

## 15. Wheatbelt Secondary Freight Route Project – Request for Funding Allocation

### Administration



<b>Responsible Officer:</b>	Greg Powell, CEO
<b>Author:</b>	Melissa Ivanetz, EA to CEO
<b>Legislation:</b>	<i>Local Government Act 1995; Main Roads Act 1930</i>
<b>File Reference:</b>	TT/17/3
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	

#### Purpose of Report



Executive Decision



Legislative Requirement

#### Background

The Wheatbelt Secondary Freight Network (WSFN) network comprises 4,400km of Local Government managed roads that connect with State and National highways to provide access for heavy vehicles into the region. These roads are intended to enable large, high productivity trucks safe and cost effective access to business.

The project is being driven by local government authorities with a Working Group established consisting of representatives from the following organisations:

- Wheatbelt North Regional Road Group (WN RRG)
- Wheatbelt South Regional Road Group (WS RRG)
- WA Local Government Association (WALGA)
- Regional Development Australia - Wheatbelt (RDA-W)
- Main Roads WA-Wheatbelt Region (MRWA-WR)
- Wheatbelt Development Commission (WDC)

Over the last 2 years, 42 Local Government authorities across the region have collaborated to identify priority routes and have also participated in a technical data collection process, preparation of a pre-feasibility business case and a cost benefit analysis of the planning process. The in-kind investment by local government to date is estimated to be in excess of \$750,000. The process has been

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an excellent example of a large number of local governments working together on a common strategic regional priority. The key undertakings of the project so far are:

1. Identification of nominated WSNF roads based upon a simple criteria developed by RRG.
2. Determination of basic project framework and minimum design standards.
3. Road condition assessment against minimum design standards.
4. High level scope of works and order of magnitude costs for upgrades required.
5. A summary of data collection and assessment across the 42 local of governments is:

	<b>Route Length (km)</b>	<b>Proposed Works (km)</b>	<b>Proposed Length (%)</b>	<b>Indicative Costs (\$)</b>
<b>TOTAL</b>	4,337	2,851	66	\$ 493,000,000

This initial approach was to assist the Working Group to work towards an Infrastructure Australia Stage 3/4 submission for inclusion of the WSNF project on the Infrastructure Australia Infrastructure Priority List (IPL). The long term goal is to obtain funding support for a broadly estimated, \$500 million capital works program over 10 - 20 year timeframe to bring the network up to a fit for purpose standard for current and anticipated future needs. The group is working towards submitting an IA Stage 4 Business Case submission for the WSNF. The project development costs associated with the business case submission are estimated to be \$5M, which is in the order of 1% of the estimated capital investment.

The following provides an outline of the proposed budget and funding applications that were submitted to assist with the development and planning stages the WSNF project.

<b>Stages</b>	<b>Budget and Funding Sources</b>
<b>Stage 1 – Strategic Planning</b>	<b>\$1,000,000</b>
<ul style="list-style-type: none"><li>▪ Design Criteria and Objectives</li><li>▪ Options Assessment</li><li>▪ Collated Data Review</li><li>▪ Multiple Criteria Assessment</li><li>▪ Staging Plan</li></ul>	<ul style="list-style-type: none"><li>▪ BBRF (\$750K)</li><li>▪ LGA co-contribution (\$250K)</li></ul>

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<b>Stage 2 – Detailed Planning</b>	<b>\$3,600,000</b>
<ul style="list-style-type: none"> <li>▪ Concept Design Investigations</li> <li>▪ Preliminary Design Investigations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Commodity Route (\$1M)</li> <li>▪ LGA in-kind</li> </ul>
<b>Stage 3 – IA Stage 3/4 Submission</b>	<b>\$400,000</b>
<ul style="list-style-type: none"> <li>▪ Project Management</li> <li>▪ Governance Plan</li> <li>▪ Business Case Development</li> </ul>	<ul style="list-style-type: none"> <li>▪ REDS (\$100K)</li> <li>▪ LGA in-kind</li> </ul>
	<b>\$5,000,000</b>

### Building Better Regions Fund (BBRF) submission

The Building Better Regions Fund (BBRF) submission is only intended to contribute towards funding activities associated with Stage 1 – Strategic Planning at an estimated budget of \$1M.

Funding and the associated BBRF application can be summarised as follows:

- Budget
  - Total Cash \$1M
- Funding
  - BBRF \$750K
  - LGA cash co-contribution \$250K.

This strategic planning work will inform the strategic allocation of road capital works funding provided to LGAs in the region, the economically optimal sequence for developing the network and ensure that roads are designed and constructed to an optimal standard from a ‘whole-of-life’ asset management perspective. The detailed planning exercise is expected to achieve a net benefit in the order of \$20 million based solely on the benefits gained from freight route prioritisation.

### Commodity Freight Roads Fund (CFRF)

The Commodity Freight Roads Fund submission is intended to contribute towards funding of activities associated with Stage 2 – Detailed Planning. This will specifically entail \$1M for consultants to undertake Preliminary Design Investigations. The remainder of Stage 2 is intended to be undertaken via in-kind by local governments and other funding sources currently being investigated, should they become available.

### Regional Economic Development (RED) Grant

The Regional Economic Development (RED) Grants submission is intended to contribute towards funding activities associated with Stage 3 – IA Stage 3/4 Submission. This will specifically entail \$100K for a Lead Consultant to undertake project management. The remainder of Stage 3 is intended to be undertaken via

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in-kind by local governments and other funding sources being investigated should they become available.

### Major Project Business Case Fund (MPBCF) Initiative

The Australian Government is investing \$100 billion over 10 years from 2019–20 through its rolling infrastructure plan to help manage our growing population, meet our national freight challenge and get Australians home sooner and safer. This includes \$250 million allocated to the Major Project Business Case Fund (MPBCF) initiative. Projects with clear strategic merit that has:

- Engagement in the project planning stage
- View of future priorities
- Ready to invest to enable economic activity
- Address nationally significant deficits in the transport system
- Drive economic productivity growth and liveability in cities and regions through transport infrastructure investment

The WSFR Working Group sees the \$5M sought for the Stage 4 IA submission for this regionally significant project as an ideal candidate for the MPBCF.

### Roads of Strategic Importance (ROSI) Initiative

The Australian Government will invest \$4.5 billion, including \$1 billion of additional funding committed in the 2019-20 Budget, to the Roads of Strategic Importance (ROSI) initiative to help connect regional businesses to local and international markets, and better connect regional communities. ROSI has the following principles:

- Key freight corridors that connect primary agricultural areas and mining resource regions to ports and other transport hubs.
- Support communities along the corridors and provide better access for tourists and other road users
- Characterised by narrow sections of road, low capacity bridges and deteriorating pavements,
- Constrains the productivity and efficiency of freight movements.
- Catalyse economic activity and improve access to communities and tourist attractions.

From an estimated total of \$500,000,000 in funding the Working Group sought \$125,000,000 over the next 3 years for the delivery of the first stage of capital works.

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The Working Group put in separate funding submissions for each of the abovementioned funding sources for the various stages of the project. The project has been successful in obtaining funding from the following sources:

- ROSI initiative funding ()
  - Stage 1 Priority Works – Wheatbelt Secondary Freight Network.
  - The Australian Government has committed \$70 million towards the project.

“Upgrades will be prioritised based on linkages to state and national roads and highways and the rail network. Consideration will also be given to links to six ports and two livestock centres, as well as regional and metro grain receival sites, accessed by the producers of the Wheatbelt region.

Benefits of the project include:

- improve road safety
- improve freight efficiency, connectivity and travel time
- ensure consistent Restricted Access Vehicles (RAVs) ratings across the network, which will provide improved access for agricultural and mining regions to transport hubs”

- RED Grants (Supported by the WA State Government’s Royalties for Regions Program)
  - Lead Consultant Project Coordinator – Wheatbelt Secondary Freight Network.
  - \$100,000.

“The Lead Consultant will form part of the Project Management Team and work with the member organisation Working Group.

The Lead Consultant - Project Management is an integral key to successful project delivery. The complexity and scale of this project is significant and well beyond the technical and financial capabilities of the Wheatbelt shires on an individual basis. Engaging a Lead Consultant – Project Management with the skills and expertise required to work with all technical consultants and the PMT will ensure a cohesive collaborative environment is established for optimum outputs.

The project is planned to be managed via oversight from the WSFR Steering Committee with a nominated Project Manager and the Project Management Team (PMT) representing the WSFR.

Lead Consultant – Project Management will direct the work of the external technical consultants and will be the main contact for communication between the Project Management Team and external consultants.

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The WSNF Project will require the specialised skills of a range of external technical consultants. Key areas of technical expertise identified for the project are:

- Civil Design
- Surveying
- Environmental
- Economic Assessment”

Previously 42 local governments were asked to financially contribute to the WSNF project via a budget allocation of \$6,000 which was proposed to be part of a co-contribution towards BBRF. With the unsuccessful BBRF bid, it is proposed that the \$6,000 in financial contributions from each of the 42 local governments totalling \$252,000 be allocated to combine with the RED funding of \$100,000 to become project management pool of approximately \$350,000. This would contribute towards the overall project management requirements associated with the delivery of Stage 1 Priority Works over the course of an estimated 3 year delivery timeframe. Funding would contribute towards the following nominal requirements:

- Project Coordinator
  - Nominal \$60,000 per annum (\$180,000 across 3 years)
- Project Administration and Communications Officer.
  - Nominal \$20,000 per annum (\$60,000 across 3 years)
- Technical Consultancy Resources
  - Nominal \$100,000.

	<b>Comment</b>
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This matter was considered at its Ordinary Meeting held on 21 August 2018 where it was resolved:

**That:**

- 1. the Secondary Freight Routes Project Development Report be noted;**
- 2. the strategic intent of the Secondary Freight Routes project be supported;**
- 3. the Chief Executive Officer prepare and sign a letter(s) of support in favour of funding application(s) to develop the Secondary Freight Route project; and**
- 4. an in principle allocation of \$6,000 be included in the 2019/20 Budget as a co-contribution to the Secondary Freight Route project, subject to a successful application to the Building Better Regions Program.**

**CARRIED BY ABSOLUTE MAJORITY 6/0**

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With the recent announcement of Commonwealth funding for the project and the need to progress work to secure additional funding from the State the matter has required further reconsideration.

To ensure consistency across all Local Governments involved in this project a standard agenda item has been prepared for consideration by all Councils for the sake of uniformity.

	<b>Policy Implications</b>
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Nil

	<b>Statutory Implications</b>
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The *Main Roads Act* 1930 will be applicable to any works and funding involved in the project application be successful

	<b>Strategic Implications</b>
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➤ <b>Strategic Community Plan</b>
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Zone:	Zone 6 – Transport and Networks
Zone Statement:	Merredin provides transport networks that connects it locally, nationally and internationally
Key Priority:	6.1 – Developing and maintaining a road hierarchy and providing an appropriate level of service for the road network

➤ <b>Corporate Business Plan</b>
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Key Action:	6.1.2 – Advocate for improved road infrastructure networks across the region
Directorate:	Engineering Services
Timeline:	Ongoing

	<b>Sustainability Implications</b>
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➤ <b>Strategic Resource Plan</b>
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Nil

➤ <b>Workforce Plan</b>
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Directorate:	Nil
Activity:	Nil
Current Staff:	Nil
Focus Area:	Nil
Strategy Code:	Nil
Strategy:	Nil
Implications:	Nil

	<b>Risk Implications</b>
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There could be reputation implications to Council should it decide not to contribute to the project

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If the application is successful and Council has not contributed there will be implications on the loss of the resources able to be allocated to the roads applicable.

#### **Financial Implications**

Nil. An allocation will be included in the 2019/20 draft Budget

#### **Voting Requirements**



Simple Majority



Absolute Majority

#### **Officer's Recommendation**

**That Council:**

- 1. Continues to support the strategic intent of the Wheatbelt Secondary Freight Network Project;**
- 2. Authorises the Chief Executive Officer to prepare and sign a letter of support that endorses the allocation of \$6000 in the 2019/2020 budget to co-fund the project management of the Wheatbelt Secondary Freight Network in combination with the WA State Government's \$100,000 of Regional Economic Development Grant funding, as part of the delivery of its Stage 1 Priority Works.**