

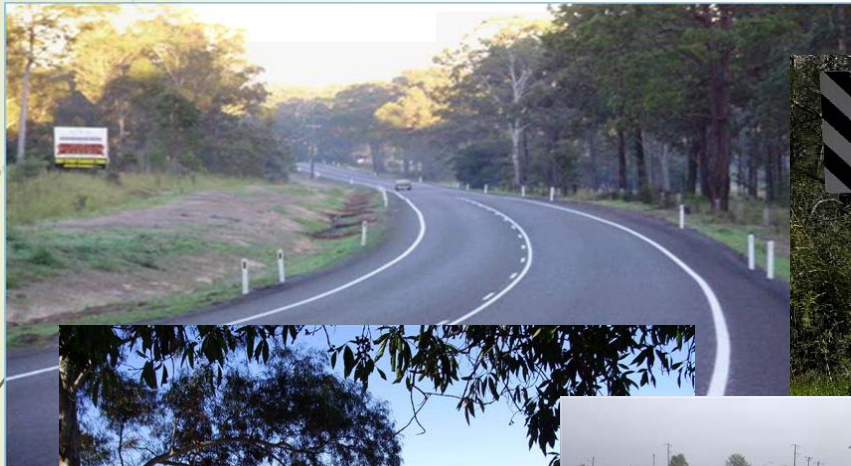
# Dungog Shire 2030

Ensuring a sustainable future



## Managing Our Assets

# What Assets are Council Responsible for?



## Council has responsibility for:-

### Roads

- 124km Regional Roads
- 329km Local Sealed Roads
- 271km Local Unsealed Roads
- 42km Kerb & Gutter
- 8.4km Footpaths & Cycleways
- 21km Guardrail
- **Current Replacement Cost >\$202M**





## Bridges & Other Waterway Structures

- ▶ 33 Timber Bridges on Local Roads
- ▶ 74 Concrete Bridges on Local Roads
- ▶ 1 Timber Bridge on Regional Roads
- ▶ 17 Concrete Bridges on Regional Roads
- ▶ 3 Pedestrian Bridges
- ▶ 43 Causeways
- ▶ 1,906 Culverts on Local Roads
- ▶ 328 Culverts on Regional Roads
- ▶ **Current Replacement Cost >\$55M**



## Buildings, Parks & Reserves, Urban Stormwater

- ▶ 130 Buildings
- ▶ 2 Swimming Pools
- ▶ 24 Passive Recreation Areas
- ▶ 14 Active Recreation Areas
- ▶ 19km Urban Stormwater
- ▶ **Current Replacement Cost >\$34M**





## Summary

In broad terms, Council is responsible for:-

- ▶ Roads & Road Related Infrastructure > \$202M
- ▶ Bridges >\$55M
- ▶ Buildings, Parks & Reserves, Urban Stormwater > \$34M
- ▶ **Current Replacement Cost >\$291M**



## So, Where Are We Now?

- ▶ As can be seen from the previous slides, Roads, Bridges and associated assets comprise 88% of our Asset Base with a Current Replacement Cost of > \$257M
- ▶ Therefore, the major focus of what I am going to discuss tonight is focussed on our road and bridge networks



Now, I'm sure we are all too familiar with these scenarios...

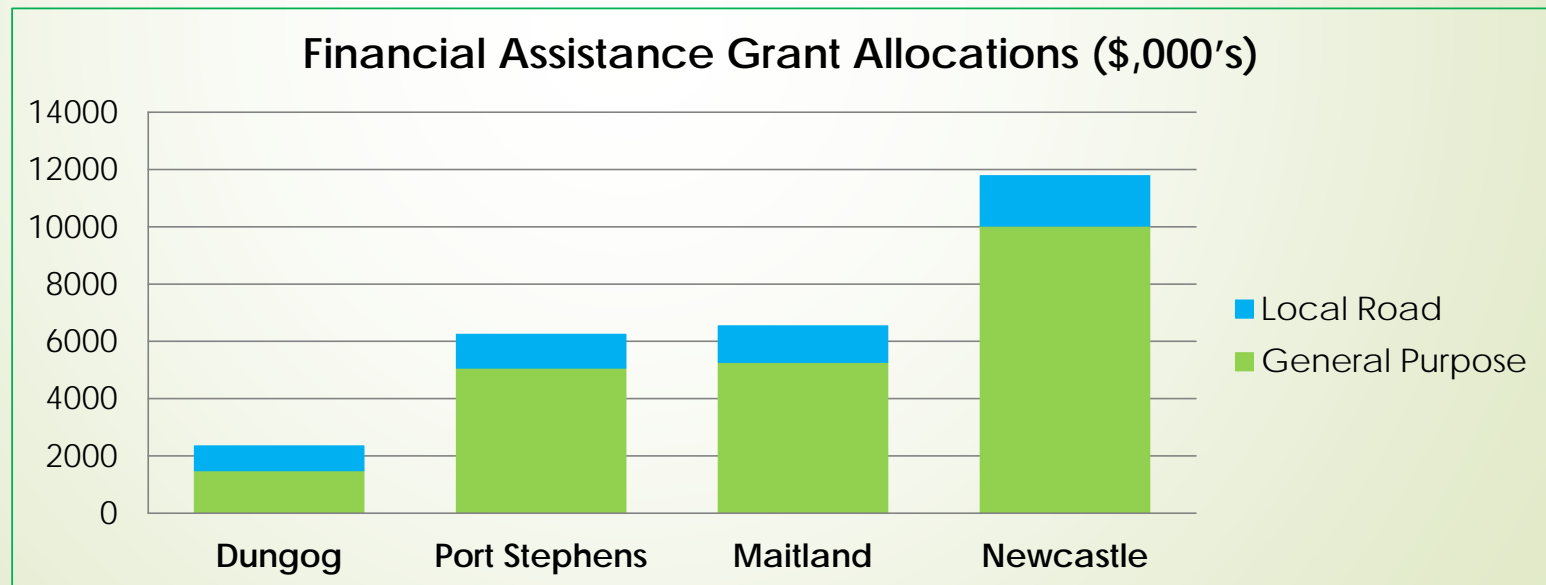


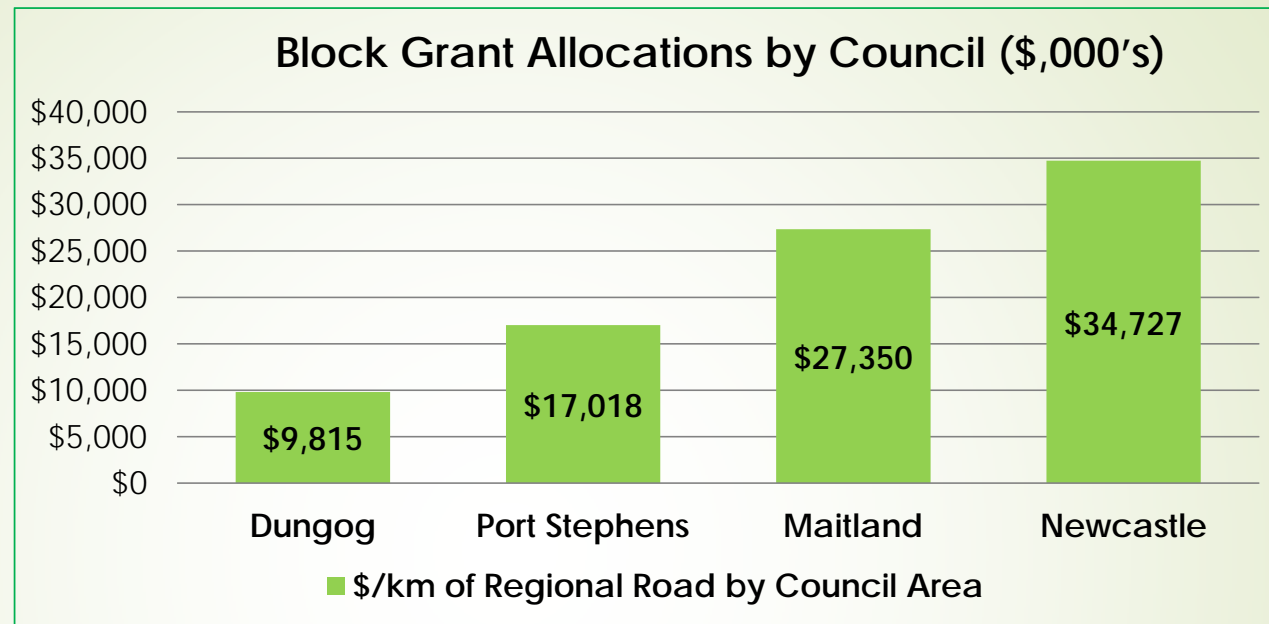


# What Are The Issues?

There are a number of contributing factors that have led to this situation. These include:-

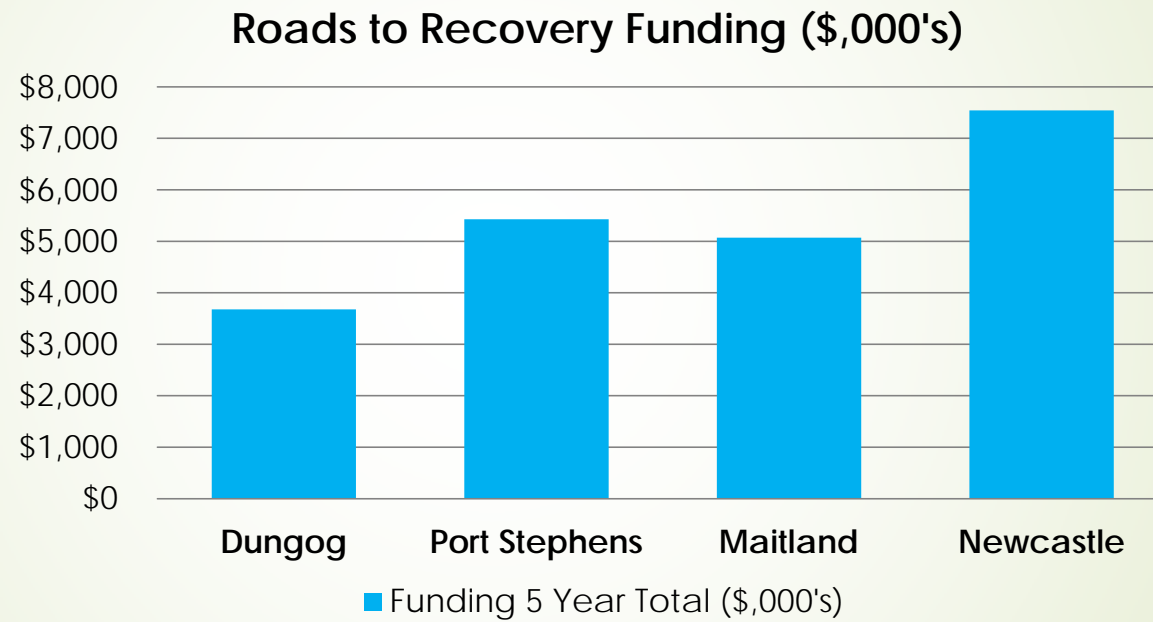
- ▶ **Funding** – Our Assets have not been funded to the level required to sustain these assets let alone improve them. Why?
- ▶ **Lack of equitable Federal & State Government Funding.**





- **Regional Road Transfer to Council** – In 1995, The Roads & Maritime Service (RMS) transferred ALL Regional Roads to Council's and declassified some of Council's Regional Roads to Local Roads (Monkerai Road & Limeburners Creek Road). Council now has ownership of some 124km of Regional Roads.
- **Rehabilitation of Regional Roads** – the RMS have identified that state wide, Council's are rehabilitating the Regional Road Network at <1% per annum. In other words, on average the Regional Road Network across the state is being reconstructed once every 100 years

► **Roads to Recovery Funding** – Funding from the Federal Government







- ▶ **Other Funding Issues:-**

- ▶ **Rate Pegging** – Council's are subject to Rate Pegging by the State Government to levels which do not even cover CPI increases in materials and wages

- ▶ **Rate Increases** – In previous years, Council has, at times, not increased rates by the full peg amount. In some years, Council has not only not increased rate amounts but reduced the rate amount.

- ▶ **Design Standards** – Our Assets, especially our timber bridge assets, were never designed or constructed to meet modern transport requirements

- ▶ **NHVR General Access Vehicles** – Under current laws, Heavy Vehicles with a Gross Vehicle Mass (GVM) of 50.5 tonnes and a length of 19.0m have general access permission for all roads. When compared to vehicles even 40 years ago, this equates to articulated trucks now allowed to be 24% longer, 58% heavier and 25% faster. Our roads, and especially our bridges, were not designed for these loadings.



## What Does This Mean?

- ▶ The changes to the Regional Road Network responsibilities have required Council to contribute more to this infrastructure over the past 20 years and has had a resultant negative affect on Council's budget
- ▶ Increased loadings have lead to the premature failure of our road pavements
- ▶ For structural and safety reasons, Timber Bridges have had to be load limited. These necessary limits have had a major affect on our Rural Industry and the families who live in these areas.
- ▶ Basically, the two key factors are:-
  - ▶ The lack of sufficient and equitable funding have resulted in required interventions for rehabilitation, reseals and maintenance have not been undertaken at sufficient intervals to ensure asset life; and
  - ▶ increased loadings have exacerbated this issue and resulted in the deterioration of the network at a much more rapid rate.

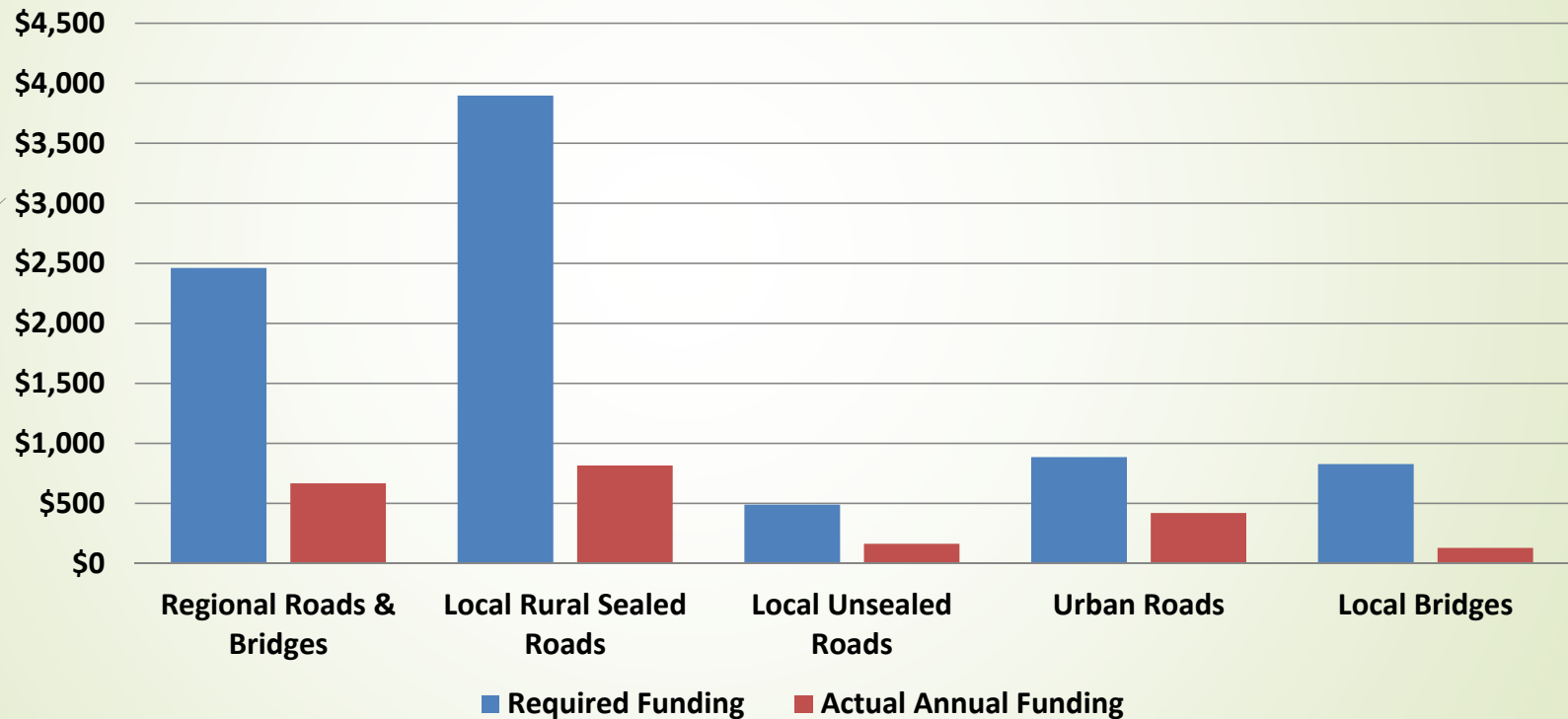
# What Are The Current Funding Short Falls?



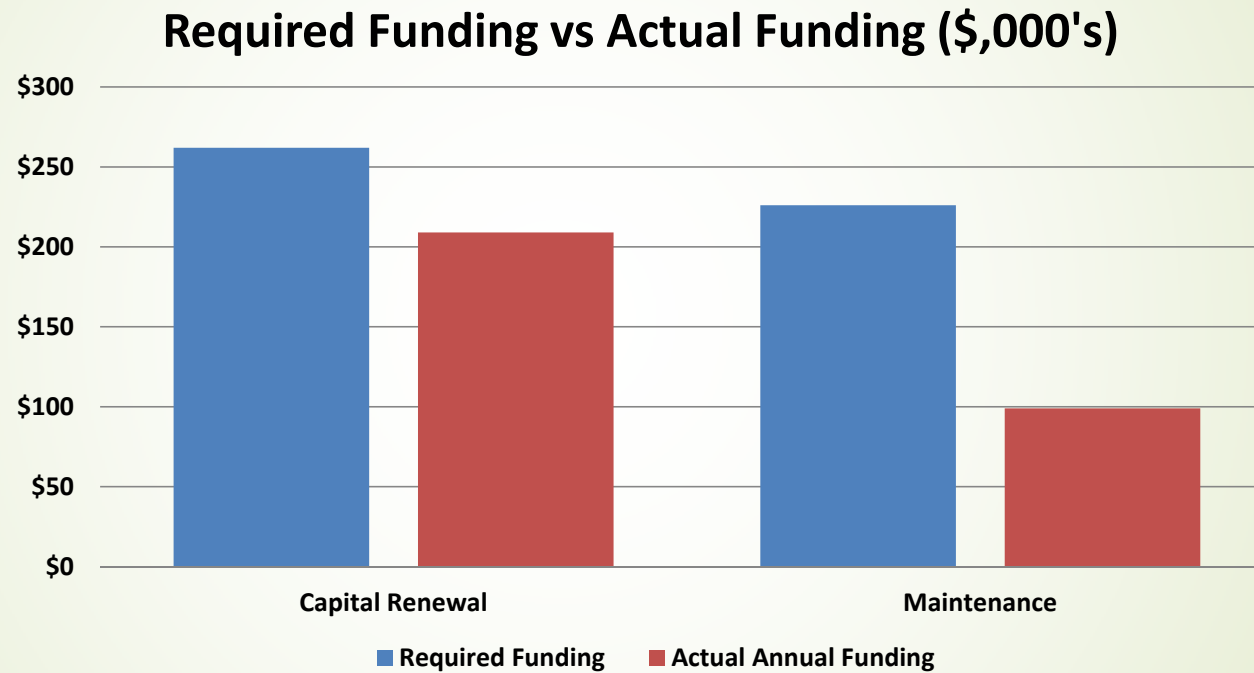


# ROADS & BRIDGES

## Required Funding vs Actual Funding (\$,000's)



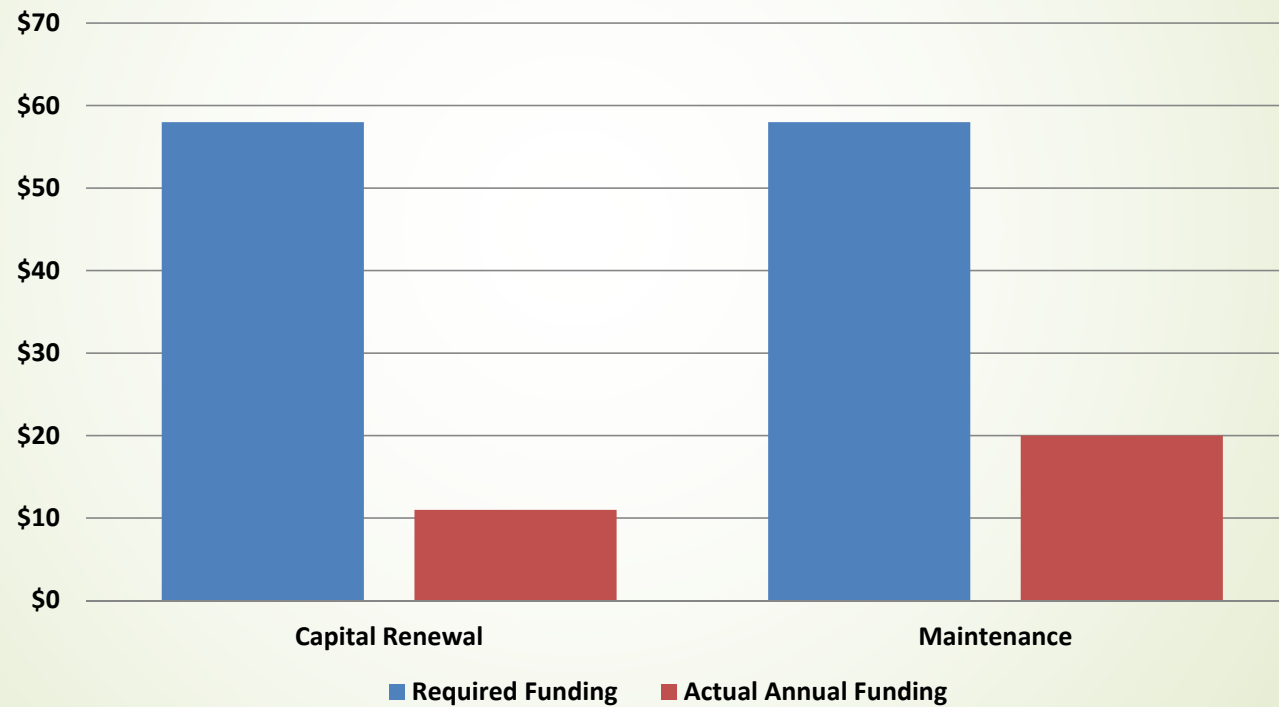
# BUILDING ASSETS



- Does not include major infrastructure replacement /renewal requirements such as the Council Administration Building

# URBAN STORMWATER ASSETS

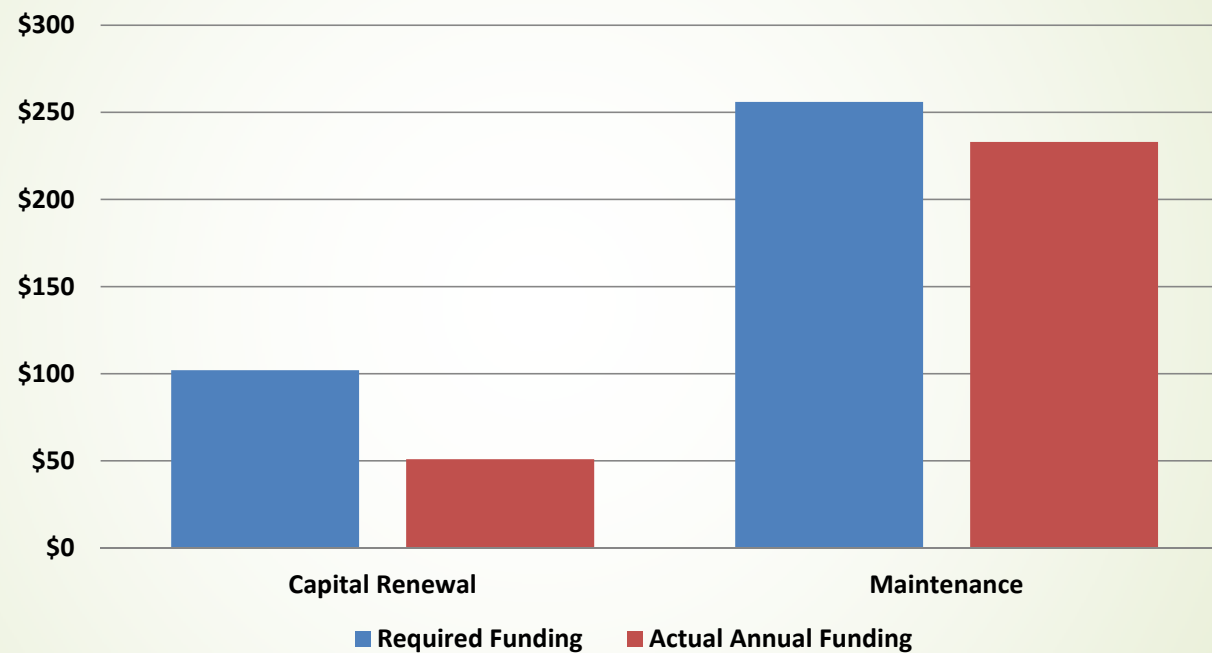
Required Funding vs Actual Funding (\$,000's)






# RECREATIONAL ASSETS

Required Funding vs Actual Funding (\$,000's)




- Does not include longer term major infrastructure replacement /renewal requirements beyond 10 years such as the Dungog Pool

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- ▶ The following current annual budget shortfalls have been identified:-
    - ▶ Regional Road Network - \$1,794,000
    - ▶ Local Road Network (Rural & Urban) - \$3,874,000
    - ▶ Bridge Network - \$698,000
    - ▶ Buildings - \$180,000
    - ▶ Urban Stormwater - \$85,000
    - ▶ Recreation - \$74,000
    - ▶ **TOTAL - \$6,705,000**



# What Are We Doing?

- ▶ **Roads Strategy** – We have implemented a Roads Strategy which identifies construction standards and priorities, maintenance requirements and intervention levels
- ▶ **Process Improvement** – We undertake more geotechnical investigations, we stabilise utilising existing pavements where possible
- ▶ **Innovation** – Investigating and implementing new and innovative processes to meet current industry standards
- ▶ **Joint Purchasing** – Partnering with other Hunter Council's for purchasing

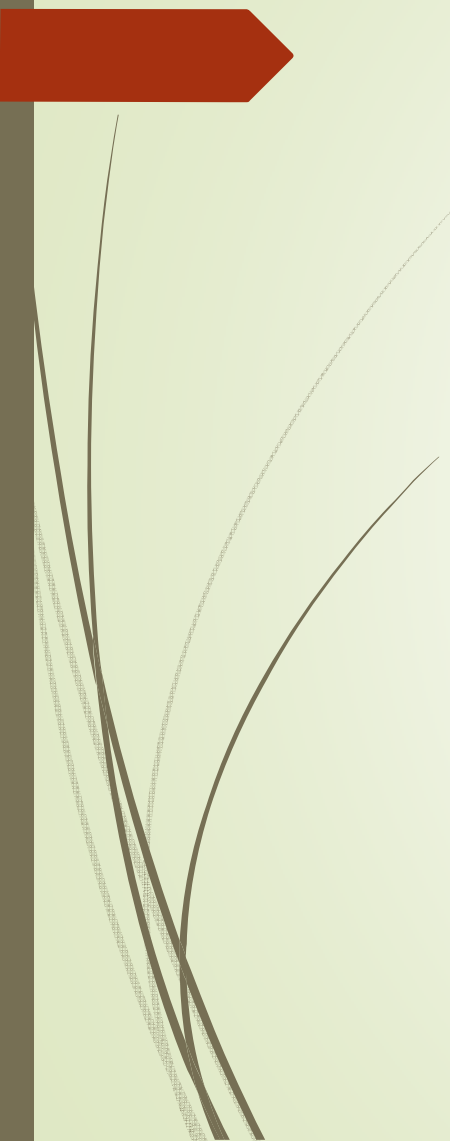
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- ▶ **Grant Applications** – Ensuring applications are developed and submitted for all possible grant opportunities. Recent successful grants include:-
    - ▶ **Fixing Country Roads** – 50% funding for 4 major bridge replacements - **\$3.7M**
    - ▶ **Black Spot Funding** – 100% Funding for two projects totalling - **\$770K**
    - ▶ **Safer Roads** – 100% Funding for one project - **\$190K**
    - ▶ **REPAIR** – 50% funding for a Regional Road Project - **\$250K**
    - ▶ **Innovation Fund** – 67% Funding for James Bridge - **\$105K**



## What Do We Need To Do?

- **Strategic Direction** – Identify and strategically prioritise our Asset renewals and replacements
- **Process Improvement** – Keep monitoring and improving our processes
- **Joint Purchasing** – Look for new areas to partner with other Councils for economies in service and materials provision
- **Capital Investment** – Increase Capital replacement with a view to reduce maintenance in the longer term



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- ▶ **Capital Renewal** – Ensure when we do invest in Capital works that renewals are undertaken at appropriate intervals to ensure Asset lives are obtained
  - ▶ **Grant Applications** – Ensure we invest the necessary resources into investigating and submitting sound and well developed applications in the competitive grants areas



## How Do We Do This?

- ▶ **Service Levels** – We need to work with our communities to identify the service levels the community wants and needs.
- ▶ **Critical Infrastructure Requirements** – Based on these service levels, we need to identify infrastructure replacement and renewal requirements and strategically plan for these works
- ▶ **Funding** – The critical element to meet the community needs for our infrastructure is funding.



## Where to Now?

One-off Grants are not the answer. Council needs to identify and achieve a consistent source of funding for the agreed level of service to undertake the necessary works to renew and maintain our Assets at the required level.

We need to take a self-help approach and use this position to put pressure on both State and Federal Government to assist in funding our critical infrastructure.



## Base Case – No SRV

- ▶ No increase in available funds. Therefore we will only achieve:-
  - ▶ Regional Roads – Rehabilitation every 111 years
  - ▶ Local Sealed Roads – Rehabilitation every 115 years
  - ▶ Timber Bridges – 50 year replacement program, large reduction in service levels (load limits) and reliant on grants to fund
  - ▶ Buildings – Reliant on grant funding for upgrades
  - ▶ Urban Stormwater – Longer term infrastructure failure
  - ▶ Parks & Reserves – 50% of required renewals and loss of service and amenity



# Proposed Special Rate Variation

- ▶ Year 1 – 2019/2020 – 15% (including Rate Peg 2.5%)
- ▶ Year 2 – 2020/2021 – 15% (including Rate Peg 2.5%)
- ▶ Year 3 – 2021/2022 – 10% (including Rate Peg 2.5%)
- ▶ Year 4 – 2022/2023 – 10% (including Rate Peg 2.5%)
- ▶ Year 5 – 2023/2024 – 10% (including Rate Peg 2.5%)
- ▶ Year 6 – 2024/2025 – 6% (including Rate Peg 2.5%)
- ▶ Year 7 – 2025/2026 – 6% (including Rate Peg 2.5%)



Current scenario without SRV	Target	Possible scenario with proposed SRV
<b>Regional Roads</b>		
◇ Rehabilitation every 111 years	◇ Rehabilitation every 30 years	◇ Rehabilitation every 47 years
<b>Local Sealed Roads</b>		
◇ Rehabilitation every 115 years	◇ Rehabilitation every 30 years	◇ Rehabilitation every 51 years
<b>Timber Bridges</b>		
◇ 50 year replacement program reliant on grants	◇ Renewal program funded	◇ Renewal program funded
<b>Buildings</b>		
◇ 63% of required funding and reliant on grant funding for upgrades	◇ 100% of required funding to maintain and upgrade requirements also funded	◇ 80% of required funding and some capacity to fund upgrade requirements

Current scenario without SRV	Target	Possible scenario with proposed SRV
<b>Urban Stormwater</b>		
◇ 19% of required renewals and infrastructure failure	◇ 100% of required funding to maintain and upgrade requirements also funded	◇ 45% of required renewals but no funding for upgrades
<b>Parks and Reserves</b>		
◇ 50% of required renewals and loss of service and amenity	◇ 100% of required funding to maintain and upgrade requirements also funded	◇ 65% of required renewals and maintained service levels and minor loss of amenity

# How will this affect our community?

Projection General Rates (including 2.5% rate pegging)									
	Increase in General Rate component	15%	15%	10%	10%	10%	6%	6%	
	Land Value	Current	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Residential Ordinary Rate	\$100,000	\$604	\$695	\$799	\$879	\$967	\$1,063	\$1,127	\$1,195
	\$200,000	\$876	\$1,007	\$1,159	\$1,274	\$1,402	\$1,542	\$1,634	\$1,733
Residential Dungog	\$100,000	\$723	\$831	\$956	\$1,052	\$1,157	\$1,273	\$1,349	\$1,430
	\$200,000	\$1,268	\$1,458	\$1,677	\$1,845	\$2,029	\$2,232	\$2,366	\$2,508
Residential Clarence Town	\$100,000	\$640	\$736	\$846	\$931	\$1,024	\$1,127	\$1,194	\$1,266
	\$200,000	\$996	\$1,145	\$1,317	\$1,449	\$1,594	\$1,753	\$1,858	\$1,970
Residential Village	\$100,000	\$553	\$636	\$731	\$804	\$885	\$973	\$1,032	\$1,094
	\$200,000	\$821	\$944	\$1,086	\$1,194	\$1,314	\$1,445	\$1,532	\$1,624

### Projection General Rates (including 2.5% rate pegging)

	Increase in General Rate component	15%	15%	10%	10%	10%	6%	6%	
		Land Value	Current	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Business	\$100,000	\$885	\$1,018	\$1,170	\$1,287	\$1,416	\$1,558	\$1,651	\$1,750
	Rural	\$200,000	\$1,321	\$1,519	\$1,747	\$1,922	\$2,114	\$2,325	\$2,465
Business Clarence Town	\$100,000	\$829	\$953	\$1,096	\$1,206	\$1,327	\$1,459	\$1,547	\$1,640
	\$200,000	\$1,253	\$1,441	\$1,657	\$1,823	\$2,005	\$2,206	\$2,338	\$2,478
Business Dungog	\$100,000	\$902	\$1,037	\$1,193	\$1,312	\$1,443	\$1,588	\$1,683	\$1,784
	\$200,000	\$1,406	\$1,617	\$1,859	\$2,045	\$2,250	\$2,475	\$2,623	\$2,781
Business Village	\$100,000	\$705	\$811	\$932	\$1,026	\$1,128	\$1,241	\$1,315	\$1,394
	\$200,000	\$1,055	\$1,213	\$1,395	\$1,535	\$1,688	\$1,857	\$1,968	\$2,087
Farmland	\$500,000	\$1,930	\$2,220	\$2,552	\$2,808	\$3,088	\$3,397	\$3,601	\$3,817
	\$1,000,000	\$3,535	\$4,065	\$4,675	\$5,143	\$5,657	\$6,222	\$6,596	\$6,992