

ROADS FOR THE COMMUNITY UPDATE

Report Author: Executive Officer - Roads for Community Initiative
Responsible Officer: Director Built Environment & Infrastructure
Ward(s) affected: (All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

On 24 September 2019 Council considered a report on the Federal Government Road Construction Funding Initiative and Addendum to Special Rate and Charge Scheme Policy for Infrastructure improvements.

The report summarised a \$150 Million Federal Government funding initiative for Yarra Ranges Council to seal roads within the Dandenong Ranges and surrounding areas, announced as part of the 2019 Federal Budget. The report prioritised a list of approximately 187 km's of roads to be sealed based on the funding and estimated road construction costs at the time.

The report referenced landowner contributions to roads sealed under the funding initiative be fixed at \$7,000 per development unit, while also presenting a priority list of unsealed roads for construction for Council endorsement.

On 10 January 2023 Council received formal notification dated 19 December 2022, from the Federal Government that the \$150 Million Federal Government funding initiative would be reduced with Council only receiving total funding in the program of \$47.656 Million (\$47.7M).

As a result of these funding cuts, Councils ability to construct all roads on the endorsed priority list will not be possible.

This report considers what projects can be delivered based on the funding available in the program and where projects have been committed. It will also examine the future direction of prioritising roads for construction that are not able to be constructed from the available funding.

Council will continue to advocate for the Roads for the Community Initiative funding to be reinstated as one of our priority initiatives. Council Officers are working collaboratively with the Cardinia Shire Council on a campaign and have made submissions to the Australian Government's budget process to request that the funding be restored so residents can have their road sealed as planned.

RECOMMENDATION

That

- 1. The budget for works in the Roads for Community Initiative be allocated based on the available funding of \$55,404,270 from the Federal Government funding provided to the program and Landowner contributions only.**
- 2. Council consider a report at a future meeting prior to 1 July 2023 to modify the payment dates for seven Special Charge Schemes that will proceed to construction, but will not begin delivery when the Special Charge Scheme is levied on 1 July 2023.**
- 3. Council consider a report at a future meeting prior to 1 July 2023 to discontinue six Special Charge Schemes that do not currently have funding in the Roads for the Community Initiative. Landowners that form part of the schemes are also advised of Councils intention to discontinue the schemes in an update letter.**
- 4. To assist with the prioritisation of the delivery of road sealing projects that fall outside the Roads for the Community Initiative funding or where landowner petitions for road sealing are received by Council and to support future funding submissions and advocacy, Council officers prepare a revised priority list of road sealing projects and a proposed amendment to Councils Special Charge Scheme Policy to be presented to Council at a future Forum meeting, taking into consideration the following criteria:**
 - (a) Length of road and abutting number of properties**
 - (b) Volume of traffic**
 - (c) Grading frequency**
 - (d) Number of reactive road and stormwater maintenance requests**
 - (e) If a landowner petition for sealing the road had previously been received by Council**
 - (f) Landowner and Council funding mix for road sealing projects**

RELATED COUNCIL DECISIONS

At its meeting on 24 September 2019, Council considered a report regarding the Federal Government Road Construction Funding Initiative and adopted recommendations including:

Council endorsed the roads listed in Attachment 1 (of that report) for construction utilising the Federal Government funding initiative; and

Landowner contributions to road construction projects funded by the Federal Government funding initiative be fixed at \$7,000 per development unit.

This report has been published on Council's website and is available by searching the Agenda for the 24 September 2019 Ordinary Meeting:

https://www.yarraranges.vic.gov.au/Council/Council-meetings/Minutes-and-agendas?dlv_OC%20CL%20Public%20Meetings=%28pageindex=4%29

DISCUSSION

Purpose

To seek Council support for the funding allocation to the Roads for the Community Initiative and to provide direction for any declared special charge schemes currently not funded for construction in the program.

To seek Councils feedback regarding the preparation of a revised priority list of road construction projects, as a result of projects no longer being able to be delivered in the Roads for the Community Initiative.

Background

On 10 January 2023, Council officers received formal notification of the final figure of funding to be provided by the Federal Government to Councils Roads for the Community Initiative. This figure was \$47.7M, which is not even a third of the original announcement of the program.

Following on from this notification, Council officers have undertaken the following activities relating to the program:

- Provided landowner update letters for projects that are not proceeding to construction based on the available funding left in the program.
- Further communications have been provided to the community regarding the impact of the funding cuts, including media releases and updates to information contained on Council's website
- Council in partnership with Cardinia Shire Council have prepared advocacy work for the reinstatement of the Federal Funding as part of the Roads for the Community Initiative. The advocacy work has included preparing a submission for reinstatement of funding in the upcoming Federal Budget.
- Both Yarra Ranges Council and Cardinia Shire Council met with the Hon. Bridget McKenzie (Shadow Minister for Infrastructure, Transport and Regional Development) to discuss the funding cuts. The shadow minister would also be advocating on both Councils behalf to have funding to this program reinstated.

This report examines how the remaining funding can be used to help deliver the already committed projects in the program and how any future road projects may be re prioritised.

Key Issues

From the announced cuts of Federal Funding to the Roads for the Community program, an assessment of all projects and their corresponding commitments was undertaken.

In summary the Roads for Community Program assessments includes:

- 61 projects with current contracted commitments (either design or construction) that the Federal Government funding is provided for.
- 13 projects with Special Charge Schemes declared in 2022 that the Federal Government funding was not provided for construction.

All projects with works currently underway, either in design or construction fall within the previously approved Federal Government funding agreement of \$98.5 Million.

The following tables break down the current expenditure or commitments for projects at different stages and the available funding provided to meet these commitments.

Expenditure and commitments

Completed

Description	Amount
Expenditure to date in program (March 2023)	\$22,966,836

Future expenditure from current commitments

Description	Amount
Remaining commitments from projects at Practical Completion (Refer to Attachment 1 - Projects delivered to date including roads sealed or at practical completion)	\$833,640
Commitments for projects in construction (Refer to Attachment 2 - Projects with current commitments for construction)	\$15,806,912
Projects with commitments in design stage (Refer to Attachment 3 - Projects currently with commitments for design)	\$859,076

Remaining commitments for staffing costs (Refer to Attachment 4 - Staffing commitments)	\$8,467,895
Total expenditure (current expenditure & future commitments)	\$48,934,359

Funding available to the program

Description	Amount
Total Federal Funding provided to Program	\$47,656,000
Landowner SCS funding from declared under construction	\$7,748,270
Total Available Funding received to date:	\$55,404,270

The comparison finds that there is a surplus of funding of \$6,469,911 in the program based on the estimated figures. This surplus in funds can be used to deliver further road sealing projects in the program from the priority list that Council have made a commitment to seal.

There are 13 projects that have had previously Council declared Special Charge Schemes that have no current commitment for the costs involved with their construction (Refer to Attachment 5 – Projects with special charge Scheme declared but no commitment for construction). The surplus funds in the program can be utilised to deliver a number of these projects until funding is exhausted. Based on cost estimates for works the following schemes could be delivered (delivery of projects was based on date order of special charge scheme declaration):

Council Declared Special Charge Schemes without Federal Government Funding

Scheme / Street Names	Special Charge Scheme Declaration Date	Estimated commitment required including 10% contingency	Landowner Contribution from Scheme	Available funding remaining in program
				\$6,469,911
Alpine Street, Cecil Street and Glenbrook Road, Warburton	14-June-2022	\$990,000	\$262,500	\$5,742,411
Emery Lane, Montrose	13-September-2022	\$369,788	\$215,250	\$5,587,873
Welham Road, Mooroolbark	13-September-2022	\$332,163		\$5,255,710
Bretby Way, Montrose	27-September-2022	\$472,548		\$4,783,162
Alfred Street, John Street, Wandin North	27-September-2022	\$1,884,273	\$493,500	\$3,392,390
Tainton Street, Railway Parade, Wandin North	27-September-2022	\$1,753,988	\$339,500	\$1,977,902
Cedar Court, Burns Way (Includes harvest Close), Loch Avenue, Mayview Drive, Monbulk	27-September-2022	\$1,615,429	\$423,500	\$785,973

The table indicates a surplus of \$785,973 based on estimated costs to deliver each road project inclusive of a contingency amount. On completion of projects an overall reconciliation of costs will be undertaken and any additional savings will be utilised to fund prioritised road sealing projects.

Future direction for road sealing

Without any further funding provided to the RCI program, it will be necessary for a review of Council's Special Charge Scheme policy to occur. This review will need to examine Council's priorities for sealing roads and at what level of funding Council would provide to projects in comparison to landowners.

There are currently 19 landowner petitions that Council has received requesting for roads to be sealed. These petitions will require investigation and a response based on the future Council direction for road sealing. The received petitions are as follows:

Road	Suburb	Ward	Date Petition Received	RCI Listed project (Year)
Breen Terrace Group	Ferny Creek	Streeton	26/04/16	2026/27
Gerratts Avenue	Upwey	Streeton	26/07/16	2025/26
Warra Road	Upwey	Streeton	22/11/16	2024/25
Nigel Court	Badger Creek	Ryrie	24/01/17	2026/27
Wilkilla Road	Mount Evelyn	Chandler	11/04/17	2023/24
Launching Place Primary School Group	Launching Place	O'Shannassy	30/05/17	2023/24
Edward Street	Wesburn	O'Shannassy	10/01/18	2023/24
Pavitt Lane	Kilsyth	Streeton	20/03/18	N/A
Wanda Avenue & part Darinda Ave	Wandin North	Chandler	23/03/18	2024/25
William Road	The Patch	Lyster	2/11/18	2027/28

Road	Suburb	Ward	Date Petition Received	RCI Listed project (Year)
Selby Road	Worri Yallock	O'Shannassy	26/02/19	2023/24
Clements Avenue & Verona Street	Belgrave South	Lyster	9/04/19	2024/25
Paynes Road (Warburton Hwy to 9 Paynes Rd)	Seville	Chandler	25/06/19	2025/26
McNamaras Road	Millgrove	O'Shannassy	23/07/19	N/A
Knolls Lane	Silvan	Chandler	20/05/2020	N/A
Brumfield Road & Bonnies View	Healesville	Ryrie	1/04/2022	N/A
Roach Road	Lilydale	Billanook	19/05/2022	N/A
Wiseman Road	Silvan	Chandler	1/11/2022	N/A
Wedderburn Crescent	Mount Evelyn	Billanook	1/02/2023	2023/24

The Wedderburn Crescent petition was received following advice to landowners that this project would no longer be funded under the RCI program. Council officers will provide a response to the petitioner advising of the process going forward for this project in line with Councils review of its SCS policy.

Council would also need to consider what its intent is for sealing roads into the future and also determine funding sources and priorities to meet this objective.

Council may also undertake road sealing projects outside of the RCI program and Special Charge Scheme process where there is an identified need or broader benefit to the community.

Options considered

Option 1

From the available funding of \$55,404,270 from RCI and Landowner contributions from completed projects in the program the following actions would be undertaken.

- Deliver current committed projects in design and construction;
- Begin tendering the 7 earliest declared Special Charge Schemes based on the table “Council Declared Special Charge Schemes without Federal Government Funding”. The tendering of these 7 schemes would be undertaken in the order that they were declared by Council. From project estimates there will be a further 6 Special Charge Scheme projects unable to be delivered due to insufficient funds able to meet the estimated cost of works;
- Prepare a report to council to consider varying the payment dates of 7 Special Charge Schemes from 1 July 2023 to 1 July 2024. This will assist in the delivery of these works commencing before charges to properties occur;
- Prepare a report to Council to consider discontinuing 6 Special Charge Schemes that are not able to be delivered with the estimated available funding in the RCI program; and
- Council officers are to prepare a re-prioritised list of roads for construction based on a criteria. The criteria proposed to re prioritise roads would include:
 - Length of road and abutting number of properties;
 - Volume of traffic;
 - Grading frequency;
 - Number of reactive road and stormwater maintenance requests;
 - If a landowner petition for sealing the road had previously been received by Council; and
 - Landowner and Council funding mix for road sealing projects

The re-prioritised lists of roads would need to be presented to Council at a future Forum meeting for discussion along with proposed amendments to Councils Special Charge Scheme Policy.

Option 2

Based on the available funding of \$55,404,270 from RCI and all Landowner contributions and seeking additional \$3,327,318 funds from future unallocated Roads to Recovery Grants in the program the following actions would be undertaken.

- Deliver the current committed projects in design, construction and complete the delivery of projects that have had a Special Charge Scheme even if yet to be tendered;
- Any newly available external funding sources followed by Councils unallocated Roads to Recovery funding from years 2024/25 onwards would be provided to the RCI program to top up any shortfall required to complete all declared Special Charge Schemes to date;
- Prepare a report to council to consider varying the payment date to landowners of 13 Special Charge Schemes that are to be levied on 1 July 2023. The payment plan would allow for payments to commence on 1 July 2024. This will assist in the delivery of these works commencing before payments from these properties are due; and
- Council officers would need to create a re prioritised list of roads for construction based on a criteria. The criteria proposed to re prioritise roads would include:
 - Length of road and abutting number of properties;
 - Volume of traffic;
 - Grading frequency;
 - Number of reactive road and stormwater maintenance requests;
 - If a landowner petition for sealing the road had previously been received by Council; and
 - Landowner and Council funding mix for road sealing projects

The re-prioritised lists of roads would need to be presented to Council at a future Forum meeting for discussion along with proposed amendments to Councils Special Charge Scheme Policy.

Option 3

From the available funding of \$55,404,270 from RCI and Landowner contributions from completed projects in the program the following actions would be undertaken.

- Deliver current committed projects in design and construction;
- Discontinue the 13 Special Charge Schemes that have been declared but have yet to have works tendered. This would require a formal report to Council and advice to these landowners;
- Council officers would re prioritise the list of roads not included for construction based on a criteria and utilise any remaining funds in the program to deliver the highest priority roads via landowner funded Special Charge Schemes;

- Council officers would re prioritise the list of roads not included for construction based on a criteria. The criteria proposed to re prioritise roads would include:
 - Length of road and abutting number of properties;
 - Volume of traffic
 - Grading frequency;
 - Number of reactive road and stormwater maintenance requests;
 - If a landowner petition for sealing the road had previously been received by Council; and
 - Landowner and Council funding mix for road sealing projects
- The re-prioritised lists of roads would need to be presented to Council at a future Forum meeting for discussion along with proposed amendments to Councils Special Charge Scheme Policy;
- A number of Declared Schemes may still be considered a priority based on the assessment criteria and these may subsequently remain declared or abandoned and started again;
- Discontinuing Declared Schemes does include the risk that owners who are liable may in the future vote against a scheme, and these may fail at the first round of questionnaire. There are also timing, delay and resource issue to discontinue and start again; and
- The estimated budget available to fund the re-prioritised list of roads is approximately \$6,469,911 plus additional Landowner contributions once a specific scheme is declared (estimated at approx. \$2M) .

Recommended option and justification

It is considered that the option to utilise only funding generated within the RCI program to deliver projects within the program, provides the least impact financially to Council.

FINANCIAL ANALYSIS

Council's previous contribution to projects within this program was via the Federal Governments funding for Sealing Roads in the Dandenong Ranges and surrounds.

The Federal Government has reduced funding from the RCI Program from \$150M to \$47.7M.

Based on the recommended Option 1 being adopted and the 7 declared Special Charge Schemes being constructed, there is no additional Council funding required to be allocated to this program.

APPLICABLE PLANS AND POLICIES

The construction of local roads as a Special Charge Scheme meets the *Council Plan 2021-2025* strategic objective of Quality Infrastructure and Liveable Places. Local road construction also has benefits related to the strategic objective of a Vibrant Economy, Agriculture and Tourism.

Council's *Special Rate and Charge Policy for Infrastructure Improvements* sets out in detail the procedures for managing Special Charge Schemes.

This project is part of the Federal Government's sealing roads within the Dandenong Ranges and surrounding areas program.

RELEVANT LAW

Special Charge Schemes for Infrastructure Improvements are implemented under the Special Charge provisions of the *Local Government Act 1989*.

Council when considering a Special Charge Scheme is required to advertise the proposal and invite submissions from the public as prescribed in 223 of the *Local Government Act 1989*.

Implementation of the works will be carried out under Sections 8 and 10 of the *Local Government Act 2020* which identifies the role and powers of Councils.

SUSTAINABILITY IMPLICATIONS

Economic Implications

The construction of roads in this program has majorly been undertaken utilising contractors from Councils Road Construction and Associated Works Panel. This panel was established with a majority of local smaller contractors which will help provide economic support to these local businesses.

Social Implications

Special Charge Schemes for road construction require sizeable contributions from abutting landowners. These contributions can lead to social and economic impacts for affected landowners. Council's Special Rate and Charge Policy for Infrastructure Improvements notes that those landowners with a demonstrated financial hardship may apply for assistance in accordance with Council's Rate Recovery and Financial Hardship Policy.

Environmental Implications

The sealing of local roads assists in reducing the impacts to the road condition from increased storm events, predicted as a result of climate change. Unsealed roads greatly deteriorate in condition following storm events creating an increased stress on service delivery for the unsealed road network.

Consideration is also given to the rate of flow of water into local creeks and impacts to water quality following the sealing local roads, sustainable treatment is prioritised, where possible within the catchment with measures such as grassy swales implemented as conditions allow.

As part of the construction of local roads, Council officers are continually investigating the increased use of recycled materials. In utilising recycled materials, officers consider the availability and location of materials, the quality of materials and overall cost to the project.

COMMUNITY ENGAGEMENT

Landowners of properties that abut projects within this program have been provided with update letters regarding the status of their project following the recent Federal Government funding cuts to the program.

There has been mainstream media on this matter, however, Council has been hesitant to engage until official notification was provided by the Federal Government on the reduced funding.

Council's process for initiating a Special Charge Scheme includes extensive consultation with landowners. It is proposed that Council liaises with landowner groups and provide an update on the status of the specific Schemes where consultation has occurred with the abutting owners and in accordance with the statutory process for the Special Charge.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Projects constructed under the Roads for Community Initiative have been jointly funded by the Federal Government and participating landowners.

The key principles of the program have been to construct unmade roads:

- Servicing schools, community facilities and sporting facilities;
- Within the urban growth boundary and township areas within Yarra Ranges;
- That significantly support bushfire risk and emergency situations to allow the community to safely exit areas of high risk;
- That support the growth and development of tourism across the municipality; and
- Where sections of high-volume rural roads intersect with collector/arterial roads

The uptake and support from community for these projects has been very strong. With the reduction of Federal Funding to this program, continued advocacy will need to be undertaken to try and have funding re-established and provide benefits of road sealing to the community.

Council will continue to advocate for the Roads for the Community Initiative funding to be reinstated as one of our priority initiative. Council Officers are working collaboratively with the Cardinia Shire Council on a campaign and have made submissions to the Australian Government's budget process to request that the funding be restored so residents can have their road sealed as planned.

RISK ASSESSMENT

Although the RCI program is a Federally Funded initiative, a decision not to proceed with a declared special charge scheme may impact on Council's reputation, community's confidence with government and the process.

It is important that Yarra Ranges and Cardinia develop a shared strategic approach to ongoing communication and advocacy on behalf of our local communities. This will minimise risk of confusion and angst in the community, and damage to Councils'

The sealing of unsealed roads would provide the following benefits/risk reduction to landowners:

- Continued and safer vehicular access to and from properties abutting the road.
- Improved stormwater drainage runoff control due to the reduction of road gravel washing out and blocking drainage paths.
- Enhanced physical and environmental amenity for abutting properties.

If the proposed construction of a road does not proceed, inspections and service reports/requests to Council will identify whether an unacceptable or unmanageable risk would be experienced by Council.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. Projects delivered to date including roads sealed or at practical completion
2. Projects with current commitments for construction
3. Projects currently with commitments for design
4. Staffing commitments
5. Projects with special charge scheme declared but no commitment for construction