose is to record the value of a parcel of land and record rate liability in respect of that land. The secondary purpose includes recording the owner or lessee of each parcel of land. For example, that a disclosure on a section 603 (of the LGA) rating certificate that a previous owner was a pensioner is considered to be allowed, because the secondary purpose is "a purpose relating to the purpose of the register".

3.1.2 Under the Environmental Planning and Assessment Act, 1979

Section 100 – Register of consents and approvals – The primary purpose is to identify applications for development consent and other approvals, confirm determinations on appeal and identify applications for complying development certificates.

Section 149G – Record of building certificates – The primary purpose is to identify all building certificates.

3.1.3 Under the Protection of the Environment Operations Act, 1997

Section 308 – Public register of licences held – The primary purpose is to identify all licences granted under the Act.

3.1.4 Under the Impounding Act, 1993

Section 30 and 31 – Record of impounding – The primary purpose is to identify any impounding action by Council.

3.2 Secondary purpose of all Public Registers

Due to the general emphasis on local government processes and information being transparent and accountable, it is considered that a secondary purpose for councils holding public registers is the provision of access to the public. Therefore, disclosure of specific records from public registers would normally be considered allowable under Section 57 of the PPIP Act.

However, requests for access, copying or the sale of the whole or a substantial part of a public register held by Council will not necessarily fit within this purpose. Council should be guided by the Privacy Code of Practice for Local Government in this respect. Where Council officers have doubt as to the intended use of the information, an applicant may be requested to provide a statutory declaration so that Council may satisfy itself as to the intended use of the information.

3.3 Other Registers

Council may keep other registers that are not public registers. The Information Protection Principles, this Plan, the Code and PPIP Act apply to the use and disclosure of information in those registers.

3.4 Applications For Access To Own Records On A Public Register

A person wishing to access a public register to confirm their own details needs to prove their identity to Council before being granted access to their personal information.

3.5 Applications For Suppression Of Personal Information In A Public Register

A person about whom personal information is contained (or is proposed to be contained) in a public register, may request Council to have the information removed from or not placed on the register by submitting an application in the form of a Statutory Declaration. Statutory Declarations can be found at www.jp.nsw.gov.au. Council will normally be in favour of suppressing the information, unless public interest in maintaining access to the information outweighs any individual interest in suppressing the information.

The information may still be used in the exercise of Council functions, but it cannot be disclosed to other parties.

4. Privacy and Other Legislation

This section contains a general summary of how Council must manage personal and health information.

4.1 The Privacy and Personal Information Protection Act

The PPIP Act sets out how Council must manage **personal** information.

4.1.1 Information Protection Principles (IPPs)

Part 2, Division 1 of the PPIP Act contains 12 Information Protection Principles with which we must comply with. These are:

Collection

Council will:

- Collect personal information only for a lawful purpose that is directly related to Council's functions and activities
- Collect personal information directly from the person concerned
- Inform people why their personal information is being collected, what it will be used for, and to whom it will be disclosed. Also how the personal information can be accessed and amended and any possible consequences of not providing personal information.
- Ensure that personal information is relevant, accurate, is not excessive and does not unreasonably intrude into people's personal affairs.

Storage

Council will store personal information securely, keep it no longer than necessary and destroy it appropriately. Personal information is protected from unauthorised access, use or disclosure.

Access and Accuracy

Council is:

- Transparent about the personal information it holds, why it is used, and the right to access and amend it
- Allows people to access their own personal information without unreasonable delay or expense
- Allows people to update, correct or amend their personal information where it is necessary
- Endeavours to ensure that personal information is relevant and accurate before using it.

Use

Council only uses personal information for the purpose it was collected for unless it has consent for its use for another purpose.

Disclosure

Council:

- Does not disclose personal information without consent, unless disclosure is permitted under the PPIP Act or other legislation
- Does not disclose sensitive personal information without consent, e.g. ethnicity or racial origin, political opinions, religious or philosophical beliefs, health or sexual activities or trade union membership.

Offences

Offences can be found in s62-68 of the PPIP Act. It is an offence for Council to:

- Intentionally disclose or use personal information for an unauthorised purpose
- Offer to supply personal information that has been disclosed unlawfully
- Hinder the Privacy Commissioner or their employees from doing their job.

4.2 The Health Records and Information Privacy Act

The HRIP Act sets out how Council must manage **health** information.

4.2.1 Health Privacy Principles (HPPs)

Schedule 1 of the HRIP Act contains 15 HPPs that Council must comply with. These are:

Collection

Council:

- Collects health information only for a lawful purpose that is directly related to Council's functions and activities
- Ensures that health information is relevant, accurate, is not excessive and does not unreasonably intrude into people's personal affairs
- Collects health information directly from the person concerned or with consent from the person concerned

- Informs people why their health information is being collected, what it will be used for, and to whom it will be disclosed. Also how it can be accessed and amended and any possible consequences of not providing health information.

Storage

Council stores health information securely, keeps it no longer than necessary and destroys it appropriately. Health information is protected from unauthorised access, use or disclosure.

Access and accuracy

Council is:

- Transparent about the health information it holds, why it is used, and the right to access and amend it
- Allows people to access their own health information without unreasonable delay or expense
- Allows people to update, correct or amend their health information where necessary
- Ensures that health information is relevant and accurate before using it.

Use

Council only uses health information for the purpose it was collected for unless it has consent for its use for another purpose.

Disclosure

Council does not disclose personal information without consent, unless disclosure is permitted under the HRIPA or other legislation.

Identifiers

Although Council does not currently assign identifiers to individuals in managing their health information, Council may use unique identifiers if required for a Council function.

Transfers and linkage of health records

Council:

- Will only transfer health information outside of NSW or to a Commonwealth agency in accordance with HPP 14
- Does not currently use a health records linkage system.

Offences

Offences can be found in s68-70 of the HRIP Act. It is an offence for Council to:

- Intentionally disclose or use health information for an unauthorised purpose
- Offer to supply health information that has been disclosed unlawfully

4.3 Other relevant laws

This section contains information about other relevant legislation.

Government Information (Public Access) Act 2009 (GIPA Act) and Government Information (Public Access) Regulation 2018

Under this Act and Regulation people can apply for access to information held by Council. This information may include personal or health information.

Independent Commission Against Corruption Act 1988

Under this Act, Council must provide information to the Independent Commission Against Corruption about allegations of fraud and corruption that may contain personal information.

Public Interest Disclosures Act 1994 (PID Act)

Under the PID Act, people working for a NSW public sector agency can make a public interest disclosure to Council. The PID Act requires that information that might identify or tend to identify a person who has made a public interest disclosure should be protected.

State Records Act 1998 and State Records Regulation 2010

This Act and Regulation authorises the State Records Authority to establish policies, standards and codes to ensure that NSW public sector agencies manage their records appropriately.

Referrals to external agencies under other relevant legislation

Under the *Ombudsman Act*, the *Independent Commission Against Corruption Act 1998*, and the *Crimes Act 1900*, Council can provide information to the:

- NSW Ombudsman
- Independent Commission Against Corruption
- NSW Police.

5. Exemptions, directions and codes of practice**5.1 Exemptions to the Information Protection Principles (IPPs)**

Part 2, Division 3 of the PPIP Act contains exemptions that may permit Council not to comply with IPPs in certain situations. These include the following:

- Council is not required to comply with IPPs 2-3, 6-8, or 10-12 if lawfully authorised or required not to do so
- Council is not required to comply with IPP 2 if the information concerned is collected in relation to court or tribunal proceedings.

5.2 Exemptions to the Health Privacy Principles (HPPs)

Exemptions are located mainly in Schedule 1 to the HRIP Act, and may permit Council not to comply with HPPs in certain situations. For example, Council is not required to comply with HPPs 4-8, and 10 if lawfully authorised or required not to do so.

5.3 Privacy Codes of Practice

A privacy code of practice allows Council to modify the application of:

- an Information Protection Principle (IPP); or
- provisions that deal with public registers.

These codes also specify how modifications will apply in particular situations.

5.3.1 Privacy Code of Practice for Local Government

Available on the Information Privacy Commissioner website:

<https://www.ipc.nsw.gov.au/media/2902>

6. Review Rights and Complaints

6.1 Internal Review Process

Under section 53 of the PPIP Act a person (the applicant) who is aggrieved by the conduct of a council is entitled to a review of that conduct. An application for internal review is to be made within 6 months of when the person first became aware of the conduct.

The Manager Corporate Governance (Council's Privacy Contact Officer) will appoint a Reviewing Officer to conduct the internal review. The Reviewing Officer must not be substantially involved in any matter relating to the application and must be an employee who is suitably qualified to deal with the matters raised.

The review is to be completed within 60 days of receipt of the application. Council must notify the applicant of the outcome of the review within 14 days of its determination. A copy of the final review should also be provided to the Privacy Commissioner where it departs from the draft review.

6.2 The Privacy Commissioner's role in internal reviews

The Privacy Commissioner will be notified of an application for review as soon as practicable after it is received. Council will brief the Privacy Commissioner on the progress of an internal review and notify them of the outcome. The Privacy Commissioner may make submissions to Council in relation to the subject matter of the application.

Council must provide the Privacy Commissioner with a draft of the council's internal review report to enable the Privacy Commissioner to make a submission. Council may provide a copy of any submission by the Privacy Commissioner to the applicant.

Noting that an individual can make a complaint direct to the Privacy Commissioner about an alleged breach of their privacy.

6.3 What happens after an internal review

If the applicant remains unsatisfied, with the outcome of a review, an application may be made to the NSW Civil and Administrative Tribunal (NCAT) for a review of Council's conduct.

If the applicant is dissatisfied with an order or decision made by the Tribunal, an appeal may be made to an Appeal Panel of the Tribunal.

6.4 Other ways to resolve privacy concerns

Council encourages the informal resolution of privacy issues before undertaking the review process. Issues can be raised informally with Council. Please refer to Council's website for contact details.

7. Promoting Privacy

Council reinforces compliance with the PPIP Act and HRIP Act by:

- Endorsing this Plan and making it publicly available
- Providing a copy of this Plan to relevant oversight bodies such as the Audit, Risk and Improvement Committee
- Reporting on internal reviews to the IPC
- Identifying privacy issues when implementing new systems, services and processes.

7.1 Employee awareness

Council ensures that its employees are aware of and understand this Plan and how it applies to the work they do.

Council promotes awareness of privacy obligations among employees by:

- Publishing Council's Privacy Management Plan on Council's intranet and website
- Providing advice to employees about Council's obligations under the PPIP Act and HRIP Act
- Ensuring Council forms and applications comply with privacy legislation
- Including the Plan in induction packs
- Promoting the IPC's privacy resources and online training.

7.2 Public awareness

This Plan provides information to members of the public about how Council manages personal and health information. The Plan is publicly available as open access information under the GIPA Act.

Council promotes public awareness of Council's Privacy Management Plan by:

- Publishing the Plan on Council's website
- Providing copies of the Plan on request
- Informing external customers about the Plan when responding to enquiries about personal and health information.



PRIVACY MANAGEMENT PLAN

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PREFACE

The object of the Dubbo Regional Council's Privacy Management Plan is to inform the community about how their personal information will be used, stored and accessed after it is collected by the Council. It also serves to inform Council staff of their obligations in relation to handling personal information when they can and cannot disclose, use or collect it.

The Privacy Management Plan is prepared in accordance with *The Privacy and Personal Information Protection Act 1998* (the "PPIPA") which requires all Councils to prepare a Privacy Management Plan outlining their policies and practices to ensure compliance with the requirements of that Act and the *Health Records and Information Privacy Act 2002* (the HRIPA).

PART 1 INTRODUCTION

The **Privacy and Personal Information Protection Act 1998 ("PPIPA")** provides for the protection of personal information and for the protection of the privacy of individuals.

Section 33 of the PPIPA requires all councils to prepare a **Privacy Management Plan (the "Plan")** to deal with:

- the devising of policies and practices to ensure compliance by the Council with the requirements of the PPIPA and the **Health Records and Information Privacy Act 2002 ("HRIPA")**;
- the dissemination of those policies and practices to persons within the Council;
- the procedures that the Council proposes for internal review of privacy complaints;
- such other matters as are considered relevant by the Council in relation to privacy and the protection of personal information held by it.

This Plan has been prepared for the purpose of section 33 of the PPIPA.

The PPIPA provides for the protection of personal information by means of 12 Information Protection Principles.

The 12 Information Protection Principles are;

- 1 - Collection of personal information for lawful purposes**
- 2 - Collection of personal information directly from individual**
- 3 - Requirements when collecting personal information**
- 4 - Other requirements relating to collection of personal information**
- 5 - Retention and security of personal information**
- 6 - Information about personal information held by agencies**
- 7 - Access to personal information held by agencies**
- 8 - Alteration of personal information**
- 9 - Agency must check accuracy of personal information before use**
- 10 - Limits on use of personal information**
- 11 - Limits on disclosure of personal information**
- 12 - Special restrictions on disclosure of personal information**

Those principles are modified by the **Privacy Code of Practice for Local Government ("the Code")** made by the Attorney General. To date there has been no Health Records and Information Privacy Code of Practice made for Local Government.

The Privacy Code has been developed to enable Local Government to fulfil its statutory duties and functions under the **Local Government Act 1993 (the "LGA")** in a manner that seeks to comply with the PPIPA.

This Privacy Management Plan outlines how Dubbo Regional Council will incorporate the 12 Information Protection Principles into its everyday functions. This Plan should be read in conjunction with the Code of Practice for Local Government.

Nothing in this Plan is to:

- affect any matter of interpretation of the Codes or the Information Protection Principles and the Health Privacy Principles as they apply to the Council;
- affect any obligation at law cast upon the Council by way of representation or holding out in any manner whatsoever;
- create, extend or lessen any obligation at law which the Council may have.

This Plan is designed to introduce policies and procedures to maximise compliance with the PPIPA and the HRIPA.

Where the Council has the benefit of an exemption, it will nevertheless describe procedures for compliance in this Plan. By doing so, it is not to be bound in a manner other than that prescribed by the Codes.

Council collects, stores and uses a broad range of information. A significant part of that information is personal information. **This Plan applies to that part of the Council's information that is personal information.**

It may mean in practice that any information that is not personal information will receive treatment of a higher standard; namely treatment accorded to personal information where the information cannot be meaningfully or practicably separated.

1.1 What is “personal information”?

“Personal information” is defined in section 4 of the PPIPA as follows:

Personal information is defined to mean information or an opinion about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion. This information can be on a database and does not necessarily have to be recorded in a material form.

1.2 What is not “personal information”

“Personal information” does not include “information about an individual that is contained in a publicly available publication”. Personal information, once it is contained in a publicly available publication, ceases to be covered by the PPIPA.

Section 4A of the PPIPA also specifically excludes “health information”, as defined by section 6 of the HRIPA, from the definition of “personal information”, but includes “health information” in the PPIPA's consideration of public registers (discussed below). “Health information” is considered in Part 4 of this Plan.

Where the Council is requested to provide access or make a disclosure and that information has already been published, then the Council will rely on the provisions of the relevant Act that authorises Council to hold that information and not the PPIPA (for example, section 8 of the **Government Information (Public Access) Act 2009 (GIPA Act)**).

Council considers the following to be publicly available publications:

- An advertisement containing personal information in a local, city or national newspaper;
- Personal information on the Internet;
- Books or magazines that are printed and distributed broadly to the general public;
- Council Business papers or that part that is available to the general public;
- Personal information that may be a part of a public display on view to the general public.

Information published in this way ceases to be covered by the PPIPA. Council's decision to publish in this way must be in accordance with PPIPA.

1.3 Application of this Plan

The PPIPA, the HRIPA and this Plan apply, wherever practicable, to:

- Councillors;
- Council employees;
- Consultants and contractors of the Council;
- Council owned businesses; and
- Council committees (including community members of those committees which may be established under section 355 of the LGA).

Council will ensure that all such parties are made aware that they must comply with the PPIPA, the HRIPA, any other applicable Privacy Code of Practice and this Plan.

1.4 Personal Information held by Council

The Council holds personal information concerning Councillors, such as:

- personal contact information;
- complaints and disciplinary matters;
- pecuniary interest returns; and
- entitlements to fees, expenses and facilities.

The Council holds personal information concerning its customers, ratepayers and residents, such as:

- rates records; and
- DA applications and objections; and
- various types of health information (see page 37 for detailed examples).

The Council holds personal information concerning its employees, such as:

- recruitment material;
- leave and payroll data;
- personal contact information;
- performance management plans;
- disciplinary matters;
- pecuniary interest returns;
- wage and salary entitlements; and
- health information (such medical certificates and workers compensation claims).

1.5 Applications for suppression in relation to general information (not public registers).

Under section 739 of the Local Government Act 1993 (“LGA”) a person can make an application to suppress certain material that is available for public inspection in circumstances where the material discloses or would disclose the person’s place of living if the person considers that the disclosure would place the personal safety of the person or their family at risk.

Section 739 of the LGA relates to publicly available material other than public registers. As such, it limits disclosure in those circumstances where an application for suppression is successful. An application for suppression must be verified by statutory declaration and otherwise meet the requirements of section 739. When in doubt, Council will err in favour of suppression.

For more information regarding disclosure of information (other than public registers) see the discussion of IPPs 11 and 12 in Part 3 of this Plan. For information regarding suppression of information on *public registers*, see Part 2 of this Plan.

1.6 Caution as to unsolicited information

Where an individual, a group or committee, not established by Council, gives Council unsolicited personal or health information, then that information should be still treated in accordance with this Plan, the Codes, the HRIPA and the PPIPA for the purposes of IPPs 5-12 and HPPs 5-15 which relate to storage, access, use and disclosure of information.

Note that for the purposes of section 10 of the HRIPA, the Council is not considered to have “collected” health information if the receipt of the information by the Council is unsolicited.

Section 4(5) of the PPIPA also provides that personal information is not “collected” by Council if it is unsolicited.

PART 2 PUBLIC REGISTERS

A public register is defined in section 3 of the PPIPA:

“...public register means a register of personal information that is required by law to be, or is made, publicly available or open to public inspection (whether or not on payment of a fee).”

A distinction needs to be drawn between “public registers” within the meaning of Part 6 of the PPIPA and “non-public registers”. A “non-public register” is a register but it is not a “public register” for the purposes of the PPIPA. For example, the register might not be publicly available or it may not contain personal information.

Disclosure in relation to public registers must comply with Part 6 of the PPIPA and the Privacy Code. Personal information cannot be accessed by a person about another person unless the personal information is contained in a public register. Where personal information is contained in a public register, then Part 6 of the PPIPA applies to determine whether access to that information will be given to another person.

Disclosure in relation to all other personal information must comply with the Information Protection Principles as outlined in Part 2 of this Plan and the Privacy Code where it includes personal information that is not published.

The Council holds the following public registers under the LGA: ***

- Section 53 - Land Register
- Section 113 - Records of Approvals;
- Section 449 -450A - Register of Pecuniary Interests;
- Section 602 - Rates Record.

Council holds the following public registers under the Environmental Planning and Assessment Act:

- Section 100 – Register of consents and approvals
- Section 149G – Record of building certificates

Council holds the following public register under the Protection of the Environment (Operations) Act:

- Section 308 – Public register of licences held

Council holds the following public register under the Impounding Act 1993:

- Section 30 & 31 – Record of impounding

Members of the public may enquire only in accordance with the primary purpose of any of these registers. The primary purpose for each of these public registers is set out in the sections that follow.

2.1 Public registers, the PPIPA and the HRIPA

A public register generally confers specific rights or privileges, a benefit, or status, which would not otherwise exist. It may be required by law to be made publicly available or open to public inspection, or it is simply made publicly available or open to public inspection (whether or not payment is required).

Despite the exclusion of “health information” from the definition of “personal information” under section 4A of the PPIPA, section 56A of the PPIPA *includes* as “personal information”, “health information” on public registers.

Section 57 of the PPIPA requires very stringent controls over the disclosure of personal information contained in a public register. It provides broadly that where Council is responsible for keeping a public register, it will not disclose any personal information kept in that register unless it is satisfied that the information is to be used for a purpose relating to the purpose of the register or the Act under which the register is kept.

Section 57 (2) provides that in order to ensure compliance with section 57(1), a Council may require any person who applies to inspect personal information contained in the public register to give particulars in the form of a statutory declaration as to the proposed use of that information. (Form at Appendix 1 may be used a guide)

Councils also need to consider the Privacy Code of Practice for Local Government which has the effect of modifying the application of Part 6 of the PPIPA (the “public register” provisions).

If the stated purpose of the applicant does not conform with the purpose for which the public register is kept, access to the information sought will not be given.

Where personal information is contained in a publicly available publication, that information will not be regarded as personal information covered by the PPIPA or as health information for the purposes of part 6 of the PPIPA.

2.2 Effect on section 6 of the GIPA Act

Section 57 of the PPIPA prevails over clause 1(3) of Schedule 1 of the Government Information (Public Access) Regulation 2009 (GIPA Regulation) to the extent of any inconsistency. Therefore:

1. If a register is listed in Schedule 1 of the GIPA Regulation, access must not be given except in accordance with section 57(1) of the PPIPA.
2. If a register is not listed in Schedule 1 of the GIPA Regulation, access must not be given

except:

- (i) if it is allowed under section 57(1) of the PPIPA; and
- (ii) there is no overriding public interest against disclosure of the information under section 6 of the GIPA Act.

Note: Both 1 and 2 are amended with regard to specific public registers in the Privacy Code of Practice for Local Government.

2.3 Where some information in the public register has been published

That part of a public register that is not published in a publicly available publication will be treated as a “public register” and the following procedure for disclosure will apply.

For example, the Register of Consents and Approvals held by Council under section 100 of the Environmental Planning and Assessment Act requires Council to advertise or publish applications for development consent.

When Council publishes the address of the property, it may identify the owner. The personal information that has not been published and any applications not advertised or that have been rejected or withdrawn (and hence also not published) will be treated as a public register under PPIPA.

Council may hold a register under the Contaminated Land Management Act on behalf of the Environment Protection Authority. This is not to be considered a public register of the Council as the statute does not place any obligations on the Council to make this register publicly available as a register of contaminated land. Furthermore, the legislation foreshadows that the Environment Protection Authority may indeed post this list or register on the internet. This may constitute a publication of the information and therefore the PPIPA will not apply.

Registers should not be published on the internet.

2.4 Disclosure of personal information contained in the public registers

A person seeking a disclosure concerning someone else’s personal information from a public register must satisfy Council that the intended use of the information is for a purpose relating to the purpose of the register or the Act under which the register is kept.

In the following section, by way of guidance only, what might be called the “primary” purpose (or “the purpose of the register”) has been specified for each identified register. In some cases a “secondary purpose” has also been specified, by way of guidance as to what might constitute “a purpose relating to the purpose of the register”.

2.5 Purposes of public registers

Purposes of public registers under the Local Government Act

Section 53 - Land Register – The primary purpose is to identify all land vested in Council, or under its control. The secondary purpose includes a consideration of public accountability as to the land held by Council. Third party access is therefore a secondary purpose.

Section 113 - Records of Approvals – The primary purpose is to identify all approvals granted under the LGA.

Section 450A - Register of Pecuniary Interests – The primary purpose of this register is to determine whether or not a Councillor or a member of a council committee has a pecuniary interest in any matter with which the council is likely to be concerned. There is a corresponding public accountability purpose and third party access is a secondary purpose.

Section 602 - Rates Record - The primary purpose is to record the value of a parcel of land and record rate liability in respect of that land. The secondary purpose includes recording the owner or lessee of each parcel of land. For example, that a disclosure on a section 603 (of the LGA) rating certificate that a previous owner was a pensioner is considered to be allowed, because the secondary purpose is “a purpose relating to the purpose of the register”.

Purposes of public registers under the Environmental Planning and Assessment Act

Section 100 – Register of consents and approvals – The primary purpose is to identify applications for development consent and other approvals, confirm determinations on appeal and identify applications for complying development certificates.

Section 149G – Record of building certificates – The primary purpose is to identify all building certificates.

Purposes of public registers under the Protection of the Environment (Operations) Act

Section 308 – Public register of licences held – The primary purpose is to identify all licences granted under the Act.

Purposes of the public register under the Impounding Act

Section 30 & 31 – Record of impounding – The primary purpose is to identify any impounding action by Council.

Secondary purpose of all Public Registers

Due to the general emphasis (to be found in the LGA and elsewhere) on local government processes and information being open and accountable, it is considered that a secondary purpose for which all public registers are held by Council includes the provision of access to members of the public. Therefore disclosure of specific records from public registers would normally be considered to be allowable under section 57 of the PPIPA.

However, requests for access, copying or the sale of the whole or a substantial part of a Public Register held by Council will not necessarily fit within this purpose. Council should be guided by the Privacy Code of Practice for Local Government in this respect. Where Council officers

have doubt as to the intended use of the information, an applicant may be requested to provide a statutory declaration so that Council may satisfy itself as to the intended use of the information. Council will make its assessment as to the minimum amount of personal information that is required to be disclosed with regard to any request.

Other Purposes

Persons or organisations who apply to Council to have access to the information contained in any public register for a purpose not related to the purpose of the register, may be given access at the discretion of Council but only in accordance with the Privacy Code of Practice for Local Government concerning Public Registers.

2.6 Applications for access to own records on a public register

A person wishing to have access to a public register to confirm their own details needs only to prove their identity to Council before having access to their own personal information.

2.7 Applications for suppression in relation to a public register

An application for suppression in relation to a public register will be dealt with under PPIPA, rather than section 739 of the LGA.

A person about whom personal information is contained (or proposed to be contained) in a public register, may request Council under section 58 of the PPIPA to have the information removed from, or not placed on the register.

If Council is satisfied that the safety or well-being of any person would be affected by not suppressing the personal information as requested, Council will suppress the information in accordance with the request unless Council is of the opinion that the public interest in maintaining public access to the information outweighs any individual interest in suppressing the information, in accordance with section 58(2) of the PPIPA. ("Well-being" is defined in the Macquarie Dictionary as "the good or satisfactory condition of existence; welfare".)

When in doubt, Council will err in favour of suppression.

Any information that is removed from, or not placed on, that aspect of a public register to be made public may be kept on the register for other purposes. That is, the information may still be used for council functions, but it cannot be disclosed to other parties.

An application for suppression should be made in writing addressed to the General Manager and must outline the reasons for the request. The Council may require supporting documentation where appropriate.

2.8 Other registers

Council may have other registers that are not public registers. The Information Protection Principles, this Plan, any applicable Codes and the PPIPA apply to those registers or databases.

PART 3 THE INFORMATION PROTECTION PRINCIPLES

3.1 Information Protection Principle 1 – [Section 8](#)

Section 8 Collection of personal information for lawful purposes

- (1) A public sector agency must not collect personal information unless:
- (a) the information is collected for a lawful purpose that is directly related to a function or activity of the agency, and
 - (b) the collection of the information is reasonably necessary for that purpose.
- (2) A public sector agency must not collect personal information by any unlawful means.

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from the requirements of this principle.

Council Policy

Council will only collect personal information for a lawful purpose as part of its proper functions. The LGA governs Council's major obligations and function.

Section 22 of the LGA provides other functions under other Acts. Some of those Acts are as follows:

- Community Land Development Act 1989
- Companion Animals Act 1998**
- Conveyancing Act 1919
- Environmental Planning and Assessment Act 1979
- Fire Brigades Act 1989
- Fluoridation of Public Water Supplies Act 1957
- Food Act 1989
- Impounding Act 1993
- Library Act 1939
- Protection of the Environment Operations Act 1997
- Public Health Act 1991
- Recreation Vehicles Act 1983
- Roads Act 1993
- Rural Fires Act 1997
- State Emergency Service Act 1989
- Strata Schemes (Freehold Development) Act 1973
- Strata Schemes (Leasehold Development) Act 1986;
- Swimming Pools Act 1992

- Public Health Act 1991

This list is not exhaustive.

Additionally, the exercise by Council of its functions under the LGA may also be modified by the provisions of other Acts. Some of those Acts follow:

- Government Information (Public Access) Act 2009;
- Heritage Act 1977;
- State Emergency and Rescue Management Act 1989;
- Unclaimed Money Act 1995;

The circumstances under which Council may collect information, including personal information, are varied and numerous.

Council will not collect any more personal information than is reasonably necessary for it to fulfil its proper functions.

Anyone engaged by Council as a private contractor or consultant that involves the collection of personal information must agree to be bound not to collect personal information by any unlawful means. This will include debt recovery actions by or undertaken on behalf of Council by commercial agents.

**Companion Animals Act

Collection of information under the Companion Animals Act and Council's use of the Companion Animals Register should be guided by the Director General's guidelines, which have been developed with the PPIPA in mind.

Role of the Privacy Contact Officer

In order to ensure compliance with Information Protection Principle 1, internet contact forms, rates notices, application forms of whatsoever nature, or written requests by which personal information is collected by Council; will be referred to the Privacy Contact Officer prior to adoption or use.

The Privacy Contact Officer will also provide advice as to:

1. Whether the personal information is collected for a lawful purpose;
2. If that lawful purpose is directly related to a function of Council; and
3. Whether or not the collection of that personal information is reasonably necessary for the specified purpose.

Any further concerns of a legal nature will be referred to Council's solicitor.

3.2 Information Protection Principle 2 – Direct Collection

Section 9 Collection of personal information directly from individual

A public sector agency must, in collecting personal information, collect the information directly from the individual to whom the information relates unless:

- (a) the individual has authorised collection of the information from someone else, or*
- (b) in the case of information relating to a person who is under the age of 16 years—
the information has been provided by a parent or guardian of the person.*

The Privacy Code of Practice for Local Government

The Code makes provision for Council to depart from this principle where indirect collection of personal information is reasonably necessary when an award, prize, benefit or similar form of personal recognition is intended to be conferred upon the person to whom the information relates.

Council Policy

The compilation or referral of registers and rolls are the major means by which the Council collects personal information. For example, the information the Council receives from the Land Titles Office would fit within section 9(a) above.

Other means include forms that customers may complete and lodge with Council for development consent, companion animal registration, applications for specific inspections or certifications or applications in respect of tree preservation orders.

In relation to petitions, the Council will treat the personal information contained in petitions in accordance with PPIPA.

Where Council or a Councillor requests or requires information from individuals or groups, that information will be treated in accordance with PPIPA.

Council regards all information concerning its customers as information protected by PPIPA. Council will therefore collect all personal information directly from its customers except as provided in section 9 or under other statutory exemptions or Codes of Practice. Council may collect personal information from other public sector agencies in respect of specific statutory obligations where it is authorised by law to do so.

Where Council anticipates that it may otherwise need to collect personal information indirectly it will first obtain the authorisation of each individual under section 9 (a) of the PPIPA.

External and related bodies

Each of the following will be required to comply with this Plan, any applicable Privacy Code of Practice, and the PPIPA:

- Council owned businesses
- Council consultants
- Private contractors
- Council committees

Council will seek to contractually bind each of these bodies or persons to comply with the PPIPA.

Where any of the above collect personal information on behalf of Council or in relation to the performance of their activities, that body or person will be required to:

- obtain a written authorisation and consent to that collection; and
- notify those persons in accordance with Information Protection Principle 3 as to the intended recipients and other matters required by that principle.

Council owned businesses, committees and private contractors or consultants must abide by this Plan, the Code and the PPIPA under the terms of their incorporation by Council or by contract.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 2.

Existing statutory exemptions under the Act

Compliance with Information Protection Principle 2 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in very obvious and limited circumstances and legal advice should normally be obtained.

The relevant statutory exemptions follow:

Section 23(2) of the PPIPA permits non-compliance with Information Protection Principle 2 if the information concerned is collected in connection with proceedings (whether or not actually commenced) before any court or tribunal.

Section 24(4) of the PPIPA extends the operation of section 24(1) to councils and permits non-compliance with Information Protection Principle 2 if a council is:

- (i) investigating or otherwise handling a complaint or other matter that could be referred or made to, or has been referred from or made by, an investigative agency; and
- (ii) if compliance might detrimentally affect (or prevent the exercise of) the Council's complaint handling or investigative functions.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 2 where the agency is lawfully authorised or required not to comply with the principle.

- (iii) Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 2 where non-compliance is "necessarily implied" or "reasonably contemplated" under any Act or law.

Section 26(1) of the PPIPA permits non-compliance with Information Protection Principle 2 if compliance would prejudice the interests of the individual concerned.

Further Explanation regarding IPP 2

Where Council cannot collect personal information directly from the person, it will ensure one of the following:

1. Council has obtained authority from the person under section 9(a) of the PPIPA.
2. The collection of personal information from a third party is permitted under an Act or law. (For example, the indirect collection from the Land Titles Office.)
3. The collection of personal information from a parent or guardian is permitted provided the person is less than 16 years of age.
4. The collection of personal information indirectly where one of the above exemptions applies.
5. The collection of personal information indirectly is permitted under the Privacy Code of Practice for Local Government or the Investigative Code of Practice.

The only other exception to the above is in the case where Council is given unsolicited information.

3.3 Information Protection Principle 3 - Requirements when collecting personal information

Section 10 Requirements when collecting personal information

If a public sector agency collects personal information from an individual, the agency must take such steps as are reasonable in the circumstances to ensure that, before the information is collected or as soon as practicable after collection, the individual to whom the information relates is made aware of the following:

- (a) the fact that the information is being collected,*
- (b) the purposes for which the information is being collected,*
- (c) the intended recipients of the information,*
- (d) whether the supply of the information by the individual is required by law or is voluntary, and any consequences for the individual if the information (or any part of it) is not provided,*
- (e) the existence of any right of access to, and correction of, the information,*
- (f) the name and address of the agency that is collecting the information and the agency that is to hold the information.*

The Privacy Code of Practice for Local Government

The Code makes provision for Council to depart from this principle where personal information is collected about an individual for the purpose of conferring upon that person, an award, prize, benefit or similar form of personal recognition without prior or subsequent notification.

Council Policy

Where Council proposes to collect personal information directly from the person, it will inform that person that the personal information is being collected, what is done with that information and who the intended recipients will be.

Council will inform persons if the information is required by law or voluntarily given. Council will also inform individuals which department or section within Council holds their personal information, and of the right to access and correct that information. Council will adapt the general section 10 pre-collection Privacy Notification form as appropriate (See Appendix 2).

The following are examples of application procedures that will require a Privacy Notification Form in accordance with section 10:

- Lodging Development Applications;
- Lodging objections to Development Applications;
- Lodging applications for approval under the LGA;
- Any stamps or printed slips that contain the appropriate wording for notification under section 10 (see Appendix 2); and
- When collecting an impounded item.

In relation to the Privacy Notification Form that may be attached to a Development Application provided to objectors, it could be stated that objectors have a right to remain anonymous if they so choose. However, should they need to substantiate their objections, anonymous objections may be given less weight (or no weight) in the overall consideration of the Application.

Post - Collection

Where Council collects personal information indirectly from another public sector agency in respect of any one of its statutory functions, it will advise those individuals that it has collected their personal information by including a privacy notification form in the next issue of their rates notice, or otherwise by letter. A common example of the collection of information from another public sector agency is the Land Titles Office. Council receives information as to new ownership changes when property is transferred from one owner to the next. Appendix 3 contains a sample Privacy Notification Form that could be used for post-collection.

External and related bodies

Each of the following will be required to comply with Information Protection Principle 3:

- Council owned businesses
- Council consultants
- Private contractors
- Council committees

Council will seek to contractually bind each of these bodies or persons to comply with the Information Protection Principle 3.

Where any of the above collect personal information on behalf of Council or in relation to the performance of their activities, that body or person will be required to notify those persons in accordance with Information Protection Principle 3 as to the intended recipients and other matters required by that principle.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 3.

Existing statutory exemptions under the Act

Compliance with Information Protection Principle 3 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

The relevant statutory exemptions follow:

Section 23(3) permits non-compliance with Information Protection Principle 3 where information is collected for law enforcement purposes. Law enforcement means a breach of the criminal law and criminal law enforcement. This section does not remove the rights of an accused person.

Section 24(4) of the PPIPA extends the operation of section 24(1) to councils and permits non-compliance with Information Protection Principle 3 if a council is:

- (i) investigating or otherwise handling a complaint or other matter that could be referred or made to, or has been referred from or made by, an investigative agency; and
- (ii) if compliance might detrimentally affect (or prevent the exercise of) the Council's complaint handling or investigative functions.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 3 where the agency is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 3 where non-compliance is "necessarily implied" or "reasonably contemplated" under any Act or law.

Section 26(1) of the PPIPA permits non-compliance with Information Protection Principle 3 if compliance would prejudice the interests of the individual concerned.

Section 26(2) of the PPIPA permits non-compliance where the person expressly consents to such non-compliance.

Disclosure of information of research purposes

The disclosure of personal information for research purposes will be allowed only in accordance with any applicable Direction made by the Privacy Commissioner under section 41 of PPIPA or any Research Code of Practice made by the Attorney General as may be in force for the time being.

3.4 Information Protection Principle 4 - Other requirements relating to collection of personal information

Section 11 Other requirements relating to collection of personal information

If a public sector agency collects personal information from an individual, the agency must take such steps as are reasonable in the circumstances (having regard to the purposes for which the information is collected) to ensure that:

- (a) the information collected is relevant to that purpose, is not excessive, and is accurate, up to date and complete, and*
- (b) the collection of the information does not intrude to an unreasonable extent on the personal affairs of the individual to whom the information relates.*

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

Council will seek to ensure that no personal information is collected which is not directly relevant to its proper functions.

Council collects personal information through the various forms that customers may complete and lodge with Council. Before adoption of a new form, a draft form will be reviewed for compliance with Information Protection Principle 4 by the EEO Officer, Council's solicitor, Public Officer or other suitable person. Should Council have any residual doubts, the opinion of the Office of the Privacy Commissioner NSW will be sought.

3.5 Information Protection Principle 5 - Retention and security of personal information

Section 12 Retention and security of personal information

A public sector agency that holds personal information must ensure:

- (a) that the information is kept for no longer than is necessary for the purposes for which the information may lawfully be used, and*
- (b) that the information is disposed of securely and in accordance with any requirements for the retention and disposal of personal information, and*
- (c) that the information is protected, by taking such security safeguards as are reasonable in the circumstances, against loss, unauthorised access, use, modification or disclosure, and against all other misuse, and*
- (d) that, if it is necessary for the information to be given to a person in connection with the provision of a service to the agency, everything reasonably within the power of the agency is done to prevent unauthorised use or disclosure of the information.*

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

Council may comply with this principle by using any or all of the following or similar documents:

- Records and Archives Services Manual;
- The Council's Policy on Security of and Access to Misconduct Files;
- Council's Internet Security Policy;
- Information Technology Security Policy; and
- General Records Disposal Schedule for Local Government.

Disclosure of information of research purposes

The disclosure of personal information for research purposes will be allowed only in accordance with any applicable Direction made by the Privacy Commissioner under section 41 of PPIPA or any Research Code of Practice made by the Attorney General as may be in force for the time being.

3.6 Information Protection Principle 6 - Information held by agencies

Section 13 Information about personal information held by agencies

A public sector agency that holds personal information must take such steps as are, in the circumstances, reasonable to enable any person to ascertain:

- (a) *whether the agency holds personal information, and*
- (b) *whether the agency holds personal information relating to that person, and*
- (c) *if the agency holds personal information relating to that person:*
 - (i) *the nature of that information, and*
 - (ii) *the main purposes for which the information is used, and*
 - (iii) *that person's entitlement to gain access to the information.*

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

Section 13 of the PPIPA requires a council to take reasonable steps to enable a person to determine whether the council holds personal information about them. If Council holds any information about a person, upon request it will advise them the nature of that information, the main purposes for which it is held, and that person's entitlement to access. As a matter of practicality, not every item of personal information, however insignificant, will be capable of

ascertainment.

Under section 20(5) of the PPIPA, Information Protection Principle 6 is subject to any applicable conditions or limitations contained in the *Government Information (Public Access) Act 2009* ("GIPA Act"). Council must consider the relevant provisions of the GIPA Act.

Any person can make application to Council by completing the appropriate form and submitting it to Council. An example is at Appendix 4.

Where council receives an application or request by a person as to whether council holds information about them, council will undertake a search of its records to answer the enquiry. Council may ask the applicant to describe what dealings the applicant has had with council in order to assist council to conduct the search.

Council will ordinarily provide a response to applications of this kind within 28 days of the application being made. The fee structure is commensurate to that of the Council's GIPA Act rates structure.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 6.

Existing exemptions under the Act

Compliance with Information Protection Principle 6 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 6 where Council is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 6 where non-compliance is "necessarily implied" or "reasonably contemplated" under any Act or law.

Reporting matters

The Council will issue a statement to be included on its Web page (if it has one) and in its Annual Report concerning the nature of personal information it regularly collects, the purpose for which the personal information is used and an individual's right to access their own personal information.

3.7 Information Protection Principle 7 - Access to personal information held by agencies

Section 14 Access to personal information held by agencies

A public sector agency that holds personal information must, at the request of the individual to whom the information relates and without excessive delay or expense, provide the individual with access to the information.

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

Section 14 of the PPIPA requires a council, at the request of any person, to give access to that person to personal information held about them.

Compliance with Information Protection Principle 7 does not allow disclosure of information about other people. If access to information that relates to someone else is sought, the application must be made under the GIPA Act, unless Information Protection Principles 11 and 12 or the Public Register provisions apply.

Where a person makes an application for access under the PPIPA and it is involved or complex, it may be referred, with the written consent of the applicant, as an application under the GIPA Act. However use of the GIPA Act is to be a last resort. The applicant has the right to insist on being dealt with under PPIPA.

Under section 20(5) of the PPIPA, Information Protection Principle 7 is subject to any applicable conditions or limitations contained in the *Government Information (Public Access) Act 2009* ("GIPA Act"). Council must consider the relevant provisions of the GIPA Act.

Customers wishing to exercise their right of access to their own personal information should apply in writing or direct their inquiries to the General Manager, who will make a determination. A sample form is provided at Appendix 5.

Members of staff wishing to exercise their right of access to their personal information should apply in writing on the attached form or direct their inquiries to the Manager of Personnel, who will deal with the application.

In order to comply with the requirement to provide the requested information "without excessive delay or expense", Council will ordinarily provide a response to applications of this kind within 28 days of the application being made.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 7.

Existing exemptions under the Act

Compliance with Information Protection Principle 7 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 7 where Council is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA non-compliance with Information Protection Principle 7 where non-compliance is “necessarily implied” or “reasonably contemplated” under any Act or law.

3.8 Information Protection Principle 8 - Alteration of personal information

Section 15 Alteration of personal information

- (1) *A public sector agency that holds personal information must, at the request of the individual to whom the information relates, make appropriate amendments (whether by way of corrections, deletions or additions) to ensure that the personal information:
 - (a) is accurate, and
 - (b) having regard to the purpose for which the information was collected (or is to be used) and to any purpose that is directly related to that purpose, is relevant, up to date, complete and not misleading.*
- (2) *If a public sector agency is not prepared to amend personal information in accordance with a request by the individual to whom the information relates, the agency must, if so requested by the individual concerned, take such steps as are reasonable to attach to the information, in such a manner as is capable of being read with the information, any statement provided by that individual of the amendment sought.*
- (3) *If personal information is amended in accordance with this section, the individual to whom the information relates is entitled, if it is reasonably practicable, to have recipients of that information notified of the amendments made by the public sector agency.*
- (4) *This section, and any provision of privacy code of practice that relates to the requirements set out in this section, apply to public sector agencies despite section 25 of this Act and section 21 of the State Records Act 1998.*
- (5) *The Privacy Commissioner’s guidelines under section 36 may make provision for or with respect to requests under this section, including the way in which such a request should be made and the time within which such a request should be dealt with.*
- (6) *In this section (and in any other provision of this Act in connection with the operation of this section), public sector agency includes a Minister and a Minister’s personal staff.*

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

Section 15 of the PPIPA allows a person to make an application to council to amend (*this includes by way of corrections, deletions or additions*) personal information held about them so as to ensure the information is accurate, and, having regard to the purpose for which the information is collected, relevant to that purpose, up to date and not misleading.

Council wishes to have its information current, accurate and complete. Proposed amendments or changes to the personal information held by the Council are welcomed.

If Council declines to amend personal information as requested, it will on request of the individual concerned, place an addendum on the information in accordance with section 15(2) of the PPIPA.

Where there are complaints that are or could be the subject of a staff complaint or grievance, they will be referred to the Manager Personnel in the first instance and treated in accordance with the "Grievance and Complaint Handling Procedures".

Any alterations that are or could be the subject of a customer complaint or grievance will be referred to the General Manager, who will make a determination in relation to the matter.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 8.

Existing exemptions under the Act

Compliance with Information Protection Principle 8 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 8 where Council is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA permits non-compliance with section Information Protection Principle 8 where non-compliance is "necessarily implied" or "reasonably contemplated" under any Act or law.

Procedure

Where information is requested to be amended (either by way of correction, deletion or addition), the individual to whom the information relates, must make a request. That request should be accompanied by appropriate evidence as to the cogency of the making of the amendment, sufficient to satisfy the Council that the proposed amendment is factually correct and appropriate. The Council may require further documentary evidence to support certain amendments. Council will not charge to process an application to amend a record under s.15.

The Council's application form for alteration under IPP 8 is at Appendix 6 at the end of this Plan.

Where Council is not prepared to amend

If the Council is not prepared to amend the personal information in accordance with a request by the individual the Council may attach to the information in such a manner as is capable of being read with the information, any statement provided by that individual.

Where an amendment is made

If personal information is amended in accordance with this section, the individual to whom the information relates is entitled, if it is reasonably practicable, to have the recipients of that information notified of the amendments made by the Council.

The Council will seek to notify recipients of information as soon as possible, of the making of any amendment, where it is reasonably practicable.

State Records Act

The State Records Act does not allow for the deletion of records. However, as a result of section 20(4) of the PPIPA, some deletions may be allowed in accordance with Information Protection Principle 8.

3.9 Information Protection Principle 9 - Agency must check accuracy of personal information before use

Section 16 Agency must check accuracy of personal information before use

A public sector agency that holds personal information must not use the information without taking such steps as are reasonable in the circumstances to ensure that, having regard to the purpose for which the information is proposed to be used, the information is relevant, accurate, up to date, complete and not misleading.

The Privacy Code of Practice for Local Government

The Code makes no provision to depart from this principle.

Council Policy

The steps taken to comply with section 16 will depend on the age of the information, its likelihood of change and the particular function for which the information was collected.

The more significant the information, the greater the necessity that checks to ensure its accuracy and currency be undertaken prior to its use.

For example, each employee's record should be updated when there is any change of circumstances or when the employee's contact details change.

3.10 Information Protection Principle 10 - Limits on use of personal information

Section 17 Limits on use of personal information

A public sector agency that holds personal information must not use the information for a purpose other than that for which it was collected unless:

- (a) the individual to whom the information relates has consented to the use of the information for that other purpose, or*
- (b) the other purpose for which the information is used is directly related to the purpose for which the information was collected, or*
- (c) the use of the information for that other purpose is necessary to prevent or lessen a serious and imminent threat to the life or health of the individual to whom the information relates or of another person.*

The Privacy Code of Practice for Local Government

The Code makes provision that Council may use personal information for a purpose other than the purpose for which it was created in the following circumstances:

- (i) where the use is in pursuance of Council's lawful and proper function/s and Council is satisfied that the personal information is reasonably necessary for the exercise of such function/s; or
- (ii) where personal information is to be used for the purpose of conferring upon a particular person, an award, prize, benefit or similar form of personal recognition.

Explanatory Note

Council may use personal information obtained for one purpose for another purpose in pursuance of its lawful and proper functions. For example, the Rates Record that Council holds under section 602 of the LGA may also be used to:

- notify neighbours of a proposed development;
- evaluate a road opening; or
- evaluate a tree preservation order.

Council Policy

Council will seek to ensure that information collected for one purpose will be used for that same purpose. Where Council may need to use personal information collected for one purpose for another purpose, it will first gain the consent of the individual concerned, unless an exemption applies.

External and related bodies

Each of the following will be required to comply with the Information Protection Principle 10: Council owned businesses

- Council consultants;
- Private contractors; and
- Council committees.

Council will seek to contractually bind each of these bodies or persons to comply. Where any of the above seek to use personal information collected for one purpose, that body or person will be required to obtain the written consent of those persons in accordance with section 17(a) to the use of the information for another purpose.

The form of consent must include the following elements:

I, ⁽¹⁾ (1) insert full name

of ⁽²⁾ (2) insert address

hereby consent under section 17(a) of the Privacy and Personal Information Protection Act 1998 to ⁽³⁾ (3) insert Council name

using the information collected from me by ⁽⁴⁾ (4) insert name of collecting body/person

for the purpose of ⁽⁵⁾ (5) insert purpose/s info was collected for

Signature
 Name to be printed
 Date signed / .. / ..

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 10.

Existing exemptions under the Act

Compliance with Information Protection Principle 10 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 23(4) of the PPIPA permits Council not to comply with Information Protection Principle 10 where the use of the information for another purpose is reasonably necessary for law enforcement purposes or for the protection of the public revenue. *Law enforcement purposes* means a breach of the criminal law and criminal law enforcement. This section does not remove the rights of an accused person. *Protection of the public revenue* means a fraud with respect to taxes or other revenue earning processes such as avoidance of stamp duty.

Section 24(4) of the PPIPA extends the operation of section 24(2) to councils and permits non-compliance with Information Protection Principle 10 if a council is:

- (i) investigating or otherwise handling a complaint or other matter that could be referred or made to, or has been referred from or made by, an investigative agency; and
- (ii) the use of the information concerned for a purpose other than the purpose for which it was collected is reasonably necessary in order to enable the council to exercise its complaint handling functions or any of its investigative functions.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 10 where Council is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 10 where non-compliance is “necessarily implied” or “reasonably contemplated” under any Act or law.

Section 28(3) of the PPIPA permits non-compliance where a disclosure is to be made to a public sector agency under the administration of the Minister for Local Government (e.g., the Department of Local Government) or a public sector agency under the administration of the Premier for the purpose of informing the Minister (or Premier) about any matter within the Minister’s (or Premier’s) administration.

3.11 Information Protection Principle 11 - Limits on disclosure of personal information

Section 18 *Limits on disclosure of personal information*

- (1) *A public sector agency that holds personal information must not disclose the information to a person (other than the individual to whom the information relates) or other body, whether or not such other person or body is a public sector agency, unless:*
 - (a) *the disclosure is directly related to the purpose for which the information was collected, and the agency disclosing the information has no reason to believe that the individual concerned would object to the disclosure, or*
 - (b) *the individual concerned is reasonably likely to have been aware, or has been made aware in accordance with section 10, that information of that kind is usually disclosed to that other person or body, or*
 - (c) *the agency believes on reasonable grounds that the disclosure is necessary to prevent or lessen a serious and imminent threat to the life or health of the individual concerned or another person.*
- (2) *If personal information is disclosed in accordance with subsection (1) to a person or body that is a public sector agency, that agency must not use or disclose the information for a purpose other than the purpose for which the information was given to it.*

The Privacy Code of Practice for Local Government

The Code makes provision for council to depart from this principle in the circumstances described below:

1. Council may disclose personal information to public sector agencies or public utilities on condition that:
 - (i) the agency has approached Council in writing;
 - (ii) Council is satisfied that the information is to be used by that agency for the proper and lawful function/s of that agency, and
 - (iii) Council is satisfied that the personal information is reasonably necessary for the exercise of that agency's function/s.
2. Where personal information which has been collected about an individual is to be disclosed for the purpose of conferring upon that person, an award, prize, benefit or similar form of personal recognition.
3. Where Council is requested by a potential employer, it may verify that a current or former employee works or has worked for Council, the duration of that work, and the position occupied during that time. This exception shall not permit Council to give an opinion as to that person's suitability for a particular position with any potential employer unless Council is satisfied that the person has provided their consent for Council to provide a reference, which may include an opinion as to that person's suitability for the position for which he/she has applied.

Council Policy

Council will not disclose the information to another person or other body, unless the disclosure is directly related to the purpose for which the information was collected or where the Council has no reason to believe that the individual concerned would object to the disclosure.

Council may disclose personal information to another person or other body where this disclosure is directly related to the purpose for which the personal information was collected and the individual concerned is reasonably likely to have been aware, (or has been made aware in accordance with section 10), of the intended recipients of that information. "Directly related" can mean the disclosure to another person or agency to deliver a service which supplements that of Council or disclosure to a consultant for the purpose of assessing or reviewing the delivery of a program to which the original collection relates.

The council may disclose personal information to another person or other body where this disclosure is necessary to prevent or lessen a serious and imminent threat to the life or health of the individual concerned or another person.

Public Registers

Sections 18 and 57 of the PPIPA should be read in conjunction in regard to Public Registers. Public Registers are discussed further in Part 2 of this Plan.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 11.

Existing exemptions under the Act

Compliance with Information Protection Principle 11 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 23(5)(a) of the PPIPA permits non-compliance with Information Protection Principle 11 where disclosure is made to a law enforcement agency in connection with proceedings for an offence or for law enforcement purposes. *Law enforcement purposes* means a breach of the criminal law and criminal law enforcement. However Council need not disclose material that it is entitled to refuse in the absence of a subpoena, warrant or other lawful requirement.

Section 23(5)(b) of the PPIPA permits non-compliance with Information Protection Principle 11 where the disclosure is made to a law enforcement agency for the purpose of ascertaining the whereabouts of a person reported to be missing. However Council need not disclose material that it is entitled to refuse in the absence of a subpoena, warrant or other lawful requirement.

Section 23(5)(c) of the PPIPA permits non-compliance with Information Protection Principle 11 where disclosure is authorised by subpoena, search warrant or other statutory instrument. However Council need not disclose material that it is entitled to refuse in the absence of a subpoena, warrant or other lawful requirement.

Section 23(5)(d)(i) of the PPIPA permits non-compliance with Information Protection Principle 11 where disclosure is reasonably necessary for the protection of the public revenue. *Protection of the public revenue* could mean a fraud with respect to taxes or other revenue earning processes such as avoidance of stamp duty. However Council need not disclose material that it is entitled to refuse in the absence of a subpoena, warrant or other lawful requirement.

Section 23(5)(d)(ii) of the PPIPA permits non-compliance with Information Protection Principle 11 where disclosure is reasonably necessary to investigate an offence where there are reasonable grounds to believe an offence has been committed.

Section 24(4) of the PPIPA permits non-compliance with Information Protection Principle 11 if:

- (i) investigating a complaint that could be referred or made to, or has been referred from or made by, an investigative agency, and
- (ii) if the disclosure is to an investigative agency.

(Note: “investigative agency” is defined at s.3 of PPIPA.)

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 11 where Council is lawfully authorised or required not to comply with the principle. Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 11 where non-compliance is “necessarily implied” or “reasonably contemplated” under any Act or law.

Section 26(2) of the PPIPA permits non-compliance where the person expressly consents to such non-compliance.

Section 28(3) of the PPIPA permits non-compliance where a disclosure is to be made to a public sector agency under the administration of the Minister for Local Government (e.g. the Division of Local Government) or a public sector agency under the administration of the Premier for the purpose of informing the Minister (or Premier) about any matter within the Minister’s (or Premier’s) administration.

It is anticipated that a disclosure of personal information for research purposes will be allowed under a s.41 Direction made by the Privacy Commissioner until such time as a Research Code of Practice is made by the Attorney General.

Suppression

Information held by Council may be suppressed such as to disallow disclosure that would otherwise be allowed in the circumstances outlined above. See Part 1 of this Plan for more details about suppression of personal information.

3.12 Information Protection Principle 12 - Special restrictions on disclosure of personal information

Section 19 Special restrictions on disclosure of personal information

- (1) *A public sector agency must not disclose personal information relating to an individual's ethnic or racial origin, political opinions, religious or philosophical beliefs, trade union membership, sexual activities unless the disclosure is necessary to prevent a serious or imminent threat to the life or health of the individual concerned or another person.*
- (2) *A public sector agency that holds personal information must not disclose the information to any person or body who is in a jurisdiction outside New South Wales or to a Commonwealth agency unless:*
 - (a) *a relevant privacy law that applies to the personal information concerned is in force in the that jurisdiction or applies to that Commonwealth agency, or*
 - (b) *the disclosure is permitted under a privacy code of practice.*
- (3) *For the purposes of subsection (2), a relevant privacy law means a law that is determined by the Privacy Commissioner, by notice published in the Gazette, to be a privacy law for the jurisdiction concerned.*
- (4) *The Privacy Commissioner is to prepare a code relating to the disclosure of personal information by public sector agencies to persons or bodies outside New South Wales and to Commonwealth agencies.*
- (5) *Subsection (2) does not apply:*
 - (a) *until after the first anniversary of the commencement of this section, or*
 - (b) *until a code referred to in subsection (4) is made,**whichever is the later.*

The Privacy Code of Practice for Local Government

The Code makes provision for Council to depart from this principle in the circumstances described below:

1. For the purposes of s.19(2) only, where Council is requested by a potential employer outside New South Wales, it may verify that a current or former employee works or has worked for Council, the duration of that work, and the position occupied during that time. This exception shall not permit Council to give an opinion as to that person's suitability for a particular position with any potential employer unless Council is satisfied that the person has provided their consent for Council to provide a reference, which may include an opinion as to that person's suitability for the position for which he/she has applied.

Council Policy

Council will not disclose personal information relating to an individual's ethnic or racial origin, political opinions, religious or philosophical beliefs, trade union membership, health or sexual activities unless the disclosure is necessary to prevent a serious or imminent threat to the life

or health of the individual concerned or another person.

Public Registers

Sections 19 and 57 of the PPIPA should be read in conjunction in regard to Public Registers. Public Registers are discussed further in Part 2 of this Plan.

Investigative Functions

Where Council is conducting an investigation, it will have regard to any applicable Direction of the Privacy Commissioner under section 41 of the PPIPA that may affect the application of Information Protection Principle 12.

Existing exemptions under the Act

Compliance with Information Protection Principle 12 is also subject to certain exemptions under the Act. If one of those exemptions apply, Council need not comply. The statutory exemption will be relied upon only in limited circumstances and legal advice should normally be obtained.

Section 23(7) of the PPIPA permits non-compliance with Information Protection Principle 12 where the disclosure is necessary to investigate an offence or where there are reasonable grounds to believe an offence has been or may be committed.

Section 25(a) of the PPIPA permits non-compliance with Information Protection Principle 12 where Council is lawfully authorised or required not to comply with the principle.

Section 25(b) of the PPIPA permits non-compliance with Information Protection Principle 12 where non-compliance is “necessarily implied” or “reasonably contemplated” under any Act or law.

Section 26(2) of the PPIPA permits non-compliance where the person expressly consents to such non-compliance.

Section 28(2) permits non-compliance with Information Protection Principle 12 where, in the case of health information, the consent of the person cannot reasonably be obtained and the disclosure is made by an authorised person to another authorised person. “Authorised person” means a medical practitioner, health worker, or other official or employee providing health or community services who is employed or engaged by a public sector agency.

Section 28(3) of the PPIPA permits non-compliance where a disclosure is to be made to a public sector agency under the administration of the Minister for Local Government (e.g. the Division of Local Government) or a public sector agency under the administration of the Premier for the purpose of informing the Minister (or Premier) about any matter within the Minister’s (or Premier’s) administration.

It is anticipated that a disclosure of personal information for research purposes will be allowed under a s.41 Direction made by the Privacy Commissioner until such time as a Research Code of Practice is made by the Attorney General.

Suppression

Information held by Council may be suppressed such as to disallow disclosure that would otherwise be allowed in the circumstances outlined above. See Part 1 of this Plan for more details about suppression of personal information.

PART 4 HEALTH PRIVACY PRINCIPLES

In 2002, most references to ‘health information’ were taken out of the PPIPA and separate legislation was enacted. The HRIPA was enacted to deal with this specific type of personal information. On and from September 2004, various agencies and organisations, including local councils were expected to comply with the HRIPA in their collection and management of health information.

Health information includes personal information that is information or an opinion about the physical or mental health or a disability of an individual. Health information *also* includes personal information that is information or an opinion about:

- a health service provided, or to be provided, to an individual;
- an individual’s express wishes about the future provision of health services to him or her;
- other personal information collected in connection with the donation of human tissue; or
- genetic information that is or could be predictive of the health of an individual or their relatives or descendants.

Health information is defined in section 6 of the HRIPA. Local councils will often hold health information by reason of their role in elder care, child care and various types of community health support services. It is therefore very important for councils to be familiar with the 15 Health Privacy Principles (“HPP”) set down in Schedule 1 to the HRIPA.

Health Protections Principles

1. Purposes of collection of health information
2. Information must be relevant, not excessive, accurate and not intrusive
3. Collection to be from individual concerned
4. Individual to be made aware of certain matters
5. Retention and security
6. Information about health information held by organisations
7. Access to health information
8. Amendment of health information
9. Accuracy
10. Limits on use of health information
11. Limits on disclosure of health information
12. Identifiers
13. Anonymity
14. Transborder data flows and data flow to Commonwealth agencies

15. Linkage of health records

Each of these HPPs are considered below.

The following is a non-exhaustive list of examples of the types of health information and circumstances in which councils may collect health information in exercising their functions:

- Tree pruning/removal or weed spraying activities where residents approach council for a reconsideration or reassessment of a tree pruning/removal or weed spraying activities on medical grounds;
- Issuing of clean up orders which may include recording information about a residents health, GP professional contact details or involvement with mental health services;
- Volunteer programs where volunteers are asked to disclose health conditions which may preclude them from some types of volunteer work;
- Information on families for the purposes of children's services. e.g. history of illness, allergies, asthma, diabetes, epilepsy etc;
- Children's immunization records; and
- Family counsellor/youth support workers records.

HPPs 1-4 concern the collection of health information, HPP 5 concerns the storage of health information, HPPs 6-9 concern the access and accuracy of health information, HPP 10 concerns the use of health information, HPP 11 concerns the disclosure of health information, HPPs 12-13 concern the identifiers and anonymity of the persons to which health information relate, HPPs 14-15 concern the transferral of health information and the linkage to health records across more than one organisation.

Health Privacy Principle 1

Purposes of collection of health information

(1) *An organisation must not collect health information unless:*

- (a) *the information is collected for a lawful purpose that is directly related to a function or activity of the organisation, and*
- (b) *the collection of the information is reasonably necessary for that purpose.*

(2) *An organisation must not collect health information by any unlawful means.*

Health Privacy Principle 2 Information must be relevant, not excessive, accurate and not intrusive

An organisation that collects health information from an individual must take such steps as are reasonable in the circumstances (having regard to the purposes for which the information is collected) to ensure that:

- (a) *the information is collected is relevant to that purpose, is not excessive and is accurate, up to date and complete, and*
- (b) *the collection of the information does not intrude to an unreasonable extent on the personal affairs of the individual to whom the information relates.*

Health Privacy Principle 3 - Collection to be from the individual concerned

- (1) *An organisation must collect health information about an individual only from that individual, unless it is unreasonable or impracticable to do so.*
- (2) *Health information is to be collected in accordance with any guidelines issued by the Privacy Commissioner for the purposes of this clause.*

Health Privacy Principle 4 - Individual to be made aware of certain matters

- (1) *An organisation that collects health information about an individual from the individual must, at or before the time it collects the information (or if that is not practicable, as soon as practicable after that time), take steps that are reasonable in the circumstances to ensure that the individual is aware of the following:*
 - (a) *the identity of the organisation and how to contact it,*
 - (b) *the fact that the individual is able to request access to the information,*
 - (c) *the purposes for which the information is collected,*
 - (d) *the persons to whom (or the type of persons to whom) the organisation usually discloses information of that kind,*
 - (e) *any law that requires the particular information to be collected,*
 - (f) *the main consequences (if any) for the individual if all or part of the information is not provided.*
- (2) *If the organisation collects health information about an individual from someone else, it must take any steps that are reasonable in the circumstances to ensure that the individual is generally aware of the matters listed in subclause (1) except to the extent that:*
 - (a) *making the individual aware of the matters would impose a serious threat to the life or health of any individual, or*
 - (b) *the collection is made in accordance with guidelines issued under subclause (3).*
- (3) *The Privacy Commissioner may issue guidelines setting out circumstances in which an organisation is not required to comply with subclause (2).*
- (4) *An organisation is not required to comply with a requirement of this clause if:*
 - (a) *the individual to whom the information relates has expressly consented to the organisation not complying with it or,*
 - (b) *the organisation is lawfully authorised or required not to comply with it, or*
 - (c) *non-compliance is otherwise permitted (or necessarily implied or reasonably contemplated) under any Act or any other law including the State Records Act 1998, or*

- (d) compliance by the organisation would, in the circumstances, prejudice the interests of the individual to whom the information relates, or*
 - (e) the information concerned is collected for law enforcement purposes or,*
 - (f) the organisation is an investigative agency and compliance might detrimentally affect (or prevent the proper exercise of) its complaint handling functions or any of its investigative functions.*
- (5) If the organisation reasonably believes that the individual is incapable of understanding the general nature of the matters listed in subclause (1), the organisation must take steps that are reasonable in the circumstances, to ensure that any authorised representative of the individual is aware of those matters.*
- (6) Subclause (4) (e) does not remove any protection provided by any other law in relation to the rights of accused persons or persons suspected of having committed an offence.*
- (7) The exemption provided by subclause (4) (f) extends to any public sector agency, or public sector official, who is investigating or otherwise handling a complaint or other matter that could be referred or made to an investigative agency, or that has been referred from or made by an investigative agency.*

Council Policy

Council will only collect health information for a lawful purpose that is directly related to Council's activities and is necessary for that purpose (HPP 1)

Council will ensure that the health information is relevant, accurate, up to date and not excessive and that the collection is not unnecessarily intrusive into the personal affairs of the individual (HPP 2).

Council will only collect health information directly from the individual that the information concerns, unless it is unreasonable or impractical for Council to do so. (HPP 3).

Council will tell the person why the health information is being collected, what will be done with it, who else might see it and what the consequences are if the person decides not to provide it. Council will also tell the person how he or she can see and correct the health information.

If Council collects health information about a person from someone else, Council will take reasonable steps to ensure that the subject of the information is aware of the above points (HPP 5).

Health Privacy Principle 5 - Retention and Security

- (1) An organisation that holds health information must ensure that:*
- (a) the information is kept for no longer than is necessary for the purposes for which the information may lawfully be used, and*
 - (b) the information is disposed of securely and in accordance with any requirements for the retention and disposal of health information, and*

- (c) *the information is protected, by taking such security safeguards as are reasonable in the circumstances against loss, unauthorised access, use, modification or disclosure, and against all other misuse, and*
- (d) *if it is necessary for the information to be given to a person in connection with the provision of a service to the organisation, everything reasonably within the power of an organisation is done to prevent the unauthorised use or disclosure of the information.*

Note. Division 2 (Retention of health information) of Part 4 contains provisions applicable to private sector persons in connection with the matters dealt with in this clause.

- (2) *An organisation is not required to comply with a requirement of this clause if:*
 - (a) *the organisation is lawfully authorised or required not to comply with it, or*
 - (b) *non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the State Records Act 1998).*
- (3) *An investigative agency is not required to comply with subclause (1)(a).*

Council Policy

Council will store health information securely and protect health information from unauthorised access, use or disclosure. Health information will not be kept for any longer than is necessary and will be disposed of appropriately (HPP 5).

Health Privacy Principle 6 - Information about health information held by organisations

- (1) *An organisation that holds health information must take such steps as are, in the circumstances, reasonable, to enable any individual to ascertain:*
 - (a) *whether the organisation holds health information, and*
 - (b) *whether the organisation holds health information relating to that individual, and*
 - (c) *if the organisation holds health information relating to that individual:*
 - (i) *the nature of that information*
 - (ii) *the main purposes for which the information is used, and*
 - (iii) *that person's entitlement to request access to the information.*
- (2) *An organisation is not required to comply with a provision of this clause if:*
 - (a) *the organisation is lawfully authorised or required not to comply with the provision concerned, or*
 - (b) *non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under any Act or any other law (including the State Records Act 1998).*

Health Privacy Principle 7 - Access to health information

- (1) *An organisation that holds health information must, at the request of the individual to*

whom the information relates and without excessive delay or expense, provide the individual with access to the information.

Note. Division 3 (Access to health information) of Part 4 contains provisions applicable to private sector persons in connection with the matters dealt with in this clause. Access to health information held by public sector agencies may also be available under the Government Information (Public Access) Act 2009 or the State Records Act 1998.

- (2) An organisation is not required to comply with a provision of this clause if:
- (a) the organisation is lawfully authorised or required not to comply with the provision concerned, or
 - (b) non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the State Records Act 1998).

Health Privacy Principle 8 - Amendment of health information

- (1) An organisation that holds health information must, at the request of the individual to whom the information relates, make appropriate amendments (whether by way of corrections, deletions or additions) to ensure that the health information:
- (a) is accurate, and
 - (b) having regard to the purpose for which the information was collected (or is to be used) and to any purpose that is directly related to that purpose, is relevant, up to day, complete and not misleading.
- (2) If an organisation is not prepared to amend health information under subclause (1) in accordance with a request by the information to whom the information relates, the organisation must, if so requested by the individual concerned, take such steps as are reasonable to attach to the information, in such a manner as is capable of being read with the information, any statement provided by that individual of the amendment sought.
- (3) If health information is amended in accordance with this clause, the individual to whom the information relates is entitled, if it is reasonably practicable, to have recipients of that information notified of the amendments made by the organisation.

Note. Division 4 (Amendment of health information) of Part 4 contains provisions applicable to private sector persons in connection with the matters dealt with in this clause.

Amendment of health information held by public sector agencies may also be able to be sought under the Privacy and Personal Information Protection Act 1998.

- (4) An organisation is not required to comply with a provision of this clause if:
- (a) the organisation is lawfully authorised or required not to comply with the provision concerned, or
 - (b) non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the State Records Act 1998).

Health Privacy Principle 9 - Accuracy

An organisation that holds health information must not use the information without taking such steps as are reasonable in the circumstances to ensure that, having regard to the purpose for which the information is proposed to be used, the information is relevant, accurate and up to date, complete and not misleading.

Council Policy

Council will provide details about what health information Council is holding about an individual and with information about why Council is storing that information and what rights of access the individual has (HPP 6).

Council will allow the individual to access his or her health information without reasonable delay or expense (HPP 7).

Council will allow the individual to update, correct or amend his or her health information where necessary (HPP 8).

Council will make sure that the health information is relevant and accurate before using it (HPP 9).

Health Privacy Principle 10 Limits on use of health information

(1) *An organisation that holds health information must not use the information for a purpose (a secondary purpose) other than the purpose (the primary purpose) for which it was collected unless:*

(a) *Consent*

the individual to whom the information relates has consented to the use of the information for that secondary purpose, or

(b) *Direct relation*

the secondary purpose is directly related to the primary purpose and the individual would reasonably expect the organisation to use the information for the secondary purpose or,

Note: For example, if information is collected in order to provide a health service to the individual, the use of the information to provide a further health service to the individual is a secondary purpose directly related to the primary purpose.

(c) *Serious threat to health or welfare*

the use of the information for the secondary purpose is reasonably believed by the organisation to be necessary to lessen or prevent:

(i) a serious and imminent threat to the life, health or safety of the individual or another person, or

(ii) a serious threat to public health and safety, or

(d) *Management of health services*

the use of the information for the secondary purpose is reasonably necessary for the funding, management, planning or evaluation of health services and:

(i) either:

(A) that purpose cannot be served by the use of information that does not

- identify the individual or from which the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the organisation to seek the consent of the individual for the use, or*
- (B) reasonable steps are taken to de-identify the information, and*
- (ii) *if the information is in a form that could reasonably be expected to identify individuals, the information is not published in a generally available publication, and*
- (iii) *the use of the information is in accordance with guidelines, if any, issued by the Privacy Commissioner for the purposes of this paragraph, or*
- (e) **Training**
the use of the information for the secondary purpose is reasonably necessary for the training of employees of the [organisation](#) or persons working with the [organisation](#) and:
- (i) *either:*
- (A) that purpose cannot be served by the use of information that does not identify the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the [organisation](#) to seek the consent of the individual for the use, or*
- (B) reasonable steps are taken to de-identify the information, and*
- (ii) *if the information could reasonably be expected to identify individuals, the information is not published in a [generally available publication](#), and*
- (iii) *the use of the information is in accordance with [guidelines](#), if any, issued by the [Privacy Commissioner](#) for the purposes of this paragraph, or*
- (f) **Research**
the use of the information for the secondary purpose is reasonably necessary for research, or the compilation or analysis of statistics, in the public interest and:
- (i) *either:*
- (A) that purpose cannot be served by the use of information that does not identify the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the [organisation](#) to seek the consent of the individual for the use, or*
- (B) reasonable steps are taken to de-identify the information, and*
- (ii) *if the information could reasonably be expected to identify individuals, the information is not published in a [generally available publication](#), and*
- (iii) *the use of the information is in accordance with [guidelines](#), if any, issued by the [Privacy Commissioner](#) for the purpose of this paragraph, or*
- (g) **Find missing person**
the use of the information for the secondary purpose is by a [law enforcement agency](#) (or such other person or [organisation](#) as may be prescribed by the regulations) for the purposes of ascertaining the whereabouts of an individual who has been reported to a police officer as a missing person, or
- (h) **Suspected unlawful activity, unsatisfactory professional conduct or breach of discipline**
the [organisation](#):
- (i) *has reasonable grounds to suspect that:*

- (A) *unlawful activity has been or may be engaged in, or*
- (B) *a person has or may have engaged in conduct that may be unsatisfactory professional conduct or professional misconduct under a [the Health Practitioner Regulation National Law \(NSW\)](#), or*
- (C) *an employee of the [organisation](#) has or may have engaged in conduct that may be grounds for disciplinary action, and*
- (ii) *uses the [health information](#) as a necessary part of its investigation of the matter or in reporting its concerns to relevant persons or authorities, or*
- (i) *Law enforcement*
the use of the information for the secondary purpose is reasonably necessary for the [exercise](#) of law enforcement [functions](#) by law enforcement agencies in circumstances where there are reasonable grounds to believe that an offence may have been, or may be, committed, or
- (j) *Investigative agencies*
the use of the information for the secondary purpose is reasonably necessary for the [exercise](#) of complaint handling [functions](#) or investigative [functions](#) by investigative agencies, or
- (k) *Prescribed circumstances*
the use of the information for the secondary purpose is in the circumstances prescribed by the regulations for the purposes of this paragraph.
- (2) *An organisation is not required to comply with a provision of this clause if:*
 - (a) *the organisation is lawfully authorised or required not to comply with the provision concerned, or*
 - (b) *non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the [State Records Act 1998](#)).*
- (3) *The Ombudsman's Office, Health Care Complaints Commission, Anti-Discrimination Board and Community Services Commission are not required to comply with a provision of this clause in relation to their complaint handling functions and their investigative, review and reporting functions.*
- (4) *Nothing in this [clause](#) prevents or restricts the disclosure of [health information](#) by a [public sector agency](#):*
 - (a) *to another [public sector agency](#) under the administration of the same Minister if the disclosure is for the purposes of informing that Minister about any matter within that administration, or*
 - (b) *to any [public sector agency](#) under the administration of the Premier, if the disclosure is for the purposes of informing the Premier about any matter.*
- (5) *The exemption provided by subclause (1) (j) extends to any [public sector agency](#), or [public sector official](#), who is investigating or otherwise handling a complaint or other matter that could be referred or made to an [investigative agency](#), or that has been referred from or made by an [investigative agency](#).*

Council policy

Council will only use the health information for the purpose for which it was collected or for a directly related purpose that the individual to whom the information relates would expect. Otherwise, Council will obtain the individual's consent (HPP 10).

Health Privacy Principle 11 – Limits on disclosure of health information

(1) An [organisation](#) that holds [health information](#) must not disclose the information for a purpose (a secondary purpose) other than the purpose (the primary purpose) for which it was collected unless:

(a) Consent

the individual to whom the information relates has consented to the disclosure of the information for that secondary purpose, or

(b) Direct relation

the secondary purpose is directly related to the primary purpose and the individual would reasonably expect the [organisation](#) to disclose the information for the secondary purpose, or

Note: For example, if information is collected in order to provide a health service to the individual, the disclosure of the information to provide a further health service to the individual is a secondary purpose directly related to the primary purpose.

(c) Serious threat to health or welfare

the disclosure of the information for the secondary purpose is reasonably believed by the [organisation](#) to be necessary to lessen or prevent:

(i) *a serious and imminent threat to the life, health or safety of the individual or another person, or*

(ii) *a serious threat to public health or public safety, or*

(d) Management of health services

the disclosure of the information for the secondary purpose is reasonably necessary for the funding, management, planning or evaluation of [health services](#) and:

(i) *either:*

(A) *that purpose cannot be served by the disclosure of information that does not identify the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the [organisation](#) to seek the consent of the individual for the disclosure, or*

(B) *reasonable steps are taken to de-identify the information, and*

(ii) *if the information could reasonably be expected to identify individuals, the information is not published in a [generally available publication](#), and*

(iii) *the disclosure of the information is in accordance with [guidelines](#), if any, issued by the [Privacy Commissioner](#) for the purposes of this paragraph, or*

- (e) *Training*
the disclosure of the information for the secondary purpose is reasonably necessary for the training of employees of the [organisation](#) or persons working with the [organisation](#) and:
- (i) either:
- (A) that purpose cannot be served by the disclosure of information that does not identify the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the [organisation](#) to seek the consent of the individual for the disclosure, or
- (B) reasonable steps are taken to de-identify the information, and
- (ii) if the information could reasonably be expected to identify the individual, the information is not made publicly available, and
- (iii) the disclosure of the information is in accordance with [guidelines](#), if any, issued by the [Privacy Commissioner](#) for the purposes of this paragraph, or
- (f) *Research*
the disclosure of the information for the secondary purpose is reasonably necessary for research, or the compilation or analysis of statistics, in the public interest and:
- (i) either:
- (A) that purpose cannot be served by the disclosure of information that does not identify the individual or from which the individual's identity cannot reasonably be ascertained and it is impracticable for the [organisation](#) to seek the consent of the individual for the disclosure, or
- (B) reasonable steps are taken to de-identify the information, and
- (ii) the disclosure will not be published in a form that identifies particular individuals or from which an individual's identity can reasonably be ascertained, and
- (iii) the disclosure of the information is in accordance with [guidelines](#), if any, issued by the [Privacy Commissioner](#) for the purposes of this paragraph, or
- (g) *Compassionate reasons*
the disclosure of the information for the secondary purpose is to provide the information to an [immediate family member](#) of the individual for compassionate reasons and:
- (i) the disclosure is limited to the extent reasonable for those compassionate reasons, and
- (ii) the individual is incapable of giving consent to the disclosure of the information, and
- (iii) the disclosure is not contrary to any wish expressed by the individual (and not withdrawn) of which the [organisation](#) was aware or could make itself aware by taking reasonable steps, and
- (iv) if the [immediate family member](#) is under the age of 18 years, the [organisation](#) reasonably believes that the family member has sufficient maturity in the circumstances to receive the information, or
- (h) *Finding missing person*
the disclosure of the information for the secondary purpose is to a [law enforcement agency](#) (or such other person or [organisation](#) as may be prescribed by the

- regulations) for the purposes of ascertaining the whereabouts of an individual who has been reported to a police officer as a missing person, or
- (i) Suspected unlawful activity, unsatisfactory professional conduct or breach of discipline
 - the [organisation](#):
 - (i) has reasonable grounds to suspect that:
 - (A) unlawful activity has been or may be engaged in, or
 - (B) a person has or may have engaged in conduct that may be unsatisfactory professional conduct or professional misconduct under a [the Health Practitioner Regulation National Law \(NSW\)](#), or
 - (C) an employee of the organisation has or may have engaged in conduct that may be grounds for disciplinary action, and
 - (ii) discloses the health information as a necessary part of its investigation of the matter or in reporting its concerns to relevant persons or authorities, or
 - (j) Law enforcement
 - the disclosure of the information for the secondary purpose is reasonably necessary for the [exercise](#) of law enforcement [functions](#) by law enforcement agencies in circumstances where there are reasonable grounds to believe that an offence may have been, or may be, committed, or
 - (k) Investigative agencies
 - the disclosure of the information for the secondary purpose is reasonably necessary for the [exercise](#) of complaint handling [functions](#) or investigative [functions](#) by investigative agencies, or
 - (l) Prescribed circumstances
 - the disclosure of the information for the secondary purpose is in the circumstances prescribed by the regulations for the purposes of this paragraph.
- (2) An [organisation](#) is not required to comply with a provision of this [clause](#) if:
 - (a) the [organisation](#) is lawfully authorised or required not to comply with the provision concerned, or
 - (b) non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the [State Records Act 1998](#)), or
 - (c) the [organisation](#) is an [investigative agency](#) disclosing information to another [investigative agency](#).
- (3) The Ombudsman's Office, [Health Care Complaints Commission](#), Anti-Discrimination Board and Community Services Commission are not required to comply with a provision of this [clause](#) in relation to their complaint handling [functions](#) and their investigative, review and reporting [functions](#).
- (4) Nothing in this [clause](#) prevents or restricts the disclosure of [health information](#) by a [public sector agency](#):
 - (a) to another [public sector agency](#) under the administration of the same Minister if the disclosure is for the purposes of informing that Minister about any matter within that administration, or

- (b) to any [public sector agency](#) under the administration of the Premier, if the disclosure is for the purposes of informing the Premier about any matter.
- (5) If [health information](#) is disclosed in accordance with subclause (1), the person, body or [organisation](#) to whom it was disclosed must not use or disclose the information for a purpose other than the purpose for which the information was given to it.
- (5) The exemptions provided by subclauses (1) (k) and (2) extend to any [public sector agency](#), or [public sector official](#), who is investigating or otherwise handling a complaint or other matter that could be referred or made to an [investigative agency](#), or that has been referred from or made by an [investigative agency](#).

Council Policy

Council will only disclose health information under the following circumstances:

- With the consent of the individual to whom the information relates; or
- For the purpose for which the health information was collected or a directly related purpose that the individual to whom it relates would expect; or
- If an exemption applies (HPP 11)

Health Privacy Principle 12 - Identifiers

Identifiers

- (1) An [organisation](#) may only assign [identifiers](#) to individuals if the assignment of [identifiers](#) is reasonably necessary to enable the [organisation](#) to carry out any of its [functions](#) efficiently.
- (2) Subject to subclause (4), a [private sector person](#) may only adopt as its own [identifier](#) of an individual an [identifier](#) of an individual that has been assigned by a [public sector agency](#) (or by an agent of, or contractor to, a [public sector agency](#) acting in its capacity as agent or contractor) if:
- (a) the individual has consented to the adoption of the same [identifier](#), or
 - (b) the use or disclosure of the [identifier](#) is required or authorised by or under law.
- (3) Subject to subclause (4), a [private sector person](#) may only use or disclose an [identifier](#) assigned to an individual by a [public sector agency](#) (or by an agent of, or contractor to, a [public sector agency](#) acting in its capacity as agent or contractor) if:
- (a) the use or disclosure is required for the purpose for which it was assigned or for a secondary purpose referred to in one or more paragraphs of HPP 10 (1) (c)-(k) or 11 (1) (c)-(l), or
 - (b) the individual has consented to the use or disclosure, or
 - (c) the disclosure is to the [public sector agency](#) that assigned the [identifier](#) to enable the [public sector agency](#) to identify the individual for its own purposes.
- (4) If the use or disclosure of an [identifier](#) assigned to an individual by a [public sector agency](#) is necessary for a [private sector person](#) to fulfil its obligations to, or the requirements of, the [public sector agency](#), a [private sector person](#) may either:

- (a) adopt as its own [identifier](#) of an individual an [identifier](#) of the individual that has been assigned by the [public sector agency](#), or
- (b) use or disclose an [identifier](#) of the individual that has been assigned by the [public sector agency](#).

Council Policy

Council will only give an identification number to health information if it is reasonably necessary for Council to carry out its functions effectively (HPP 12).

Health Privacy Principle 13 - Anonymity

Wherever it is lawful and practicable, individuals must be given the opportunity to not identify themselves when entering into transactions with or receiving [health services](#) from an [organisation](#).

Council Policy

Council will provide health services anonymously where it is lawful and practical (HPP 13).

Health Privacy Principle 14 – Transborder data flows and data flow to Commonwealth agencies.

Transborder data flows and data flow to Commonwealth agencies.

An [organisation](#) must not transfer [health information](#) about an individual to any person or body who is in a jurisdiction outside New South Wales or to a [Commonwealth agency](#) unless:

- (a) *the [organisation](#) reasonably believes that the recipient of the information is subject to a law, binding scheme or contract that effectively upholds principles for fair handling of the information that are substantially similar to the [Health Privacy Principles](#), or*
- (b) *the individual consents to the transfer, or*
- (c) *the transfer is necessary for the performance of a contract between the individual and the [organisation](#), or for the implementation of pre-contractual measures taken in response to the individual's request, or*
- (d) *the transfer is necessary for the conclusion or performance of a contract concluded in the interest of the individual between the [organisation](#) and a third party, or*
- (e) *all of the following apply:*
 - (i) *the transfer is for the benefit of the individual,*
 - (ii) *it is impracticable to obtain the consent of the individual to that transfer,*
 - (iii) *if it were practicable to obtain such consent, the individual would be likely to give it, or*
- (f) *the transfer is reasonably believed by the organisation to be necessary to lessen or prevent:*

- (i) a serious and imminent threat to the life, health or safety of the individual or another person, or
- (ii) a serious threat to public health or public safety, or
- (g) the [organisation](#) has taken reasonable steps to ensure that the information that it has transferred will not be held, used or disclosed by the recipient of the information inconsistently with the [Health Privacy Principles](#), or
- (h) the transfer is permitted or required by an Act (including an Act of the Commonwealth) or any other law.

Council Policy

Council will only transfer personal information out of New South Wales if the requirements of Health Privacy Principle 14 are met.

Health Privacy Principle 15 - Linkage of health records

- (1) An [organisation](#) must not:
 - (a) include [health information](#) about an individual in a health records linkage system unless the individual has expressly consented to the information being so included, or
 - (b) disclose an [identifier](#) of an individual to any person if the purpose of the disclosure is to include [health information](#) about the individual in a health records linkage system, unless the individual has expressly consented to the [identifier](#) being disclosed for that purpose.
- (2) An [organisation](#) is not required to comply with a provision of this [clause](#) if:
 - (a) the [organisation](#) is lawfully authorised or required not to comply with the provision concerned, or
 - (b) non-compliance is otherwise permitted (or is necessarily implied or reasonably contemplated) under an Act or any other law (including the [State Records Act 1998](#)), or
 - (c) the inclusion of the [health information](#) about the individual in the health records information system (including an inclusion for which an [identifier](#) of the individual is to be disclosed) is a use of the information that complies with HPP 10 (1) (f) or a disclosure of the information that complies with HPP 11 (1) (f).
- (3) In this clause:

health record means an ongoing record of [health care](#) for an individual.

health records linkage system means a computerised system that is designed to link health records for an individual held by different [organisations](#) for the purpose of facilitating access to health records, and includes a system or class of systems prescribed by the regulations as being a health records linkage system, but does not include a system or class of systems prescribed by the regulations as not being a health records linkage system.

Council Policy

Council will only include health information in a system to link health records across more than one organisation if the individual to whom the health information relates expressly consents to the link (HPP 15).

PART 5 IMPLEMENTATION OF THE PRIVACY MANAGEMENT PLAN

5.1 Training Seminars/Induction

During induction, all employees should be made aware that the performance management system has the potential to include personal information on their individual work performance or competency.

Councillors, all staff of the Council including staff of council businesses, and members of council committees should be acquainted with the general provisions of the PPIPA, the HRIPA and in particular, the 12 Information Protection Principles (IPPs), the 15 Health Privacy Principles (HPPs), the Public Register provisions, the Privacy Code of Practice for Local Government, this Plan and any other applicable Code of Practice.

5.2 Responsibilities of the Privacy Contact Officer

Council's Public Officer will be assigned the role of the Privacy Contact Officer (unless the General Manager has directed otherwise).

In order to ensure compliance with PPIPA and the HRIPA, the Privacy Contact Officer will review all contracts and agreements with consultants and other contractors, rates notices, application forms of whatsoever nature, and other written requests by which personal information is collected by Council, to ensure that Council is in compliance with the PPIPA.

Interim measures to ensure compliance with IPP 3 in particular may include the creation of stamps or printed slips that contain the appropriate wording (see Appendices 2 and 3).

The Privacy Contact Officer will ensure Council in its public areas has special provisions for working with computer screens. Computer screens may require:

- fast screen savers;
- face the computers away from the public; or
- only allow the record system to show one record at a time.

Council's electronic databases should also be reviewed to ensure that they contain procedures and protocols to check the accuracy and currency of personal and health information.

The Privacy Contact Officer will also provide opinions within Council as to:

- (i) Whether the personal or health information is collected for a lawful purpose;
- (ii) If that lawful purpose is directly related to a function of Council; and
- (iii) Whether or not the collection of that personal or health information is reasonably necessary for the specified purpose.

Any further concerns of a legal nature will be referred to Council's solicitor.

Should the Council require, the Privacy Contact Officer may assign designated officers as "Privacy Resource Officers", within the larger departments of Council. In this manner the Council may ensure that the information protection principles are more broadly understood and that individual departments have a greater focus on the information protection principles and are directly applied to Council's day to day functions.

5.3 Distribution of information to the public

Council's Privacy Management Plan is a Public Document and is available free of charge to the public. Copies of private literature are also available from the Office of the Privacy Commissioner NSW.

PART 6 INTERNAL REVIEW

6.1 How does the process of Internal Review operate?

Under section 53 of the PPIPA a person (the applicant) who is aggrieved by the conduct of a council is entitled to a review of that conduct. An application for internal review is to be made within 6 months of when the person first became aware of the conduct.

The application is to be in writing and addressed to Council's Privacy Contact Officer. The Privacy Contact Officer will appoint a Reviewing Officer to conduct the internal review. The Reviewing Officer must not be substantially involved in any matter relating to the application. The Reviewing Officer must be an employee and suitability qualified.

The review must be completed as soon as is reasonably practicable in the circumstances. If the review is not completed within 60 days of the lodgement, the applicant is entitled to seek external review.

The Council must notify the Privacy Commissioner of an application as soon as practicable after its receipt, keep the Commissioner informed of the progress of the application and inform the Commissioner of the findings of the review and of the action it proposes to take in relation to the application.

The Privacy Commissioner is entitled to make submissions in relation to internal reviews and the council is required to consider any relevant material submitted by the Privacy

Commissioner. The Council must provide the Privacy Commissioner with a draft of the council's internal review report to enable the Privacy Commissioner to make a submission.

Council may provide a copy of any submission by Privacy Commissioner's to the applicant.

The Council must notify the applicant of the outcome of the review within 14 days of its determination. A copy of the final review should also be provided to the Privacy Commissioner where it departs from the draft review.

An internal review checklist has been prepared by the Office of the Privacy Commissioner NSW and can be accessed from its website <http://www.ipc.nsw.gov.au>.

The Privacy Commissioner must be notified of a complaint, briefed on progress and notified of the outcome of an internal review under the PPIPA or HRIPA.

6.2 What happens after an Internal Review?

If the complainant remains unsatisfied, he/she may appeal to the Administrative Decisions Tribunal which hears the matter afresh and may impose its own decision and can make a range of orders including an award of damages for a breach of an information protection principle or a health privacy principle.

PART 7 OTHER RELEVANT MATTERS

7.1 Contracts with consultants and other private contractors

In any dealings with private contractors where private information is required to be obtained, Council must ensure that the private contractor is aware of this Plan and that the private contractor abides by this Plan.

7.2 Confidentiality

The obligation of confidentiality is additional to and separate from that of privacy. Nevertheless, a duty to withhold information lies at the heart of both concepts. Confidentiality attaches to information per se, personal or health information to the person to whom that information relates.

An obligation of confidentiality exists for all Councillors and employees whether express or implied as a matter of law.

Information which may be confidential is also likely to have a separate and independent obligation attaching to it in the form of privacy and in that regard, a release for the purposes of confidentiality will not suffice for privacy purposes. Two separate releases will be required and, in the case of privacy, the person to whom the information relates will be required to

provide the release.

7.3 Misuse of personal or health information

Section 664 of the LGA makes it an offence for anyone to disclose information except in accordance with that section. Whether or not a particular disclosure is made with lawful excuse is a matter that requires legal opinion from case to case.

7.4 Regular review of the collection, storage and use of personal or health information

The information practices relating to the collection, storage and use of personal or health information will be reviewed by the Council every three (3) years. Any new program initiatives will be incorporated into the review process with a view to ascertaining whether or not those programs comply with the PPIPA.

7.5 Regular review of Privacy Management Plan

When information practices are reviewed from time to time, the Privacy Management Plan will also be reviewed to ensure that the Plan is up to date.

7.6 Further information

For assistance in understanding the processes under the PPIPA and HRIPA, please contact Dubbo Regional Council or the Information and Privacy Commission NSW.

Dubbo Regional Council

Email | council@dubbo.nsw.gov.au

Phone | (02) 6801 4000

Address | Corner Church and Darling Streets, Dubbo

Postal | PO Box 81, Dubbo NSW 2830

Information and Privacy Commission NSW

Email | ipcinfo@ipc.nsw.gov.au

Phone | 1800 472 679

Fax | 02 6446 9518

Address | Level 17, 201 Elizabeth Street Sydney 2000

Postal | GPO Box 7011, Sydney NSW 2001

NSW Civil and Administrative Tribunal

Email | ccdsydney@ncat.nsw.gov.au

Phone | 1300 006 228

Address | Sydney Registry Level 14 Civic Tower, 66 Goulburn St, Sydney

Post | GPO Box 4005, Sydney NSW 2001 | DX 11638 Sydney Downtown

PART 8 APPENDICES

APPENDIX 1: STATUTORY DECLARATION FOR ACCESS UNDER SECTION 57 OF THE PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998 TO A PUBLIC REGISTER HELD BY COUNCIL

**Statutory Declaration+
Oaths Act, 1900, Ninth Schedule**

I, the undersigned ⁽¹⁾ (1) insert full name

of ⁽²⁾ (2) insert address

in the State of New South Wales, do solemnly and sincerely declare that:

I am ⁽³⁾ (3) insert relationship, if any, to person inquired about

I seek to know whether ⁽⁴⁾ (4) insert name

is on the public register of ⁽⁵⁾ (5) Applicant to describe the relevant public register

The purpose for which I seek this information is ⁽⁶⁾ (6) insert purpose for seeking information

.....

The purpose for which the information is required is to ⁽⁷⁾ (7) insert purpose

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths Act 1994.

.....
Signature of Applicant

Declared at:

in the said State this day of 20

before me.

Signature of Justice of the Peace/Solicitor

.....
Name of Justice of the Peace/Solicitor to be printed

I,, a JP for NSW, certify:
[full name of JP] *[JP registration number]*

[include only the text that applies]*

- 1. *I saw the face of the declarant/deponent *OR*
 *I did not see the face of the declarant/deponent because he/she was wearing a face covering,
 but I am satisfied that he/she had a special justification for not removing it, and
- 2. *I have known the person for at least 12 months *OR*
 *I confirmed the person's identity with.....
 [describe identification document relied on]

.....,
[signature of JP] *[date]*

Appendix 2: Privacy Notification Form - Section 10 (Pre – Collection)

(Addressed to the person from whom information is about to be collected or has been collected.)

The personal information that Council is collecting from you is personal information for the purposes of the Privacy and Personal Information Protection Act 1998 (PPIPA).

The intended recipients of the personal information are:

- officers within the Council;
- data service providers engaged by the Council from time to time;
- any other agent of the Council; and
- _____ **(INSERT NAME OF OTHER INTENDED RECIPIENT)**

The supply of information by you is: Voluntary Not voluntary

If you cannot provide, or do not wish to provide, the information sought, the Council

- maybe unable to process your application.
- will be unable to process your application.

Council is collecting this personal information from you in order to:

You may make application for access or amendment to information held by Council.

You may also make a request that Council suppress your personal information from a public register. Council will consider any such application in accordance with the PPIPA.

Council is to be regarded as the agency that holds the information. However, if it **is not** Council who holds or controls the information, please state below who does:

_____ **(INSERT NAME OF AGENCY WHO HOLDS OR CONTROLS THE INFORMATION)**

Enquiries concerning this matter can be addressed to: _____

Signature _____

Name to be printed _____

Date signed / /

Appendix 3: Privacy Notification Form - Section 10 (Post – Collection)

(Addressed to the person from whom information has been collected.)

The personal information that Council has collected from you is personal information for the purposes of the Privacy and Personal Information Protection Act 1998 (PPIPA).

The intended recipients of the personal information are:

- officers within the Council;
- data service providers engaged by the Council from time to time;
- any other agent of the Council; and
- _____ **(INSERT NAME OF OTHER INTENDED RECIPIENTS)**

The supply of information by you is: Voluntary Not voluntary

If you cannot provide, or do not wish to provide, the information sought, the Council may: _____

Council has collected this personal information from you in order to: _____

You may make application for access or amendment to information held by Council.

You may also make a request that Council suppress your personal information from a public register. Council will consider any such application in accordance with the PPIPA.

Council is to be regarded as the agency that holds the information. However, if it **is not** Council who holds or controls the information, please state below who does:

_____ **(INSERT NAME OF AGENCY WHO HOLDS OR CONTROLS THE INFORMATION)**

Enquiries concerning this matter can be addressed to: _____

Signature _____

Name to be printed _____

Date signed / /

Appendix 4: Application under Section 13 of the Privacy and Personal Information Protection Act 1998: To determine whether Council holds personal information about a person.

Personal information held by the Council

I, ⁽¹⁾ _____ (1) insert full name
of ⁽²⁾ _____ (2) insert address
Hereby request the General Manager of ⁽³⁾ _____ (3) insert name of Council

provide the following:

- Does the Council hold personal information about me? Yes No
- If so, what is the nature of that information? _____

- What is the main purpose for holding the information? _____

- Am I entitled to access the information? Yes No

My address for response to this application is:

_____ State: _____ Post Code: _____

Note to applicants

Council **will not** record your address or any other contact details that you provide for any other purpose other than to respond to your application.

As an applicant, you have a right of access to personal information concerning yourself that is held by the Council under section 14 of the Privacy and Personal Information Protection Act 1998 (PPIPA). There is a separate application form to gain access.

The Council may refuse to process this application in part or in whole if:

- there is an exemption to section 13 of the PPIPA; or
- a Code of Practice may restrict the operation of section 14.

Enquiries concerning this matter can be addressed to:

Appendix 5: Application under section 14 of the Privacy And Personal Information Protection Act 1998: For access to Applicant's Personal Information

Personal information held by the Council

I, ⁽¹⁾ _____ (1) insert full name
of ⁽²⁾ _____ (2) insert address
Hereby request that the ⁽³⁾ _____ (3) insert name of Council

Provide me with:

- (a) access to all personal information held concerning myself; or
- (b) access to the following personal information only (**LIST INFORMATION REQUIRED BELOW**):

My address for response to this application is:

_____ State: _____ Post Code: _____

Note to applicants

As an applicant, you have a right of access to personal information concerning yourself that is held by the Council under section 14 of the Privacy and Personal Information Protection Act 1998 (PPIPA).

You are entitled to have access without excessive delay or cost.

Council may refuse to process your application in part, or in whole, if:

- the correct amount of fees has not been paid;
- there is an exemption to section 14 of the PPIPA; or
- a Code of Practice may restrict disclosure.

Enquiries concerning this matter can be addressed to:

Appendix 6: Application under section 15 of the Privacy and Personal Information Protection Act 1998: For alteration of Applicant's Personal Information

Personal information held by the Council

I, ⁽¹⁾ _____ (1) insert full name
of ⁽²⁾ _____ (2) insert address
Hereby request that the⁽³⁾ _____ (3) insert name of Council

alter personal information regarding myself in the following manner:

- I propose the following changes: _____
- The reasons for the changes are as follows: _____
- The documentary bases for those changes is as shown on the attached documents

Note to Applicants:

You have a right to request appropriate amendments are made (whether by way of corrections, deletions or additions) to ensure that the personal information held by the Council:

- (a) is accurate, and
- (b) having regard to the purpose for which the information was collected (or is to be used) and to any purpose that is directly related to that purpose, is relevant, up-to- date, complete and not misleading.

If Council is not prepared to amend the personal information in accordance with a request by you, Council must take such steps as are reasonable to attach to the information in such a manner as is capable of being read with the information, any statement provided by you.

If your personal information is amended, you are entitled under the Privacy and Personal Information Protection Act 1998 (PPIPA), if it is reasonably practicable, to the have recipients of that information notified of the amendments made by Council.

Council may refuse to process your application in part, or in whole, if:

- there is an exemption to section 15 of the PPIPA; or
- a Code of Practice may restrict alteration.

Enquiries concerning this matter can be addressed to: _____



REPORT: Investment Under Section 625 of the Local Government Act - October 2023

DIVISION: Organisational Performance
REPORT DATE: 1 November 2023
TRIM REFERENCE: ID23/2613

EXECUTIVE SUMMARY

Purpose	Provide review or update	Fulfil legislative requirement/compliance
Issue	<ul style="list-style-type: none"> Investment under Section 625 of the <i>Local Government Act 1993</i>. 	
Reasoning	<ul style="list-style-type: none"> Section 212 of the Local Government (General) Regulation 2021 Section 625 of the Local Government Act 1993 Council's Investment Policy and Strategy 	
Financial Implications	Budget Area	Organisational Performance
	Funding Source	Interest Earned on Investment
Policy Implications	Policy Title	Investment Policy 2023
	Impact on Policy	There are no policy implications arising from this report

STRATEGIC DIRECTION

The Towards 2040 Community Strategic Plan is a vision for the development of the region out to the year 2040. The Plan includes six principle themes and a number of objectives and strategies. This report is aligned to:

Theme: 4 Leadership
 CSP Objective: 4.2 The resources of Council are sustainably managed
 Delivery Program Strategy: 4.2.1 The system of raising revenue is equitable and revenue from grants and other income sources is maximised

RECOMMENDATION

That the information contained within the Investment under Section 625 of the Local Government Act Report, dated 1 November 2023, be noted.

Jane Bassingthwaighe
Director Organisational Performance

BM
Revenue Accountant

BACKGROUND

As required by Section 212 of the *Local Government (General) Regulation 2021*, set out below are the details of all monies that Council has invested under Section 625 of the *Local Government Act 1993* as at 31 October 2023.

In accordance with the *Investment Ministerial Order* dated 12 January 2011, Dubbo Regional Council (Council) may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

- a. any public funds or securities issued by or guaranteed by the Commonwealth, any State of the Commonwealth or a Territory;
- b. any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993* (NSW));
- c. interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit taking institution (as defined in the *Banking Act 1959* (Cwth)), but excluding subordinated debt obligations;
- d. any bill of exchange which has a maturity date of not more the 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- e. A deposit with the New South Wales Treasury Corporation on investment in an Hour-Glass investment facility of the New South Wales Treasury Corporation.

Investments, when placed, have been done so in accordance with the *Local Government Act, Local Government (General) Regulations 2021* and Council's Investment Policy and Strategy. Interest on investments for the month of October 2023 has been accounted for on an accrual basis. This report details investments and annualised returns for the month of October 2023.

Interest earned on investments has been included within Council's 2023/2024 Operational Plan, with total income generated from the Investment Portfolio forecast to be in excess of \$7,463,425.00.

REPORT

Consultation

- Laminar Capital Pty Ltd provides advisory services to Council on any investment related decision.

Resourcing Implications

- The management of Council's investment portfolio is a primary activity of a staff member within Council's Financial Operations branch.

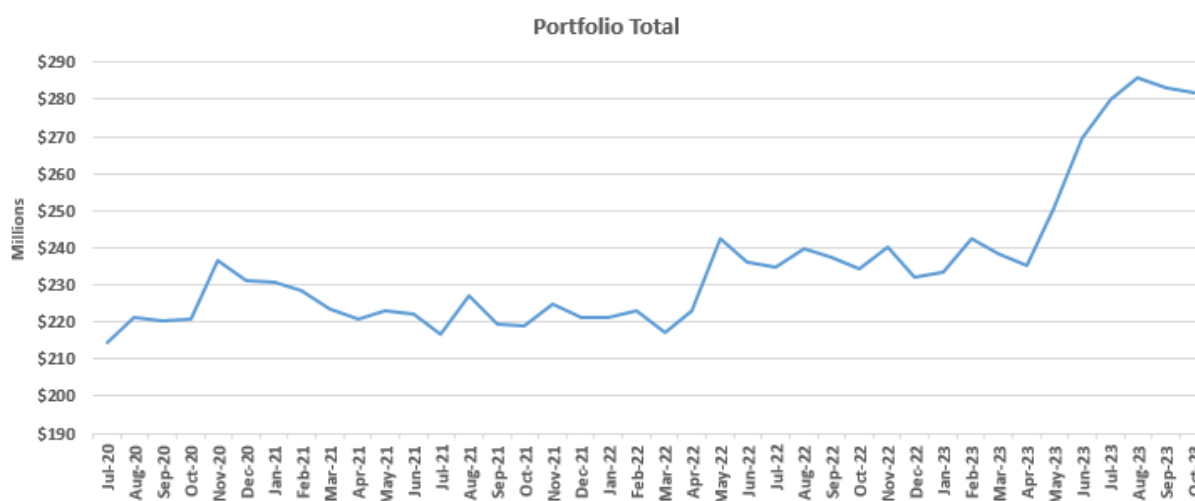
Portfolio Overview

The below table details Council’s current investment portfolio:

Issuer	Market Value	% Total Value
AMP Bank Ltd	3,086,186.31	1.08%
Australian Unity Bank (BPSS20)	4,092,745.20	1.44%
Auswide Bank Limited	13,633,040.00	4.79%
Bank of China (Australia) Limited	4,551,930.00	1.60%
Bank of China Limited, Sydney Branch	2,994,930.00	1.05%
Bank of Queensland Ltd	41,498,215.52	14.58%
Commonwealth Bank of Australia Ltd	55,465,969.56	19.49%
Heritage and People's Choice Limited t/as People's Choice Credit Union	10,173,287.65	3.57%
Judo Bank	16,347,786.34	5.74%
Macquarie Bank	7,672,400.00	2.70%
Macquarie Credit Union Limited	2,068,465.76	0.73%
ME Bank - a division of Bank of Queensland Ltd	5,313,178.10	1.87%
MyState Bank Ltd	21,147,066.30	7.43%
National Australia Bank Ltd	66,308,202.16	23.30%
Northern Territory Treasury Corporation	13,043,060.00	4.58%
Rabobank Nederland Australia Branch	4,956,550.00	1.74%
Suncorp-Metway Ltd	4,746,000.00	1.67%
UBS Australia Ltd	4,476,015.00	1.57%
Westpac Banking Corporation Ltd	3,031,206.57	1.07%
Portfolio Total	284,606,234.47	100.00%

^Portfolio overview represents total market value. Investment face value is \$281,776,550.70

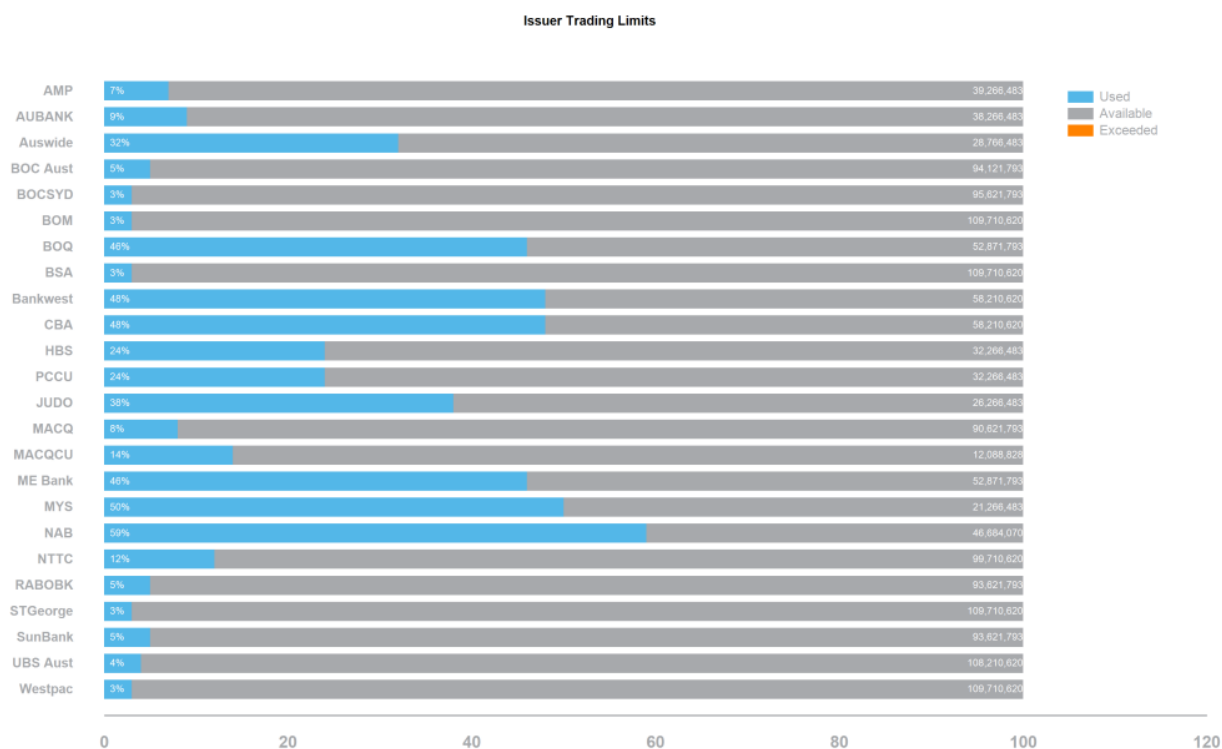
^ NAB is inclusive of Councils cash account.



Investment Compliance

The following table shows that Council's investments are compliant with the revised Investment Policy that was adopted at the Ordinary Council meeting held 23 March 2023.

Issuer limits as at 31 October 2023



Interest Income

The below table details payments of interest paid to Council between 1 October 2023 to 31 October 2023.

Security ISIN	Security	Issuer	Income Expense Code	Settlement Date	Face Value (Basis of Interest Calculation)	Consideration Notional
AU3FN0072369	MYS 1.3 13 Oct 2025 FRN	MyState Bank Ltd	IEI320592	13 Oct 2023	8,000,000.00	112,777.38
	BOQ 4.4 16 Oct 2023 327DAY TD	Bank of Queensland Ltd	IEI260828	16 Oct 2023	6,000,000.00	236,515.07
AU3FN0059895	BOCSYD 0.57 28 Apr 2024 FRN	Bank of China Limited, Sydney Branch	IEI324021	30 Oct 2023	3,000,000.00	37,482.00
	NAB At Call In	National Australia Bank Ltd	IEI324053	31 Oct 2023		168,412.03
						555,186.48

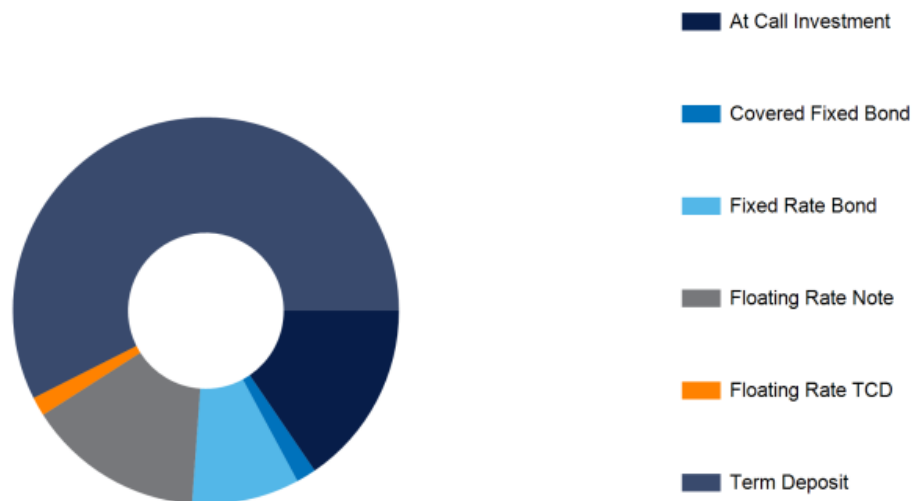
^ Interest received consists of payments made to Council's allocated bank account and are exclusive of accruing interest.

Investment by Asset Class

The following table details Council’s investment holdings by investment type:

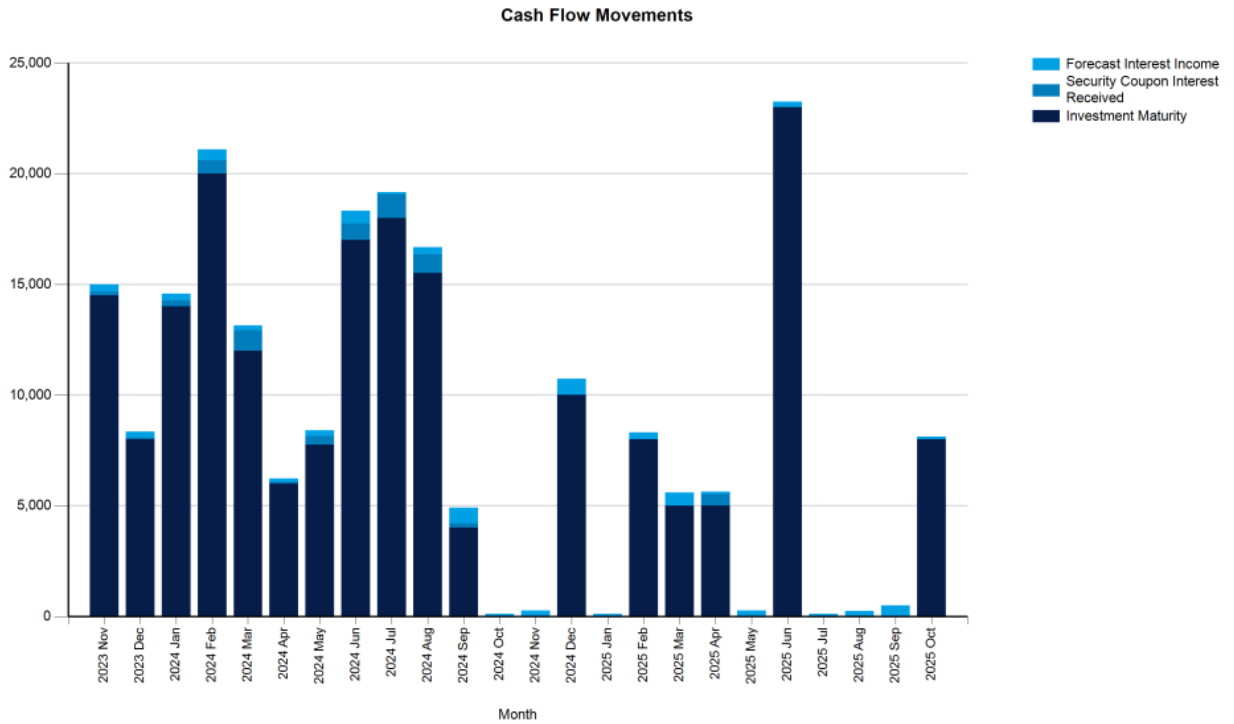
Security Type	Market Value	% Total Value
At Call Investment	44,026,550.70	15.47%
Covered Fixed Bond	4,746,000.00	1.67%
Fixed Rate Bond	25,672,010.00	9.02%
Floating Rate Note	42,128,015.00	14.80%
Floating Rate TCD	4,551,930.00	1.60%
Term Deposit	163,481,728.77	57.44%
Portfolio Total	284,606,234.47	100.00%

Market Value by Security Type

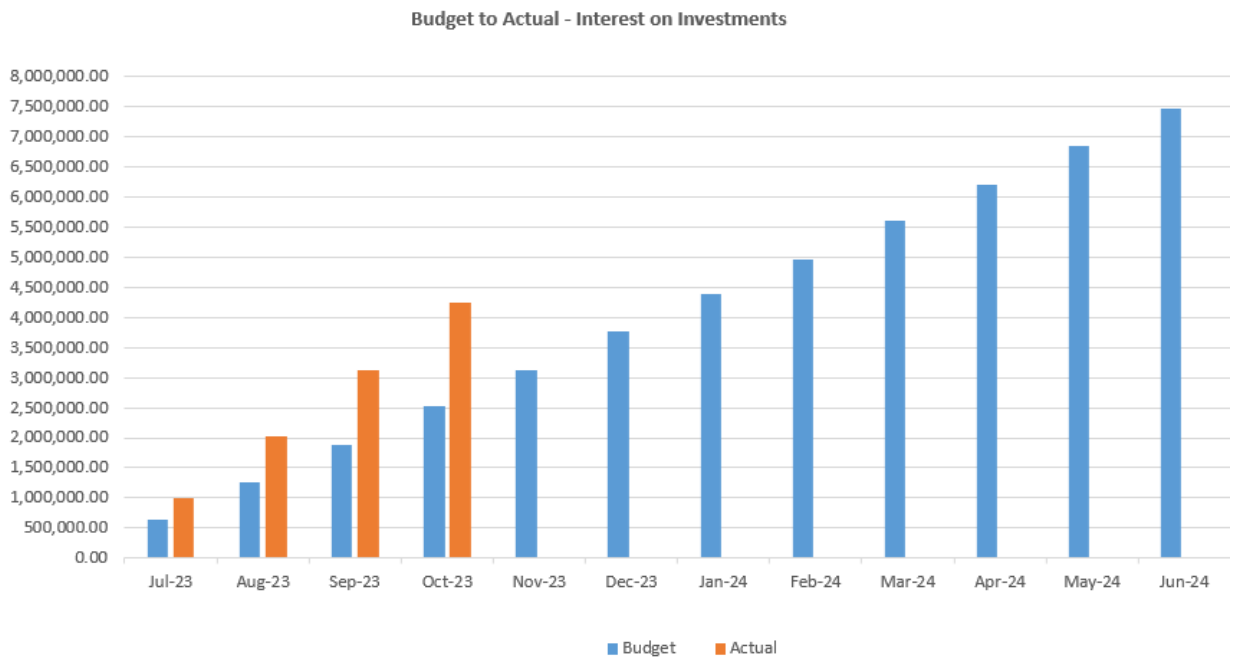


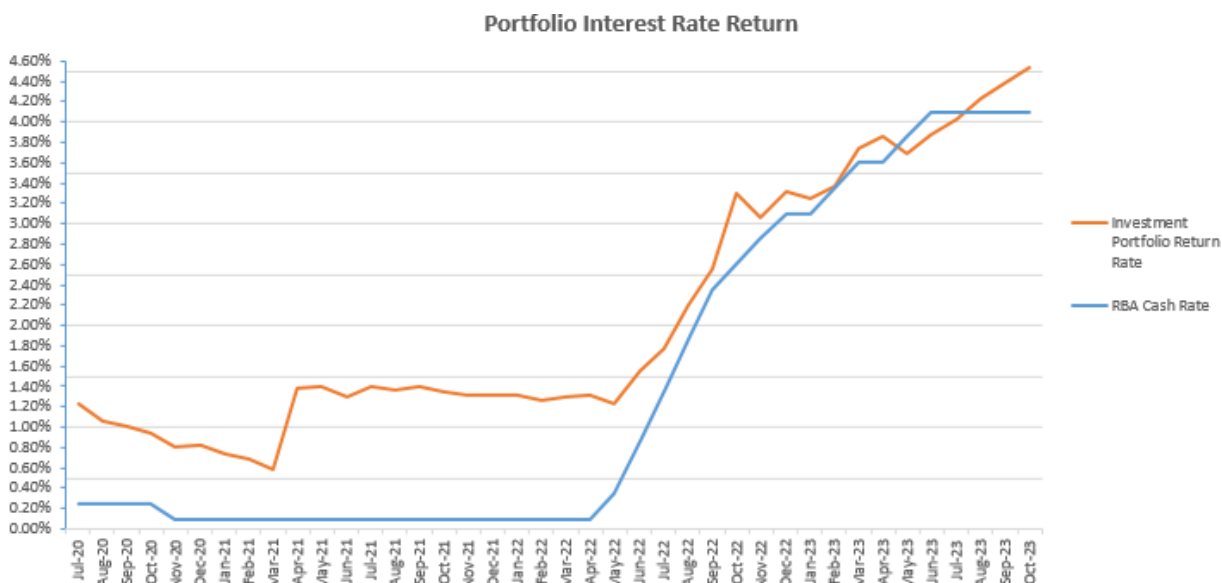
Future Maturity Cash flow

The below table details the expected cash flow of future investment maturity:



Budget to Actual – Total Accumulated Interest on Investments – Year to Date





The investment limit parameters prior to March 2021 were aligned to Tcorp’s investment guidelines, which are very restrictive and therefore reduced the opportunity to maximise investment returns for Council.

As at 31 October 2023, Council has investments totalling \$38,000,000 Face Value which were invested with fixed interest rates below the current Official Cash Rate of 4.10%. Of these investments \$12,000,000 will mature in the financial year ending 30 June 2024. These investments have interest rates ranging from 0.80% to 3.10%. Longer term investments beyond 30 June 2024 totalling \$26,000,000 were invested with interest rates ranging from 0.90% to 3.25%. These investments were placed with competitive interest rates at the time the investments were made.

Summary

Cash Account

Council outperformed the 11.00 am Official Cash Rate market benchmark for one month return of 4.10%, achieving a return of 4.50% for its At Call investments for the month of October 2023.

Investment Portfolio

Council outperformed the one month Bloomberg AusBond Bank Bill Index of 0.33%, with an average return of 4.54% for its overall portfolio return.



DUBBO REGIONAL
COUNCIL

REPORT: Report on E-bike Investigation for Dubbo Region

DIVISION: Strategy, Partnerships and Engagement
REPORT DATE: 16 October 2023
TRIM REFERENCE: ID23/2502

EXECUTIVE SUMMARY

Purpose	Addressing Council resolution	
Issue	<ul style="list-style-type: none"> Providing an update on electric bicycles (E-bike) investigations. 	
Reasoning	<ul style="list-style-type: none"> Council resolution to investigate opportunities for potential investment of E-bike hire service in Dubbo for visitors Requirement to reaffirm Council's current position in relation to E-Scooter trials. 	
Financial Implications	Budget Area	Strategic Partnerships and Investment
	Funding Source	Currently unfunded
	Proposed Cost	Up to \$200,000
	Ongoing Costs	\$0 - \$200,000
Policy Implications	Policy Title	Not Applicable.
	Impact on Policy	There are no policy implications arising from this report.
Consultation	Discussions have been held with potential providers/partners. Discussions have been held with local industries already providing E-Bike service in Dubbo.	

STRATEGIC DIRECTION

The Towards 2040 Community Strategic Plan is a vision for the development of the region out to the year 2040. The Plan includes six principle themes and a number of objectives and strategies. This report is aligned to:

Theme: 3 Economy
 CSP Objective: 3.1 Visitor economy growth is supported
 Delivery Program Strategy: 3.1.1 Diverse and unique tourism opportunities are explored, developed and supported

RECOMMENDATION

- 1. That Council does not progress with undertaking service delivery or a partnership in an E-bike service.**
- 2. That Council does not participate in an E-scooter trial until Transport for NSW have developed new guidelines for broader public use and E-scooters have been identified as a priority during the development of the Community Strategic Plan.**

Natasha Comber
Director Strategy, Partnerships and Engagement

TN
Economic Development
and Visitor Services Team
Leader

BACKGROUND

Economic Development Services encourage economic growth in the region through the services of tourism development, workforce development, local business development, and business and industry investment.

Key programs delivered through Economic Development services include:

- Tourism development:
 - Visitor Information Centres operations, grant and industry partnerships with Taronga Western Plains Zoo, investigation of visitor products or services such as E-bikes, Destination Country and Outback Network partnerships.
- Workforce development:
 - Skills attraction, skills retention (new resident program), industry specific requirements, long term planning needs (Central-West Orana Renewable Energy Zone – CWO REZ), jobs expos, events and roadshows.
- Local business development:
 - Shop local campaigns, Christmas campaign, industry connection, Central Business District (CBD) promotion flags, business events, building capacity of small business owners.
- Business and industry investment:
 - New investment enquiries including city tours and coordinating planning needs, industry connection, large scale solution focussed concepts, CWO REZ enquiries and challenges.

Other services also delivered across all four pillars are economic data management for the region, partnerships with industry and state government, and the promotion of the Dubbo Region as a premier location to live, work and visit.

This report addresses the provision of E-bikes in the Dubbo Region which is part of the tourism development services provided by Council. In 2022 Council resolved to withdraw from the NSW E-Scooter Trial's Expression of Interest (EOI). However, Council resolved to investigate the possible implementation of an E-bikes hire program in the Dubbo Region.

Previous Resolutions of Council

24 November 2022	<i>That the Chief Executive Officer undertake further investigations of a potential E-Bike trial, with a future report to be provided to Council.</i>
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Council have recently been approached by Beam Mobility to gauge Council's willingness to participate in the NSW E-Scooter Share Scheme trial. Transport for NSW (TfNSW) are currently developing new guidelines with E-Scooters still in the trial phase.

E-BIKES

E-bikes have gained popularity as a sustainable and convenient mode of transportation in urban and rural areas, and have the potential to alleviate urban transportation challenges. The report provides a summary of the research, legalities and potential community benefits and challenges of potential implementation of an E-bike hire program in Dubbo.

E-bikes are legal on NSW Roads and therefore can be used on public roads and road-related areas. There are two types of permitted e-bikes; power assisted pedal cycles, and electrically power-assisted cycles. The rider must primarily propel these bikes, a motor can't be the only source to propel it. The motor should only help the rider for example when going uphill or facing strong winds. Children under the age of 14 cannot hire a ride share bike.

Summary of the benefits and challenges of an E-bike Hire Service:

Benefits of E-Bikes in Dubbo	Challenges of E-bikes in Dubbo
Potential reduced traffic congestion	Expensive cost of E-bike set up and rental
Economic savings - fuel/maintenance	Charging and storage infrastructure requirements
Community health benefits	Potential community safety concerns and issues
Potential increased tourism activity	Potential for theft and vandalism
Sustainability - reduced emissions	On-going safety/awareness requirements
Space saving – 1 x car parking space can fit 10 E-bikes.	Financial viability - unpredictable fluctuations in use
	User age limits (under 14 years old) ie: not family friendly

Council approached six suppliers of E-bike Hire services to understand the details of the different service offerings. Approaches were made to the below companies:

1. BYKKO – responded
2. Ezyride – responded
3. BIRD - no response
4. Lime - no response
5. Neuron - no response
6. Beam - no response

The investigation conducted with BYKKO and Ezyride provided three potential business models for Council to consider for implementation of E-bikes. An overview of the potential business models options are outlined below as A, B and C:

Potential E-bike Service (A) – Council set up tender for business operator

- Council set up E-bike hire business and put out for tender options
- Council capital investment estimated between \$160,000
- Council estimated between \$20,000 - \$50,000 in income per year from tender

Potential E-bike Service (B) – Subcontract

- Council subcontracts to operator to set up and provide E-bike service (for example, operator provides set up capital)
- Council may consider a fully subsidised community service, a full user-pay or part user-pay service
- Council investment for fully subsidised - approximately \$200,000 per year*
- Council return from hirer – approximately \$0 - \$200,000 per year

Potential E-bike Service (C) –Subcontract

- Council subcontracts to operator to set up and provide E-bike service (for example, operator provides set up capital)
- Council to may consider partially subsidised service for a reduced E-Bike hire rate
- Council investment for partially subsidised - approximately \$125,000 per year*
- Council return from hirer - approximately \$0.00

Note: costs may vary depending on size of E-bike fleet and operational requirements

Existing E-Bike services available to community and visitors:

In mid-October 2023, the NRMA Dubbo Holiday Park in West Dubbo installed an E-bike Hire service. The hire service includes five E-bikes and has been fully integrated into the holiday park grounds. The E-bikes are available for use by both residents and visitors. Hire costs are \$15 per hour for NRMA members and \$30 per hour for non-NRMA members.

Stakeholders

The Taronga Western Plains Zoo (TWPZ) have indicated their unlikely support of such an initiative, based on their current offerings of bike and buggy rental at their facility. TWPZ staff have also noted that one electric cart hire (\$70 for 3 hours) is currently cheaper than multiple E-bike hire (\$135 for 3 E-bikes for 3 hours; NRMA members).

Consultation

- Taronga Western Plains Zoo
- E-bike hire companies (as noted above)
- Previous staff from Dubbo Visitor Information Centre when bike hire was available
- Adventure Watersports (previously operated bike hire in Dubbo)

Resourcing Implications

- Management of the ongoing contract
- Staff assistance with tender and infrastructure build (depending on the business model)
- Ongoing maintenance of infrastructure
- Electricity costs and infrastructure repair (depending on the business model)

The financial table outlines Option 3 as there is no capital investment required.

Total Financial Implications	Current year (\$)	Current year + 1 (\$)	Current year + 2 (\$)	Current year + 3 (\$)	Current year + 4 (\$)	Ongoing (\$)
a. Operating revenue	\$0	\$0	\$0	\$0	\$0	0
b. Operating expenses	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	0
c. Operating budget impact (a – b)	- \$125,000	- \$125,000	- \$125,000	- \$125,000	- \$125,000	0
d. Capital Expenditure	n/a	n/a	n/a	n/a	n/a	0
e. Total net impact (c – d)	- \$125,000	- \$125,000	- \$125,000	- \$125,000	- \$125,000	0
Does the proposal require ongoing funding?	Yes					
What is the source of this funding?						

Table 1. Ongoing Financial Implications

Options considered

- Council set up tender for business operator
 - High investment cost of infrastructure by Council
 - Council receive revenue from hire
 - Council have the ability to set hire rates and other requirements in tender
 - Revenue not guarantee
 - Increased operational costs and resources for contract management
 - Capital investment (E-bikes) likely to have a shorter life-cycle than buildings so re-investment and repairs likely in the short-term
- E-bike operator capital investment
 - Minimal of infrastructure investment
 - Large ongoing costs of subsidised service
 - Council is a facilitator only; has minimal/no influence on costs, logos etc
 - Council receive revenue from hire
 - Council to fully or part subsidised service
 - Revenue is nil or reduced depending on business model
 - Increased operational costs and resources for contract management
- No investment by Council
 - Allow the market to invest in E-bikes
 - Provide an opportunity to collate usage data from current operator
 - Children under the age of 14 are unable to ride (key visitor target market is families with children)
 - No financial risk to Council

Preferred Option

- No investment by Council for E-Bikes
 - No financial risk to council
 - NRMA Holiday Park has installed five E-bikes for use by visitors and community
 - Monitor visitor interest and hire in E-bikes for potential future feasibility

It is also recommended that Council maintain its position on not participating in the NSW E-Scooter Share Scheme trial, and that this position be reviewed following completion of current trials and the release of any guidelines from TfNSW.

Planned Communications

- Written advice to E-bike companies of Council's decision
- Promotion of E-bike hire at NRMA Holiday Park through standard partnership program channels
- Written advice to E-Scooter companies of Council's decision