



MOREE PLAINS SHIRE COUNCIL

8 FEBRUARY 2018

**STRATEGIC ASSET AND WORKS
COMMITTEE MEETING**

PUBLIC BUSINESS PAPER

Friday, 2 February 2018

TO:

- Councillors
- General Manager
- Director – Corporate Services
- Director – Planning and Community Development
- Director – Engineering Services
- Manager – Water and Waste
- Manager – Executive Projects

Notice is hereby given that the **Strategic Asset and Works Committee Meeting** will be held in the Council Chamber, the Max Centre, 30 Heber Street, Moree, on **Thursday, 8 February 2018** commencing at **2pm**.

Please note that all Committee meetings are recorded.

Yours sincerely



Ian Dinham
DIRECTOR OF ENGINEERING SERVICES

Agenda

1. Open Meeting
2. Apologies
3. Confirmation of Minutes
4. Declarations of Interest
5. Reports
 - a) Rural Road Network Level of Service
6. Standing agenda item: Questions on Notice
7. Standing agenda item: Strategic Planning Proposals and Current Project Updates
8. Standing agenda item: Overseas Trade and Investment
9. Close meeting

Strategic Asset and Works Committee Meeting Public Business Paper

8 February 2018

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Report Title	1 Rural Road Network Level of Service
Report by	Engineering Services
Contact	Asset Manager
Attachments	One (1) attachment; refer to Attachments section
File	FILE13/782

RECOMMENDATION

1. That Council consider the future strategic direction for the Shire's rural road network level of service taking into deliberation the following options:
 - a. Maintaining the status quo as per the 2010 Special Rate Variation agreement with the community and detailed in the Asset Transport Management Plan
 - b. Continuing the Causeway Upgrade Program and upgrading the majority of unsealed roads to gravel roads
 - c. Adopting the recommendation from the Road Network Consultative Group

REPORT

ALIGNMENT WITH MOREE PLAINS 2027 – YOUR SHIRE. THE PLAN. OUR FUTURE

- An Inclusive, Caring Community**
C2.3 Design community infrastructure and promote events and services that satisfy the diverse needs of our community members
- Sustainable Spaces and Places**
S2.1 Ensure adequate services, facilities and plans are in place to minimise service interruptions and to cater for current and future demand
- A Vibrant Regional Economy**
E1.3 Provide a local road network that meets the Shire's transport and freight needs
- A Leading Organisation**
L1.3 Implement good practice in managing and maintaining our assets

BACKGROUND AND KEY ISSUES

The Road Network Consultative Group (**RNCG**) have put forward recommendations for Council to consider on the Shire's rural road network level of service provisions.

This report provides details to help Council determine the balance between the desired Level of Service (**LoS**) and the willingness of the community to pay for that service.

It is important to consider the rural roads as one network (regional, sealed and unsealed) as it provides our agricultural industry, local businesses, school students and other road users with much needed access to schools, the ports, grain receivals, medical services and many other services.

It is also important to understand that, unfortunately, as a Council we are not able to provide every person or business in the Shire with the highest standard of road access; and therefore must consider the options

of sealing additional roads and introduction of a gravel re-sheeting program by providing strategic direction on the LoS for the rural road network.

2010 Special Rate Variation (SRV) – Accepted LoS

As part of the SRV proposal in 2010, the community was informed that the Moree Plains Shire unsealed rural road network had to return to natural surface/black soil roads as there were insufficient funds to do otherwise. While this was not fully supported by the community, they did understand the reasoning at the time and reluctantly agreed to the reduced LoS.

However, as time has progressed, the LoS agreed to in 2010, is no longer what the rural community is willing to accept as a suitable LoS; hence the Council must consider the direction they wish to take in deciding the future balance between the desired LoS and the willingness of the community to pay for that service.

Fit for the Future – Decision supports 2010 SRV

Based on Council's submission for Fit for the Future, Council agreed that the LoS for the unsealed roads network would remain as per the 2010 SRV agreed LoS. This means that all unsealed road segments are recorded in the asset management system as natural surface/black soil roads. Gravel is only used as a maintenance activity on a few critical access points.

In the Fit for the Future proposal, Section 3.2 Infrastructure and Service Management, Council put forward the following objectives for improvement.

- ISM1. More fully understand the functions and activities delivered by Council and their cost to better evaluate levels of service provided
- ISM2. Establish satisfactory target levels of service that appropriately balance realistic community expectations, associated risks and financial sustainability
- ISM3. Enhance the infrastructure asset data collection process to enable improved reporting, strategic planning, maintenance forecasting and financial management across the organisation
- ISM4. Enhance the Council's performance management measures for service delivery in relation to the infrastructure assets
- ISM5. Review formal decision-making policies and procedures for the long-term management of the infrastructure assets
- ISM6. Enhance the maintenance management and capital works planning practices for the long-term and short-term management of the infrastructure assets
- ISM7. Invest and trial new and emerging technology in road stabilising products that may assist in reducing the whole of life costs for the road network particularly on gravel roads

Funding considerations for change to the Level of Service

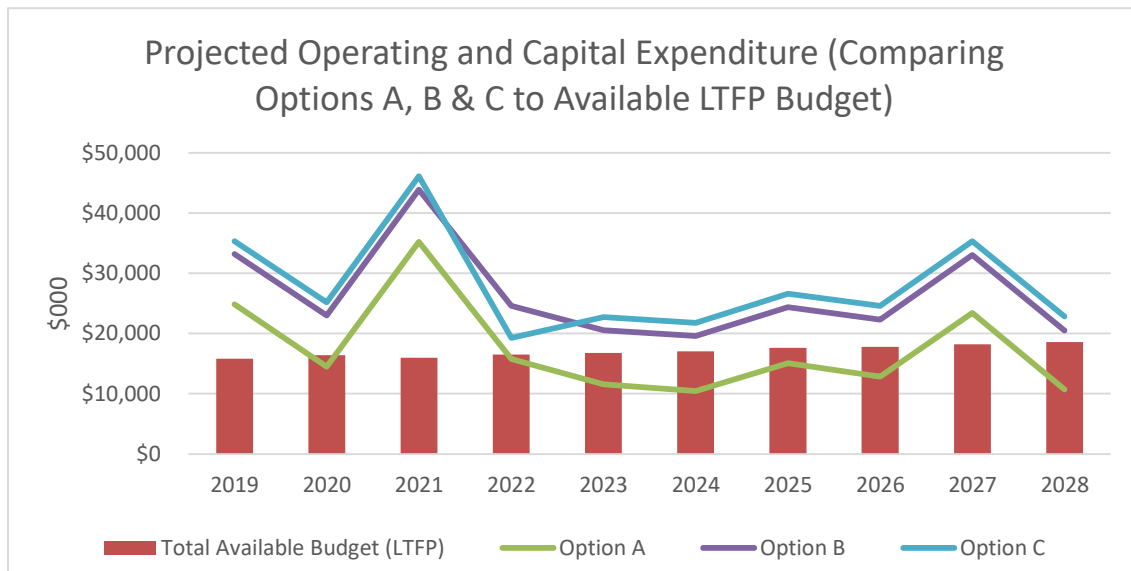
Any increase in LoS will mean that Council will also need to determine how they wish to fund this increase. This may be through, but not limited to, reviewing other functions of Council service levels, raising funds through a special rate variation, loan funding or deciding to keep the unsealed roads at the current LoS even though it may not meet all of the community's requirements.

There are three (3) options that are being put forward for consideration:

- A. Maintaining the status quo as per the 2010 Special Rate Variation agreement with the community and detailed in the Asset Transport Management Plan
- B. Continuing the Causeway Upgrade Program and upgrading the majority of unsealed roads to gravel roads
- C. Adopting the recommendation from the Road Network Consultative Group

Comparison of Options (details are following)

Option	Option A	Option B	Option C
Description	Maintaining Status Quo	Causeway Upgrade Program and upgrading the majority of unsealed roads to gravel roads	Recommendations from Road Network Consultative Group
Asset Renewal Funding Ratio	92%	92%	92%
10 year Asset Management Financial Indicator	98%	64%	61%
Annual Average 10 Year LTFP Budget (2019 to 2028)	\$17,065,000	\$17,065,000	\$17,065,000
Annual Average 10 Year Projected Required Expenditure (2019 to 2028)	\$17,437,000	\$26,503,000	\$27,968,000
Annual Average 10 year Funding Gap (2019 to 2028)	-\$372,000	-\$9,438,000	-\$10,903,000



Assumptions & Definitions

- LTFP – Long Term Financial Plan
- There is no change in maintenance activities projected
- Based on the LTFP expenditure identified in the Transport AMP 2018 to 2037 that is currently endorsed
- The suggested figures are only draft and based on information available at the time. A full analyse would be required to identify and understand the full impact of any changes in LoS
- -ve = shortfall, +ve = surplus

Option A – Maintaining the Status Quo

As per the Transport Asset Management Plan, the current LoS for the road network is shown in Table 1 below. This was developed to reflect the agreed 2010 LoS. The Transport Asset Management Plan covers the services being delivered by the roads and bridges network (including kerb and gutter), paths, traffic management facilities and carparks.

Table 1: Road Network Level of Service

Level of Service Statement: The provision of a road network that supports our agricultural industry, local businesses, school students and road users		
	Performance Measure	Annual Target
Customer Performance Measures	Percentage of rural roads closed ¹ to all traffic for more than 5 days per year	< 7% rural roads
	Provide road safety education targeted to the high risk user groups	Participate in the local government Road Safety Program
	Percentage of vehicle bridges that are suitable for triple road trains	85% suitable
	Percentage of rural roads that are approved for AB-triple road train access	93% suitable
	The average number of working days it takes to process oversize/overmass access applications	5 working days per application
	The average number of working days it takes to process an application for a Road Opening Permit ²	10 working days per application
Technical Performance Measures	That the transport network is maintained to a satisfactory condition (Condition 3): <ul style="list-style-type: none"> • Sealed roads surface • Sealed roads structure • Unsealed (gravel and black soil) roads • Bridges • Kerb and guttering 	75% of assets at condition 3 or greater ³
	That gravel re-sheeting occurs at critical access points/locations	\$350,000 per year
	The number of education campaigns implemented annually as part of the local government Road Safety Program	> 3 education campaigns annually
	The percentage of streets in the township of Moree with kerb and gutter that the street sweeper cleans each year	35% of Moree roads
	The number of kilometres of unsealed roads that are graded each year	3,500 km of unsealed roads
	Causeway Program	Completed annually as per program

¹ Road may be closed at one or more points or it may be the entire road closed.

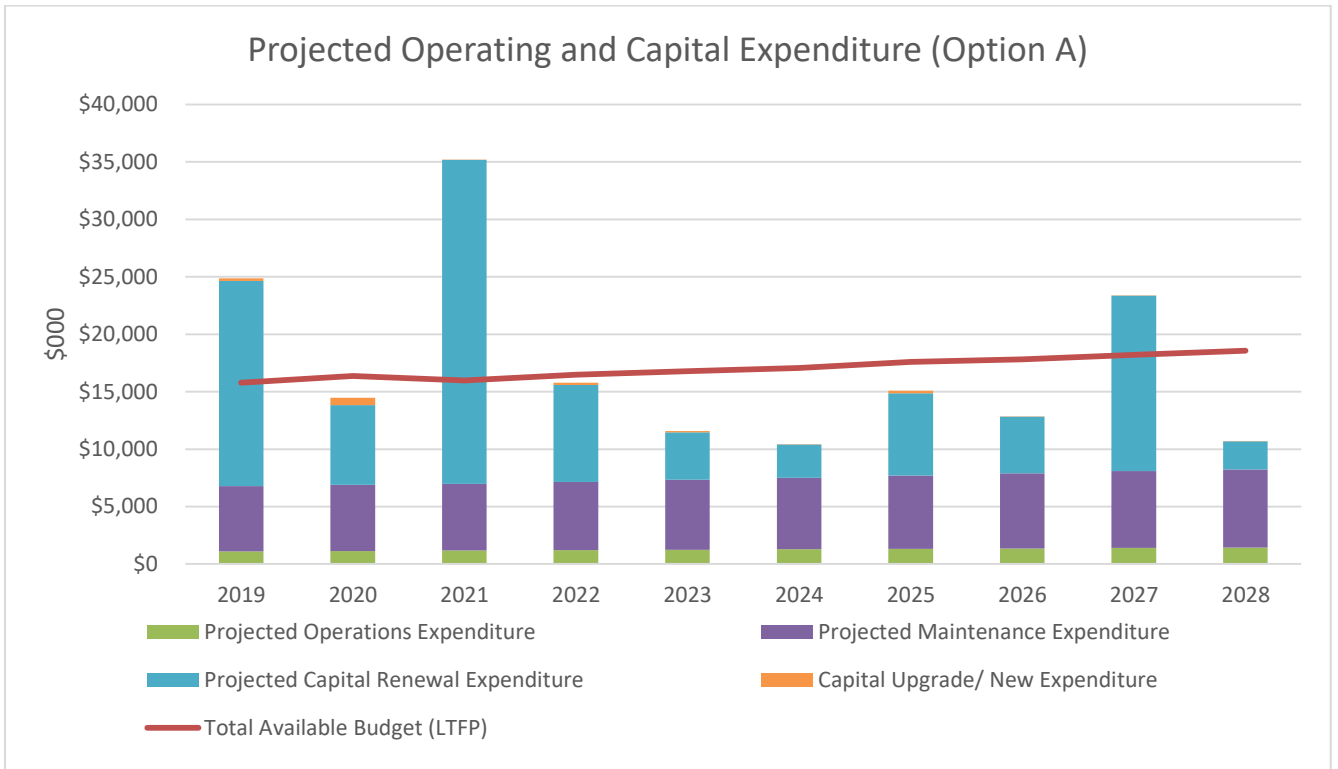
² A Road Opening Permit is required when someone or a company wishes to perform work in, under or over a Council road or road related area.

³ Based on Special Schedule 7 – Report on Infrastructure Assets

The projected expenditure necessary to provide the services includes operations, maintenance, renewal and upgrade of existing assets at the current agreed LoS (status quo option) over the 10 year planning period commencing in the 2019 financial year is \$174 million or \$17.4 million on average per year. This estimate is based on the predicted life cycle of the asset and its components.

The estimated available funding as identified in the Long Term Financial Plan (LTFP) for this period is \$170.6 million or \$17.1 million on average per year which is 98% of the cost to provide the service. This is a funding shortfall of \$-372,000 on average per year over the 10 years. Projected expenditure required to provide this LoS compared with planned (budgeted) expenditure is shown in more detail in the graph below and the following table.

Figure 1. Projected Operating and Capital Expenditure (Option A)



Option A - Maintaining the Status Quo							
Year	Total Available Budget (LTFP)	Projected Operations Expenditure	Projected Maintenance Expenditure	Projected Capital Renewal Expenditure	Capital Upgrade/ New Expenditure	Total Projected Required Expenditure	Funding Gap
2019	\$15,795	\$1,111	\$5,666	\$17,873	\$212	\$24,862	-\$9,067
2020	\$16,379	\$1,133	\$5,767	\$6,923	\$665	\$14,488	\$1,891
2021	\$15,987	\$1,169	\$5,810	\$28,207	\$25	\$35,211	-\$19,224
2022	\$16,483	\$1,204	\$5,946	\$8,448	\$174	\$15,772	\$711
2023	\$16,785	\$1,241	\$6,087	\$4,126	\$120	\$11,574	\$5,211
2024	\$17,053	\$1,279	\$6,231	\$2,906	\$25	\$10,441	\$6,612
2025	\$17,601	\$1,317	\$6,376	\$7,182	\$200	\$15,075	\$2,526
2026	\$17,807	\$1,358	\$6,528	\$4,938	\$25	\$12,849	\$4,958
2027	\$18,198	\$1,399	\$6,681	\$15,283	\$25	\$23,388	-\$5,190
2028	\$18,562	\$1,427	\$6,814	\$2,445	\$25	\$10,711	\$7,851
<i>Annual Average 10 Year</i>	<i>\$17,065</i>	<i>\$1,264</i>	<i>\$6,191</i>	<i>\$9,833</i>	<i>\$150</i>	<i>\$17,437</i>	<i>-\$372</i>
Annual Average 10 Year LTFP Budget (2019 to 2028)							\$17,065
Annual Average 10 Year Projected Required Expenditure (2019 to 2028)							\$17,437
Annual Average 10 year Funding Gap (2019 to 2028)							-\$372
<i>All dollar values are in (\$'000)'s</i>							

* Total available funds have been based on the Transport Asset Management Plan 2018 to 2037 and have not been updated to reflect any changes to budgets since May 2017.

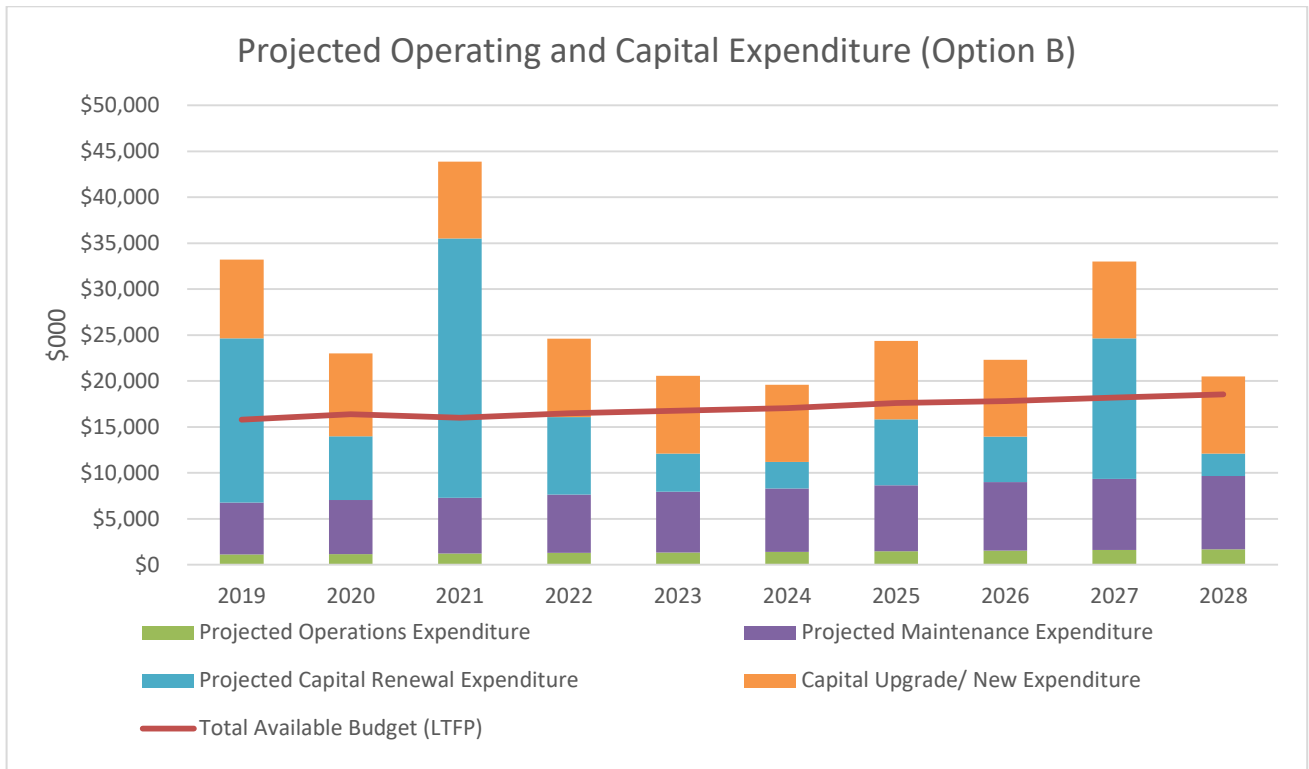
** -ve = shortfall, +ve = surplus

Option B – Continuing the Causeway Upgrade Program and upgrading the majority of unsealed roads to gravel roads

Council may choose to increase the LoS over the next 10 years (commencing 2019 financial year) by implementing a gravel re-sheeting program (\$8 million annually) and continue the causeway upgrade program (\$350,000 per year). The impact will be approximately an annual projected expenditure increase from \$17.4 million to \$26.5 million to the transport assets over the 10 ten year period.

Council has approximately \$17.1 million allocated to this asset class annually, therefore an increase in LoS would mean an average annual funding shortfall of \$-9.4 million for the transport assets. Projected expenditure required to provide this LoS compared with planned (budgeted) expenditure is shown in more detail in the graph below and the following table.

Figure 2. Projected Operating and Capital Expenditure (Option B)



Option B - Causeway Upgrade Program and upgrading the majority of unsealed roads to gravel roads							
Year	Total Available Budget (LTFP)	Projected Operations Expenditure	Projected Maintenance Expenditure	Projected Capital Renewal Expenditure	Capital Upgrade/ New Expenditure	Total Projected Required Expenditure	Funding Gap
2019	\$15,795	\$1,111	\$5,666	\$17,873	\$8,562	\$33,212	-\$17,417
2020	\$16,379	\$1,160	\$5,899	\$6,923	\$9,015	\$22,997	-\$6,618
2021	\$15,987	\$1,223	\$6,074	\$28,207	\$8,375	\$43,879	-\$27,892
2022	\$16,483	\$1,285	\$6,342	\$8,448	\$8,524	\$24,599	-\$8,116
2023	\$16,785	\$1,349	\$6,615	\$4,126	\$8,470	\$20,560	-\$3,775
2024	\$17,053	\$1,414	\$6,891	\$2,906	\$8,375	\$19,586	-\$2,533
2025	\$17,601	\$1,479	\$7,169	\$7,182	\$8,550	\$24,380	-\$6,779
2026	\$17,807	\$1,547	\$7,452	\$4,938	\$8,375	\$22,312	-\$4,505
2027	\$18,198	\$1,615	\$7,737	\$15,283	\$8,375	\$33,010	-\$14,812
2028	\$18,562	\$1,670	\$8,003	\$2,445	\$8,375	\$20,493	-\$1,931
Average Annual 10 Year	\$17,065	\$1,385	\$6,785	\$9,833	\$8,500	\$26,503	-\$9,438
Annual Average 10 Year LTFP Budget (2019 to 2028)							\$17,065
Annual Average 10 Year Projected Required Expenditure (2019 to 2028)							\$26,503
Annual Average 10 year Funding Gap (2019 to 2028)							-\$9,438
<i>All dollar values are in (\$'000)'s</i>							

* Total available funds have been based on the Transport Asset Management Plan 2018 to 2037 and have not been updated to reflect any changes to budgets since May 2017.

** -ve = shortfall, +ve = surplus

Option C – Recommendations from Road Network Consultative Group

At the RNCG meeting held on 12 October 2017, the following recommendations were agreed to by the RNCG as a way forward for technical LoS for the road network.

Recommended Level of Service based on road hierarchy:

- *Local A and B roads – Self help, limited grading for safety only, permanent road closures and no gravel sheeting unless part of self help*
- *Collector Roads – Self help, road analysis of critical points to determine gravel sheeting and causeways upgrades program, grading program, load limits and self-help policy*
- *Sub Arterial and Arterial Roads – Self help and sealing all roads*

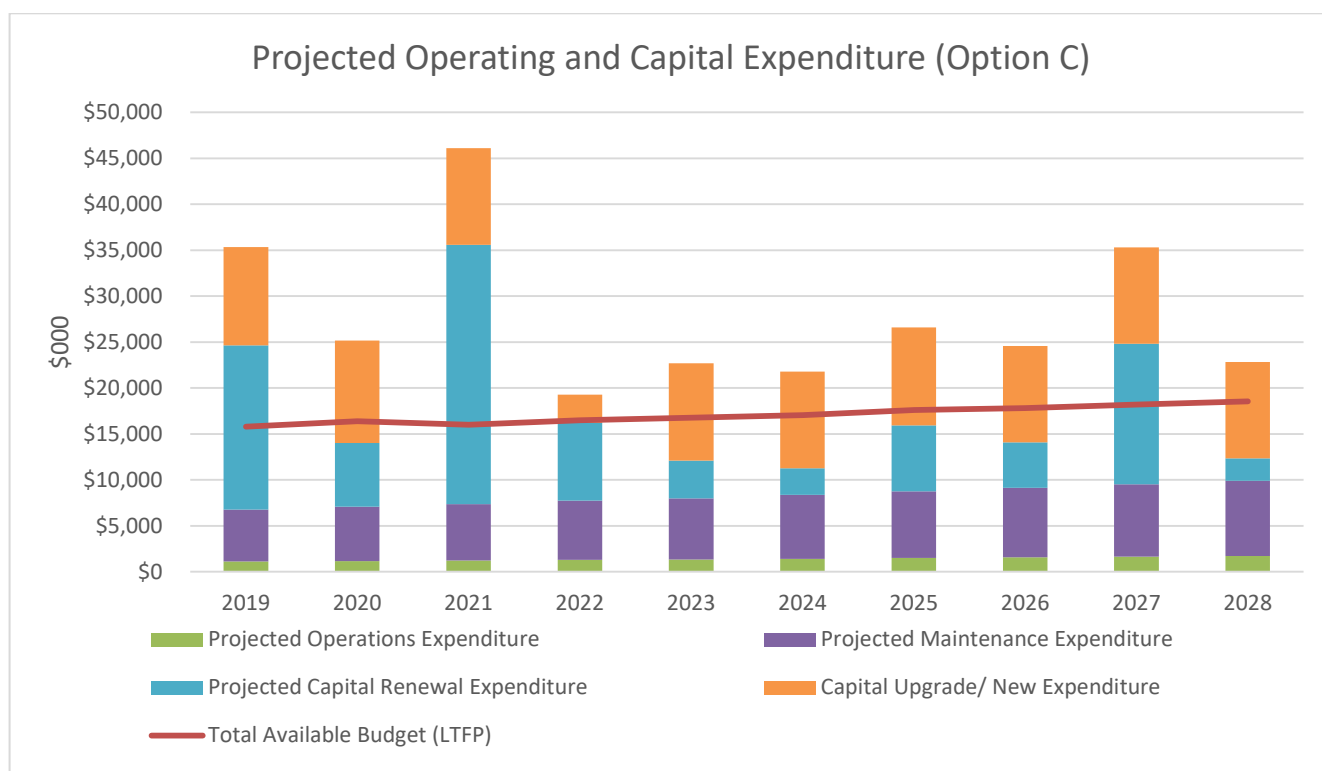
In considering the strategic direction for the Shire's road network, Council should consider the impact of adjusting the rural road network LoS to reflect the following as guided by the recommendation from the RNCG:

- a. Local A and B rural roads be addressed by
 - i. self help applications
 - ii. grading of unsealed roads only where there is unacceptable safety risk
 - iii. support permanent road closures where there is no long term detrimental impact to Council or neighbouring properties
 - iv. no gravel re-sheeting unless it is part of an approved self help application
- b. Collector rural roads be addressed by
 - i. self help applications
 - ii. gravel re-sheeting at identified critical points only
 - iii. no gravel re-sheeting unless it is part of an approved self help application or at identified critical points
 - iv. annual implementation of the causeways upgrade program
 - v. annual implementation of the grading program
 - vi. implementing load limits on some roads
 - vii. no new sealing of roads unless it is part of an approved self help application
- c. Sub Arterial and Arterial rural roads be addressed by
 - i. self help applications
 - ii. program to seal all sub arterial and arterial rural roads

Council may choose to increase the LoS over the next 10 years (commencing 2019 financial year) by implementing an arterial and sub arterial sealing program (375km over 10 years) and continuing the causeway upgrade program (\$350,000 per year). The impact will be approximately an annual projected expenditure increase from \$17.4 million to \$28 million to the transport assets over the 10 ten year period.

Council has approximately \$17.1 million allocated to this asset class annually, therefore an increase in LoS would mean an average annual funding shortfall of \$-10.9 million for the transport assets. Projected expenditure required to provide this LoS compared with planned (budgeted) expenditure is shown in more detail in the graph below and the following table.

Figure 3. Projected Operating and Capital Expenditure (Option C)



Option C - Recommendations from Road Network Consultative Group							
Year	Total Available Budget (LTFP)	Projected Operations Expenditure	Projected Maintenance Expenditure	Projected Capital Renewal Expenditure	Capital Upgrade/ New Expenditure	Total Projected Required Expenditure	Funding Gap
2019	\$15,795	\$1,111	\$5,666	\$17,873	\$10,687	\$35,337	-\$19,542
2020	\$16,379	\$1,167	\$5,933	\$6,923	\$11,140	\$25,163	-\$8,784
2021	\$15,987	\$1,237	\$6,141	\$28,207	\$10,500	\$46,085	-\$30,098
2022	\$16,483	\$1,306	\$6,443	\$8,448	\$3,089	\$19,286	-\$2,803
2023	\$16,785	\$1,352	\$6,630	\$4,126	\$10,595	\$22,703	-\$5,918
2024	\$17,053	\$1,424	\$6,939	\$2,906	\$10,500	\$21,769	-\$4,716
2025	\$17,601	\$1,496	\$7,251	\$7,182	\$10,675	\$26,604	-\$9,003
2026	\$17,807	\$1,570	\$7,568	\$4,938	\$10,500	\$24,576	-\$6,769
2027	\$18,198	\$1,645	\$7,886	\$15,283	\$10,500	\$35,314	-\$17,116
2028	\$18,562	\$1,707	\$8,185	\$2,445	\$10,500	\$22,837	-\$4,275
Average Annual 10 Year	\$17,065	\$1,402	\$6,864	\$9,833	\$9,869	\$27,967	-\$10,902
Annual Average 10 Year LTFP Budget (2019 to 2028)							\$17,065
Annual Average 10 Year Projected Required Expenditure (2019 to 2028)							\$27,967
Annual Average 10 year Funding Gap (2019 to 2028)							-\$10,902
<i>All dollar values are in (\$'000)'s</i>							

* Total available funds have been based on the Transport Asset Management Plan 2018 to 2037 and have not been updated to reflect any changes to budgets since May 2017.

** -ve = shortfall, +ve = surplus

Causeway Upgrade Program

In the 2017 financial year Council initiated the Causeway Upgrade Program and it is currently in its second year. This was a recommendation from the RNCG that Council agreed was a positive step forward for the rural road network.

The following is the draft Causeway Upgrade Program for the next 10 years based on \$900,000 for the 2018 financial year and approximately \$350,000 every year thereafter. The schedule will change as construction costs, site design constrictions and Council priorities change.

Year	Number of Causeways	Road Number	Length (m)	Width (m)	Cost
2017/2018	9	SR109 Gurley Creek SR134 Mt Jerrybang SR139 Boo Boo Road SR113 Gravesend Road SR24 Sandholes SR132 Wongabindie	615m	8m	\$775,000 (\$100,000 allocated to finalise previous years works)
2018/2019	3	SR108 Burrington SR134 Mt Jerrybang SR24 Sandholes	205	8m	\$352,000
2019/2020	7	SR24 Sandholes SR109 Gurley Creek SR24 Sandholes SR113 Gravesend Rd SR123 Limebon Rd	295m	8m	\$371,000
2020/2021	3	SR109 Gurley Creek SR101 Terry Hie Hie SR24 Sandholes	255m	8m	\$321,000
2021/2022	4	SR24 Sandholes Road	250m	8m	\$314,440
2022/2023	3	SR24 Sandholes Road	255m	8m	\$320,729
2023/2024	4	SR24 Sandholes Road	275m	8m	\$345,884
2024/2025	4	SR24 Sandholes Road	270m	8m	\$339,595
2025/2026	4	SR24 Sandholes Road	255m	8m	\$320,729
2026/2027	6	SR24 Sandholes Road SR111 Mellburra Road SR123 Limebon Road SR102 Dolgelly Road	260m	8m	\$327,018
Grand Total	48		3,075m		\$3,867,612

2018 Financial Year Budget

In the current (2018) financial year, Council has allocated the following budget to be able to deliver the existing LoS. Any changes in the LoS that may come into effect before the commencement of the 2019 financial year will require a variation to this budget. Unsealed rural roads operational and maintenance budget allocation accounts for 36% of the total operational and maintenance budget for roads.

Capital Works	2018 Budget	% of Budget
Capital – Causeway Upgrade Program	\$900,000	8%
Capital – Kerb and Gutter (not part of rehabilitation works)	\$135,795	1%
Capital – Pathways	\$475,449	4%
Capital – Regional Roads	\$1,450,000	14%
Capital – Reseals	\$3,626,000	34%
Capital – Rural Road Rehabilitation	\$2,350,155	22%
Capital – Urban Road Rehabilitation	\$1,664,499	16%
Capital Total Budget	\$10,601,898	100%

Operational & Maintenance	2018 Budget	% of Budget
Operational & Maintenance – Bridges	\$60,000	1%
Operational & Maintenance – Regional Roads	\$1,060,313	18%
Operational & Maintenance – Rural Sealed Road <i>Includes: asset inspections, drainage, road surface repairs, gravel re-sheeting, shoulder maintenance, markings & furnishings, vandalism, emergency works, vegetation control/slashing/ tree maintenance and maintenance grading.</i>	\$1,133,000	19%
Operational & Maintenance – Rural Unsealed Road <i>Includes: asset inspections, drainage, road surface repairs, gravel re-sheeting, shoulder maintenance, markings & furnishings, vandalism, emergency works, vegetation control/slashing/ tree maintenance and maintenance grading.</i>	\$2,168,500	36%
Operational & Maintenance – Urban Sealed Road <i>Includes: asset inspections, road surface repairs, shoulder maintenance, markings & furnishings, cleaning & litter collection, kerb & gutter, footpaths, traffic islands, vandalism, emergency works, vegetation control/slashing/ tree maintenance and open drains cleaning</i>	\$1,605,440	27%
Operational & Maintenance Total Budget	\$6,027,253	100%

The above budget allocation does not form part of the calculations for Option A, B or C and should not be compared to the values given in those scenarios. The first budget year for the scenarios is the 2019 financial year.

Self Help Policy

The Self Help Policy (the **Policy**) was adopted by Council on the 24 August 2017. To support the Policy, a Self Help Procedure has been drafted and a copy was forwarded to all Councillors on 8 December 2017.

The Next Step

The next step is developing a 10 year Operational, Maintenance Expenditure and Capital Investment Plan (**Plan**) for the rural road network that can be used to inform the Transport Asset Management Plan, future budgets, support funding applications, support political lobbying activities and, if required, support future SRV applications.

FINANCIAL IMPACT TO COUNCIL

Depending on the LoS agreed will vary the level of financial impact. Further investigation and analysis will be required once there is any agreed change to the LoS.

STATUTORY AND POLICY IMPLICATIONS

Council is required under the *Local Government Act 1993 (NSW) (LG Act)* and the Integrated and Planning Framework (**IP&R**) to have sound asset management planning practices in place.

RISK IMPLICATIONS

Risks	Comments	Mitigation
That there is a community expectation that every road in the Shire should be either sealed or gravelled on a regular bases.	It is not financially possible for Council to seal or gravel every road in the Shire. The proposed changes in Option C means that only identified critical locations on collector roads would have gravel and all arterial and sub-arterial roads would be sealed.	Establish, monitor and review complaint management protocols around the road network.
That there is a community expectation that unsealed roads should be graded at least annually or when someone complains.	Option C means that Local A and B roads would only be graded when there is an unacceptable safety risk and this may upset some residents on these roads.	A suitable grading schedule implemented. Establish, monitor and review complaint management protocols around the road network.
That there is a community expectation that all rural roads will be suitable for the largest legal vehicle combination.	Option C means load limits would prevent the larger vehicle combinations from using specific roads.	Route assessments to determine the largest vehicle combination for the road or sections of road.
That there may be a community assumption that Council will use this information to apply for a SRV.	A SRV may be a considered funding strategy to fund any changes in the LoS, however any change in the LoS has to be agreed to in the first instance.	Regular communication eg. Media releases, information to the RNCG explaining the reasons why Council is undertaking this work.
If a changed LoS is implemented there may be a major change to the way Council delivers the service which will affect staff.	At this stage it is hard to predict what impact any change in LoS will have on staff.	Ensure the staff are involved in the process and implement a change management strategy as part of the process.
If the LoS is adopted and implemented there could be backlash from the community about not being consulted and that they deserve a higher LoS.	Unfortunately, not everyone is going to be happy with the agreed LoS. It is important that Council moves away from a reactive approach to a strategic planning approach to managing our road network ensuring our sustainability.	Regular communication eg. Media releases, information to the RNCG etc explaining the reasons why Council is undertaking this work and why the LoS was agreed to. Establish, monitor and review complaint management protocols around the road network.

Risks	Comments	Mitigation
		Have documented intervention levels.
Increase to the organisations infrastructure asset value. New assets are expected as a result of sealing arterial and sub arterial roads.		Continued implementation of sound asset management practices across the Council.

ASSET MANAGEMENT IMPLICATIONS

To be able to efficiently and effectively implement asset management planning practices Council should have an agreed LoS to strive for, a suitable plan for the operations and maintenance of the service that the asset provides in the community plus a capital investment plan to meet the agreed LoS and future demands. The Plan for the rural road network that will be used to inform the Transport Asset Management Plan and future budgets.

The Plan sets out the processes and activities that are required to ensure the value and purpose of the rural road network assets in delivering their service with a focus on keeping the roads in service.

Forward infrastructure planning through a Capital Investment Plan provides the opportunity to make informed and good decisions around the rural road network over the next 10 years. It will focus on addressing the agreed LoS and future freight demand needs of the Shire through the upgrade and creation of new assets (ie. sealing) and also outline the required renewal program.

PREVIOUS COUNCIL DECISIONS

17/06/33 RESOLVED (PRICE/CRAWFORD):

That the documents comprising the Resourcing Strategy be reviewed within 6 months of endorsement.

17/06/34 RESOLVED (PRICE/SMITH):

That the Level of Service for the Unsealed Road Network of the Moree Plains Shire is revisited including the Self Help Program Policy by 30 September 2017.

17/08/26 RESOLVED (PRICE/MONTGOMERY):

That in addition to the resolution 17/06/34, that Council revisit its level of service on the unsealed road network to enable all weather access (excluding major natural disasters such as floods) to all ratepayers and that Council consider hypothecating a set percentage of expenditure to the local road network.

ATTACHMENTS

Attachment 1 Questions received from Councillors

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Question	Response
<p>Can we find out how many hectares of rateable rural land we've got and how much it would [rate rise to cover the road short fall] cost per hectare? We need to know what the cost per hectare of any project is.</p>	<p>Council has approximately 1.69 million hectares of rateable farmland.</p> <p>Including the base rate, Council levied approximately \$14.9 million on Farmland properties in 2018. This is an average rate per hectare of approximately \$8.80.</p> <p>For every increase in the Farmland levy of \$1 million dollars this would result in an approximate increase of \$0.60 per hectare, or about 6.7%.</p>
<p>The Rural sealing program was based on, from memory, if a road had 55 vehicles/ day it was more economical to seal it than to keep gravelling. Has that number changed? What's the economic life of a bitumen seal against gravel? A lot of roads didn't get sealed in that program because they didn't have enough vehicles.</p>	<p>There is no "sweet spot" for the number of vehicles per day and at a base level, it is not cheaper to maintain seal. Maintenance cost is affected by many factors, including weather, topography, vehicle numbers and types of gravel.</p> <p>There may be some roads that will be cheaper to maintain if sealed, but these will need to be determined on a case-by-case basis. Other factors may need to be taken into consideration, such as redirection of traffic and reducing the LoS on other roads.</p> <p>It will still not be possible to seal all roads within the Shire due to their road usage. Any changes to the current LoS may mean however, that users of that road may have improved access from sealed roads within the vicinity.</p>
<p>I'd like to see some work done on the cost/km and the comparative options? For example, \$200,000/km for 8m seal Vs \$150,000 for a 6m seal [and including culvert upgrades]. If we could have some more work done on some imaginative options?</p>	<p>Depending on alignment, gravel haulage and pavement depth, we have an average unit rate for rehab of \$31.25/m².</p> <p>So for 8m = \$250K So for 6m = \$187.5K</p> <p>Technically, the difference in 8m and 6m wide equates to being able to do 5km of sealed compared to 6.5km. The regular reseals are also reduced in cost. Looking at an example like Millie Road, the edge failure due to lack of use makes it hard to justify sealing that extra metre on the edges. However, on other roads consideration for wider seal to assist in truck movements and reduced edge break can be justified depending on the AADT and Heavy Vehicle % of the road. On lesser roads, savings from using a narrower seal can be diverted elsewhere if the extra width is not required. Eg on Millie Road by reducing the seal width due to lower AADT and lower HV% Council would save \$300,000 once every 30 years and reseal savings every ten years of \$70,000. However, as a Council we must always remain mindful of the safety implications of a narrower road, particularly where there are trucks using the road. The focus of safety is becoming increasingly important in funding applications and justification.</p> <p>A 6m seal will always have a higher probability of edge break which increases the maintenance costs and potentially increases the</p>

Question	Response
	<p>frequency of rehabilitation.</p> <p>Staff time and resources is always required to investigate the AADT to determine average passing rates and to determine when an 8m seal is required versus a lesser width.</p>
<p>We work out all of these plans and try to do our very best and they're not forthcoming in funding? There is no way out of this without funding? Unless we are brave enough to borrow the money to seal these roads? Is that our only option? Fixing Country Roads seemed to be our best opportunity and we didn't get it? What's the way forward with this?</p>	<p>Moree Plains Shire Council already receive funding from the other levels of Government in the form of:</p> <ul style="list-style-type: none"> • Fixing Country Roads grants • Financial Assistance Grant • Repair Program Grant • Roads to Recovery Program (R2R) <p>Council's Finance Manager can comment further on the question of borrowing for road upgrades (see next question below).</p>
<p>If we assume that we are not going to get grant funding for Option 3, can we think about how else we would fund it? Do we need to borrow the money? If so what would it end up costing if we borrow with the current interest rates.</p>	<p>Funding options may include a combination of the following:</p> <ul style="list-style-type: none"> • Changing the LoS to other services which Council provides • Special Rate Variation • Loan funding • Self Help program to a minor extent <p>Generally banks will not approve loans where the loan term is going to exceed the estimated life of the asset for which you are borrowing for.</p> <p>Therefore as the proposed borrowings are dealing with either sealing or gravel resheeting roads, the maximum loan term we would be dealing with is approximately 10 years.</p> <p>The annual payments on a \$10m loan over 10 years would be approximately \$1.24m (\$810k principal and \$434k interest in the first year).</p>
<p>On the comparisons; the average annual spend is \$17,000,000 in capital and maintenance so we'd have to increase that by 9 or 10 million to make any real impact?</p>	<p>To be able to deliver Option B or C as outlined in this report, it would require an additional injection of funds of approximately \$9 to \$10 million annually. By adjusting the suggested LoS, Council is able to reduce this amount.</p>
<p>Is there the possibility of a joint partnership with the RMS to do something about these unsealed roads?</p>	<p>Council works closely with the Roads and Maritime Services (RMS) through a number of initiatives and committees such as:</p> <ul style="list-style-type: none"> • Local Traffic Committee • Grant funding opportunities • Heavy freight initiatives such as the Grain Harvest Management Scheme • Weight of Loads to preserve roads <p>The RMS provides some funding for regional roads and State highways, but there are currently no RMS funding opportunities for local roads.</p>
<p>QLD and WA have joint Road Groups? And they manage their roads a lot better. Is this something we should explore with our adjoining Councils? We could advocate together for road funding.</p>	<p>It is difficult to say that one government sector is managing their road network better than the other. As conditions, funding levels and traffic community needs vary widely across Australia it is not possible to compare one road network to another. What we do know is that all sectors are facing the hard realities associated with balancing the available funding for managing large road networks</p>

Question	Response
	<p>against the desired level of service from their communities.</p> <p>Nevertheless, Council has previously participated wherever possible through groups such as the Namoi JO and BROCC.</p> <p>Council is also part of the Australian Rural Roads Group (ARRG). Quoting from the ARRG website:</p> <p><i>The ARRG was founded in June 2010 by a number of rural local governments from around Australia tired of dealing with the local road funding and maintenance challenges and seeing no answers to the problem forthcoming from higher governments.</i></p> <p><i>The group's focus is on productivity – how can more productive investments be made in rural local road networks when grant funding does not consider or reward productivity at all? How can rural local governments fund more efficient road investments with dwindling populations of rural ratepayers, and little or no access to car park, fines and land development revenue that urban councils can draw on?</i></p> <p>Council does attempt to partner with our neighbouring Councils on road infrastructure projects. Some of the projects include:</p> <ul style="list-style-type: none"> • County Boundary Road • The forthcoming proposed Bruxner Highway Working Group • The Newell Highway Taskforce Committee
<p>How does the work that Mr Witherby is doing on the Transport Study inform this and which comes first?</p>	<p><i>Mr Witherby: As of today [14 December 2017] we have received the proposal back from CSIRO for the use of the transport model for the Shire-wide Transport and Intermodal Study. That model will actually support the development of the Asset Management Plan and will allow us to model the impacts of the different scenarios that Council is examining in terms of their benefit to transport. So a key aspect of that is that it will hopefully improve our strike rate in terms of putting projects up for grant funding because we will be using a nationally recognised model. It all fits together.</i></p> <p>Additionally, there are some known key road routes/priorities within our Shire that the ARRG has identified in addition to Council's road hierarchy.</p> <p>The Transport and Intermodal Study should reveal the potential for improvements to freight routes that include other Shires.</p>
<p>The problem with current policy is that people who are lucky enough to be on a bitumen road, they're fine forever but the service is declining for people on unsealed roads. Yet their rates are going up and up? This is the inequity in this system. We can't keep doing this, it devalues property.</p>	<p>Council is currently providing the best service for the road network that can be afforded to the community. Sometimes that LoS is not what the community expects and does not always provide equality to everyone on an individual property level. Unfortunately, Council does not have the funds to provide the same LoS on every road and currently maintains roads as per the agreed LoS in 2010.</p> <p>Further research is required to determine what level of impact road conditions have on the value of a rural property. Though anecdotal evidence suggests that a non all weather access road may make a property harder to sell, but a gravel or all weather access road does</p>

Question	Response																								
<p>Classic example is 7kms of reseal that was done east of Gurley in the last quarter of the year, we claimed that cost \$100,000/km because of the prep work. That at most would have cost \$30,000/km so where has the other money gone? We have this flat rate to maintain bitumen roads and it's not being controlled?</p>	<p>not necessarily add much value.</p> <p>The figures supplied below are the actual numbers supplied by the Finance Department for this particular example.</p> <p>The <u>reseal</u> cost was \$39,484.56/km for 7.04 km.</p> <p>There was considerable prep work for Segment 2 of these works. The <u>prep</u> was \$44,295.72/km along 4.21 km. This means that for Segment 2, the rate was \$83,780.28/km.</p> <p>The total cost of the works was:</p> <p>$(\\$39,484.56 \times 7.04) + (44,295.72 \times 4.21) = \\$464,456.28$</p> <p>Please note that costs vary within budget allocations due to factors such as the age and condition of the asset and traffic loading.</p>																								
<p>We currently generate 5.8 million in appreciation on roads, we've got another 5 million coming out of SRV, there's 10.8 mill in capital works yet the budget for capital works is 6.2 mill? So where is the rest of it going? The road network is subsidizing something else? Or the SRV isn't going to the roads.</p>	<table border="1" data-bbox="738 808 1554 1223"> <tr> <td>Council funded road expenditure 2010</td> <td>\$4.45m</td> </tr> <tr> <td>Add: Additional income from SRV 2018</td> <td>\$4.67m</td> </tr> <tr> <td>TOTAL MINIMUM REQUIRED EXPENDITURE 2018 AS PER SRV</td> <td>\$9.12m</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Budgeted Council funded road expenditure 2018 – Maintenance</td> <td>\$4.71m</td> </tr> <tr> <td>Budgeted Council funded road expenditure 2018 – Capital</td> <td>\$5.64m</td> </tr> <tr> <td>TOTAL COUNCIL FUNDED ROAD EXPENDITURE 2018</td> <td>\$10.35m</td> </tr> </table> <table border="1" data-bbox="738 1294 1554 1559"> <tr> <td>Budgeted Council funded road expenditure 2018 – Capital</td> <td>\$5.64m</td> </tr> <tr> <td>Budgeted externally funded road expenditure 2018 – Capital</td> <td>\$2.89m</td> </tr> <tr> <td>TOTAL ROAD EXPENDITURE 2018 - CAPITAL</td> <td>\$8.53m</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>ESTIMATED ROAD DEPRECIATION 2018</td> <td>\$5.40m</td> </tr> </table>	Council funded road expenditure 2010	\$4.45m	Add: Additional income from SRV 2018	\$4.67m	TOTAL MINIMUM REQUIRED EXPENDITURE 2018 AS PER SRV	\$9.12m			Budgeted Council funded road expenditure 2018 – Maintenance	\$4.71m	Budgeted Council funded road expenditure 2018 – Capital	\$5.64m	TOTAL COUNCIL FUNDED ROAD EXPENDITURE 2018	\$10.35m	Budgeted Council funded road expenditure 2018 – Capital	\$5.64m	Budgeted externally funded road expenditure 2018 – Capital	\$2.89m	TOTAL ROAD EXPENDITURE 2018 - CAPITAL	\$8.53m			ESTIMATED ROAD DEPRECIATION 2018	\$5.40m
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<p>Looking at the figures in this report you'd need to have a 50% rate rise? That's just not sustainable.</p>	<p>Council's Operational Plan and Budget 2017/2018 outline examples of potential rate rises.</p>																								

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