



Dungog Shire 2030

Ensuring a sustainable future

A workshop and briefing for Dungog Shire communities



Workshop Purpose

Session 1 (90 minutes)
Review the seven peak themes and the Vision and Mission statements in our Community Strategic Plan (CSP) and identify aspects that need change and improvement.

Break (30 minutes)

Session 2 (60 minutes)

- Community briefing and discussion about Council's proposal to apply for a Special Rate Variation (SRV) to address current revenue shortfalls.
- Seek expressions of interest for participation in a Community Reference Panel to facilitate community input in decision making about the SRV.

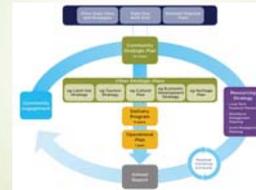


Session 1

Reviewing Dungog 2030



The IP&R framework



Seven themes in our CSP

- Natural Environment
- Local Economy
- Community and Culture
- Rural and Urban Development
- Recreation and Open Space
- Public Infrastructure and Transport
- Council Governance and Finance



Session outcomes

- We want your ideas and suggestions about changes and improvements to the Goals and Strategies in Dungog Shire 2030.
- We want broad ideas and suggestions for improvements to the Vision and Mission expressed in the CSP.



Session 1 activities

- Considering the Goals and Strategies for each theme and the Vision and Mission statements - use your Post-its to **write down** any ideas and suggestions you have for changes and improvements (ref Workshop tasks) (30 mins)
- Go back to your table and **discuss** your thoughts and ideas with others - change and add to your initial ideas if you wish (20 mins)
- Share some of your ideas and suggestions with the whole group so that we can all hear a broad range of views and ideas (20 mins)
- Before the break, **place your completed Post-its** against the corresponding theme or Vision / Mission (10 mins)



Using the Post-Its

- At the top of Post-It, write the CSP theme, or Vision / Mission you are commenting on
- Write brief comments in response to the tasks
- Record only one comment on each Post-It
- Please ensure your handwriting can be read by others
- At the close of the session, place your completed Post-its against their corresponding themes

NOTE - Please feel free to comment on all themes and the Vision and Mission, or just those of particular interest. You do not need to comment on all themes or the Vision or Mission statements if you do not wish to.



Workshop tasks

- Using your Post-its, please provide any suggestions you have about Goals and Strategies in each of the CSP's themes that:
 - Are no longer relevant and could be removed; or
 - Need revised wording to make them more relevant and up-to-date; or
 - Do not appear in the CSP and should be included.
- Please provide any ideas and suggestions for improvements to the Vision and Mission expressed in the CSP.



Table discussion

Please share with your table, some of the ideas and suggestions that you have for changes and improvements to:

- The Goals and Strategies in each peak theme
- The Vision and Mission statements

During your table discussion, feel free to change or add to your Post-Its as you hear the ideas and suggestions of others at your table.



Group discussion

Please share with the whole group, some of the ideas and suggestions that were discussed at your table for changes and improvements to:

- The Goals and Strategies in each peak theme
- The Vision and Mission statements



Post-Its

- Please take a few minutes to place your Post-Its against each corresponding theme or the Vision and Mission statements.

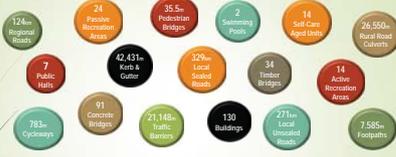


End of Session 1



Session 2

Considering a Special Rate Variation for Dungog Shire



SECURING OUR FUTURE Options for achieving a better DUNGOG SHIRE

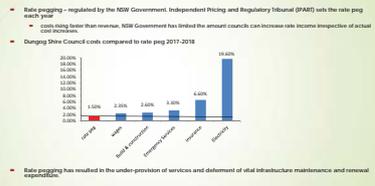
Purpose of this Session

- Our Current and Financial Position
- Need for a Pathway
- Fit for the Future
- Efficiency measures

Current Position

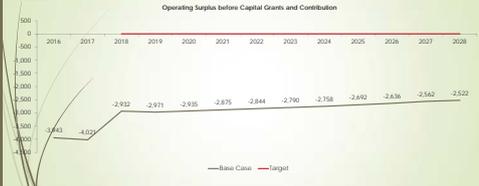
- Council deemed "Not Fit" under Independent Local Government Review Panel (ILGRP) assessment criteria
- Merger Proposals – Council prevented from applying for an SRV
- DSC does not currently meet NSW Government Fit for the Future requirements – required to meet or show significant progress toward meeting benchmarks by 2026-27.
- Infrastructure backlog - assets in need of significant maintenance and renewal expenditure.
- Operational costs outstripping revenue - ongoing deficits.
- Current and Long Term Financial position requires significant action with a view to sustainability.
- Cost shifting
 - no state roads.
- All Councils must pay to NSW Government 11.7% of local budget for Rural Fire Service, State Emergency Service and Fire & Rescue NSW. For DSC this means \$337,000 in contributions in 2017-18.

Current Position cont.



Our Financial Position

- Rural council challenges – large road and timber bridge network, limited ability to generate alternative revenue sources, multiple villages and facilities, low population and rate base to fund infrastructure.
- TCorp's assessment of Council's financial position was WEAK with a NEGATIVE outlook.
- Our current financial position is unsustainable.
- Operational costs are outstripping revenue in the order of \$4 million annually.
- Assets needing significant maintenance and renewals.
- Depreciation \$6.16 million annually - depreciation is the measure of current use of an asset and ideally assets should be renewed at the same rate they are being used.
- Ongoing deficits and maintenance and renewal shortfalls.
- Infrastructure backlog growing.



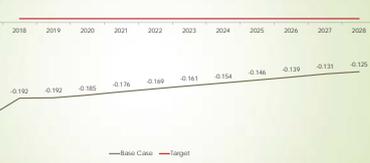
Need for a pathway

- Do nothing and live within our means – cut services, roads bridges and community assets continue deteriorate, fees and charges likely to increase, no new capital works (roads, bridges, community facilities).
- NSW State Government has indicated the "do nothing" option is not an option.
- Fit for the Future requirements.
- Implement an Improvement Plan to work towards becoming Fit for the Future inclusive of a proposed special rate variation (SRV) to apply from 1 July 2019 (2019-2020). Looking to address
 - Financial sustainability – both current and long term.
 - Fit for the Future requirements
 - Limited opportunity to generate alternative income.
 - Infrastructure backlog.

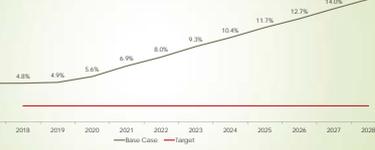
Fit For The Future

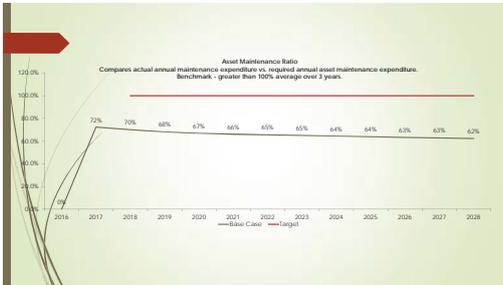
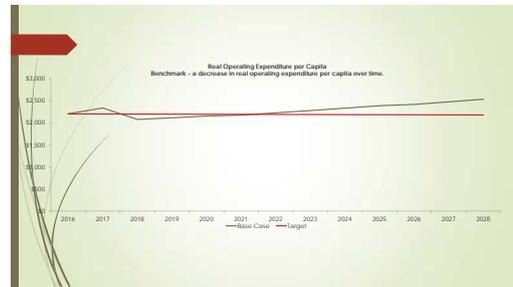
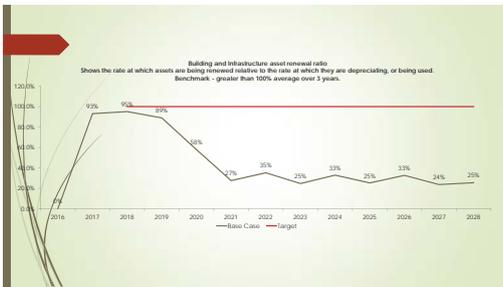
- 2014 NSW Government reform agenda for local government – "Fit for the Future"
- October 2015 Independent Pricing and Regulatory Tribunal (IPART) assessed Council as "Not Fit".
- Council Financial Criteria reassessment - invited to submit an improvement plan for reassessment.
- Seven (7) key financial benchmarks - Council must comply with or be working towards achieving the benchmarks by 2026/27.
- Council currently does not meet six (6) of the seven (7) benchmarks
- Council is proposing an Improvement Plan inclusive of a special rate variation (SRV) over seven (7) years, with the improvement strategy to include a range of efficiency measures in conjunction with an SRV to meet the projected operational shortfall.

Operating Performance Ratio



Infrastructure Backlog Ratio





Efficiency Measures

In isolation a proposed SRV will not provide sufficient revenue to close the operating deficit. Council has or is undertaking a range of initiatives to become more efficient. These include:

- Energy efficiency initiatives including solar and other green initiatives.
- Sharing services with other Hunter Councils in areas such as weeds management, records storage, legal services, environmental services and regional procurement.
- Extending the life of our landfill by increasing recycling and diversion rates.
- Comprehensive asset management plans have been developed to identify future needs.
- Service reviews to be undertaken and adjustments made where appropriate.
- Discussions are underway in relation to potential strategic alliance options with other Hunter Councils.
- Successfully sourcing additional grant revenue.
- Savings from joint contract negotiations (waste management, print services etc).

Financial Sustainability

- Each of the strategies and actions on their own will not enable Council to achieve long term financial sustainability.
- The goal and challenge for Council will be to achieve the optimum mix of these strategies and actions which will see Council assessed as "Fit for the Future".

Additional information

- Information to assist ratepayers
 - Frequently Asked Questions
 - On-line rates estimator on Council's website www.dungog.nsw.gov.au
 - An On-line survey will be made available when the 2nd round of Community briefings are undertaken following the Community Reference Panel sessions.
 - A further round of community briefings.
 - Separate section on Council's website

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
- **Total >\$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 or approximately \$257M
- Therefore, the major focus of what I am going to discuss tonight is focussed on our road and bridge networks

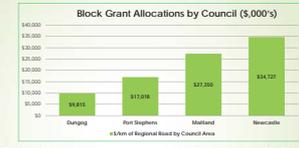
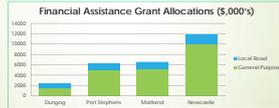
Now, I'm sure we are all too familiar with these scenarios...



What Are The Issues?

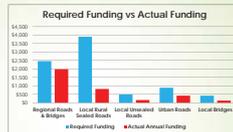
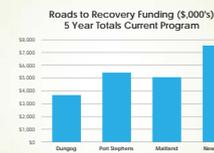
There are a number of contributing factors that have led to this situation. These include:-

- 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. 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 (ie once every 100 years)

- Roads to Recovery Funding – Annual Funding from the Federal Government



- The above graph provides a snapshot of funding requirements based on Council's Strategic Management Plan for Roads and Bridges Asset Renewals versus current funding levels. The graph is based on a 5 year average funding cycle and shows key deficiencies in a number of areas.

- Other Issues-

- Design Standards – Our Assets, especially our timber bridge assets, were never designed or constructed to meet modern transport requirements
- Floods – Whilst Council has received funding for repair of assets after floods and storms, these events do have an ongoing negative affect on our assets and reduce their useful lives

What Does This Mean?

- We do not have sufficient funds to adequately maintain our assets.
- Our assets are deteriorating faster than we are rebuilding them
- Current funding means roads are only rebuilt, on average, once every 100+ years.
- Timber Bridges have had to be load limited which has had a major affect on our Rural Industry and the families who rely on those industries for their living.

What Are We Doing?

- Strategic Direction – We have implemented a Roads Strategy which identifies construction standards, intervention levels and priorities
- Process Improvement – We are reviewing and improving our processes
- Joint Purchasing – We partner with other Hunter Council's for purchasing
- Grant Applications – We ensuring applications are developed and submitted for all possible grant opportunities.

What Do We Need To Do?

- Strategic Direction – Strategically prioritise our Asset renewals
- 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
- Capital Renewal – Ensure when we do invest in Capital works that renewals are undertaken at appropriate intervals to ensure Asset design 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 requirements and strategically plan for these works
- Funding – The critical element to meet the community needs for our infrastructure is funding.

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 agreed service level.

Special Rate Variation

- What is a special rate variation (SRV) – a special variation allows council to increase general income above the annual rate peg.
- Applies only to General Rates – it does not impact other charges such as waste, stormwater or government levies.
- Council must consult the community and demonstrate effective community engagement.
- Two forms of an SRV
- It can run from 1 year up to a maximum 7 years
- Impact on ratepayers
- Relative Integrated Planning & Reporting (IP&R) documents exhibited, approved and adopted by council.
- Productivity improvements and cost containment strategies.

Special Rate Variation

- What could an SRV look like
 - Current Case
 - Rates increase by rate peg of 2.5% pa
 - Cumulative increase of 19%
 - Scenario 1
 - Rates increase by 8.5% (includes rate peg) pa for 7 years and 2.5% for the balance
 - Cumulative increase of 77% - includes 19% from current case.
 - Scenario 2
 - Rates increase by 11.5% (includes rate peg) pa for 7 years and 2.5% for the balance
 - Cumulative increase of 114% - includes 19% from current case.

Special Rate Variation cont.

- What will it be spent on?
 - It can only be used to fund the purpose which we detail in our application
 - Timber bridges replacement program
 - Road and community facilities renewal and maintenance
 - Fit for the future rates trending in the right direction - financial sustainability
- How will we determine the final SRV percentage?

Community Reference Panel

Special Rate Variation Community Reference Panel

- The purpose of the Reference Panel is to provide communities across the Shire with opportunities to partner with Council to:
- Consider Dungog Shire Council's current situation regarding its financial sustainability against State Government requirements for councils
 - Assess the Council's capacity to deliver essential services and facilities in the short and long term based on current budget and finance levels
 - Participate in consideration of an appropriate SRV level for application across the Shire
 - Identify community priorities in Council's delivery of services and facilities
 - Provide broad information and feedback to communities about the work and outcomes of the Panel.

Panel selection

- The Panel will be independently facilitated and will comprise 15 community representatives, councillors and council staff
- Selection of panel members will ensure the most equitable representation of communities across the Shire based on factors such as
 - Demographic profile
 - Location within the Shire
 - Community participation
 - Local community representation and involvement
 - Commitment to participate
- Panel selection will be conducted as an independent process based on information provided in the Expression of Interest submission
- All people who submit and Expression of Interest will receive a response from Council.

Panel meetings

The work of the Community Reference Panel will occur over three meetings on the following dates:

- Tuesday April 3 4.00pm - 10.00pm Doug Walters Pavilion, Dungog
- Thursday May 3 6.00pm - 10.00pm Doug Walters Pavilion, Dungog
- Thursday May 17 6.00pm - 10.00pm Doug Walters Pavilion, Dungog

Community briefings will be held at the conclusion of the panel process - dates to be determined.

Panel activities

First panel meeting:

- Brief community representatives on Council's current operating environment, infrastructure priorities and background to the SRV
- Provide insights regarding State Government benchmarks and requirements re operating performance
- Overview of options for the level and duration of the SRV
- Detailed examination of the range of high priority works that could potentially be targeted with SRV revenue.

NOTE - Discussion and Q&A throughout meeting to ensure comprehensive and consistent understanding of relevant issues and enable participants to clarify key information

Panel activities (cont')

Second panel meeting

- Detailed examination of current infrastructure condition, issues and priorities
- Briefing on options for SRV levels and duration
- Examination of SRV options against State Government requirements regarding Council's operating performance and targets
- Discussion to facilitate community input on infrastructure priorities and potential positive and negative impacts of SRV at varying levels and durations

NOTE - Discussion and Q&A throughout meeting to ensure comprehensive and consistent understanding of relevant issues and enable participants to clarify key information

Panel activities (cont')

Third panel meeting

- Review of current operating environment, State Government requirements, infrastructure condition and priorities and SRV options
- Discussion to revisit community perspectives regarding local infrastructure and service priorities and potential impacts of SRV at varying levels and durations
- Discussion to identify most appropriate SRV level and duration

NOTE - Discussion and Q&A throughout meeting to ensure comprehensive and consistent understanding of relevant issues and enable participants to clarify key information

Commitment to participate

What we need from community participants

- A commitment to attend all meetings of the panel
- A capacity to consider the needs and priorities of communities across the council area as a whole in all panel discussion and decision-making
- A spirit of fairness and co-operation in participating in panel meetings
- A commitment to talking to others about the activities of the panel between meetings
- A commitment to participating in community briefings at the conclusion of the panel's work.

Expressions of Interest in participating in the Community Reference Panel

- If you are interested in participating in the Community Reference Panel, please complete the form here tonight or lodge it with Council as follows.
- Please ensure your writing can be read by others.

By email to:

shirecouncil@dungog.nsw.gov.au

By post to:

The General Manager
Dungog Shire Council
PO Box 95
DUNGOG NSW 2420

Or: drop it into council's Administration Office, 198 Dowling St, Dungog
Submissions must be received by Friday 23 March.