



ATTACHMENTS

UNDER SEPARATE COVER

Ordinary Council Meeting

18 October 2022



NARRABRI SHIRE
DISCOVER THE POTENTIAL

Table of Contents

12.5	2022 StateCover WHS Self-Audit Report	
	Attachment 1 2022 StateCover WHS Self-Audit Report	4
12.10	Appointment of General Manager's Performance Review Panel 2022-2024	
	Attachment 1 Guidelines for the Appointment and Oversight of General Managers.....	21
	Attachment 2 LGNSW Performance Review facilitation Proposal.....	67
14.1	Coonabarabran to Mungindi Road Upgrade Project	
	Attachment 1 Letter of Request - 18 August 2022	76
	Attachment 2 PEECE Feasibility Assessment - June 2011	78
	Attachment 3 PEECE Business Case - June 2011.....	126

A photograph of a man with a beard and a woman in a high-visibility vest looking at a tablet together. The man is in the foreground, looking down at the tablet. The woman is behind him, also looking at the tablet. The background is blurred.

2022 WHS Self-Audit Report

Narrabri Shire Council

**Safety &
Wellbeing**
WITH StateCover

Contents

2022 WHS Self-Audit – Executive Summary.....	1
Introduction.....	3
Results summary.....	3
Detailed findings and recommendations.....	6
Section 1 – WHS Management System	6
Section 2 – Key priority areas.....	10
General recommendations	11
Disclaimer	12
Appendix: Audit result trends.....	13



2022 WHS Self-Audit – Executive Summary

StateCover's annual WHS Self-Audit helps our Members reduce the number and severity of worker injuries and illnesses, in turn reducing claims costs and workers compensation insurance premiums.

The audit guides Council through the evaluation and monitoring of your WHS management system and management of key hazards.

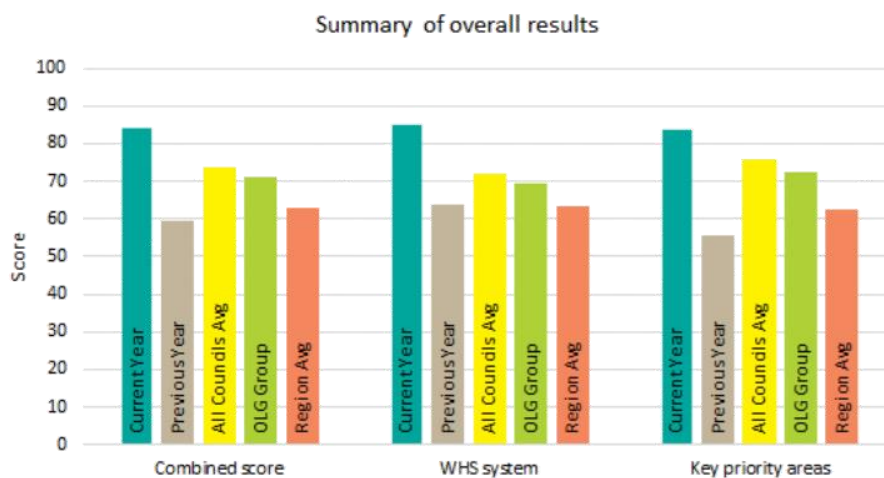
The results of this year's audit are summarised below.

Narrabri Shire Council's Overall WHS Performance 2022	84.6%	This score is above average when compared to the average score for all councils
Section 1: WHS Management System This section analyses how systematically WHS is managed within the organisation. An effective WHS Management system should be planned, integrated, and continually improved throughout the organisation.	85.2%	It is recommended that significant improvements are made to general WHS management system elements and their implementation, in particular: <ul style="list-style-type: none"> • Emergency preparedness • Document control • Record management
Section 2: Key Priority Areas This section identifies if priority WHS risks and hazards are effectively managed and controlled in accordance with regulatory requirements.	84.0%	It is recommended that work be done to identify, assess and control many hazards, in particular: <ul style="list-style-type: none"> • Quarries • Sun protection • Client and public violence • Hazardous chemicals

The following graph compares your overall performance score to the previous year, all councils, your region, and your OLG group.

This shows that your council has performed better than the previous year, is above average when compared to other councils from your region, and above average when compared to other councils from your OLG group.





In addition to the following detailed report, StateCover has provided a WHS Action Plan to assist Council to address all elements that scored **Poor** or **Fair** in a systematic way.

Introduction

StateCover's WHS Self-Audit audit is a mandatory annual continuous improvement activity used to get an overview of our Members' WHS systems.

We expect that the audit and report will help all councils to:

- Better understand their WHS performance in relation other comparable councils
- Track their improvement over time
- Prioritise WHS improvements
- Allocate sufficient resources
- Reduce injury and illness frequency and severity, therefore reducing cost of claims and workers compensation premium.

As part of our dedication to continuous improvement, we have strengthened the requirements of several elements to better reflect the due diligence obligations of top management, as required by WHS legislation.

Section 1 responses will not be directly comparable to last year's responses due to changes to these questions:

- 2A, 2B, 2C – WHS planning
- 3B, 3C, 3D – WHS risk management
- 13A – WHS audit
- 14A, 14B – WHS management review

Results summary

For Section 1 – WHS Management System you scored 85.2%.

For Section 1 we also analyse results for documentation versus implementation. This year, your average score for the questions about documentation were 6% lower than average scores for questions on program implementation.

Section 1 total	85.2%
Section 1 documentation average	80.6%
Section 1 implementation average	87.0%



The ratings for each element in Section 1 are summarised below:

WHSMS Element	Poor (<50%)				Fair (50-75%)				Good (>75%)			
	0-12	13-24	25-36	37-49	50-55	56-62	63-69	70-75	76-82	83-89	90-96	> 96
WHS policy												
Planning												
WHS risk management												
Consultation and participation												
Training												
Emergency preparedness												
Purchasing												
Plant and equipment												
Health monitoring												
Incident investigation												
Document control												
Record management												
WHS audits												
Management review												

To qualify for 100% of your WHS Incentive in 2022 and 2023, you must complete and submit your WHS Action Plan on the StateCover website at statecover.com.au/whselfaudit by Friday 28 October 2022.

When completing your action plan, you must:

- Include detailed steps required for every recommended action as well as the person responsible, and the target completion date.
- Identify three priority actions which will have target completion dates prior to Monday 17 July 2023. This is the date by which evidence of completion of these actions must be submitted to StateCover. These actions should all be recommendations arising from the WHS Self-Audit, unless you had fewer than three recommended actions listed in your action plan issued by StateCover, in which case your own actions should be used.
- Obtain approval from at least one member of your executive leadership team, such as the general manager or director.

An alternative action plan or strategic plan template can be used if you prefer, so long as the above requirements are met.

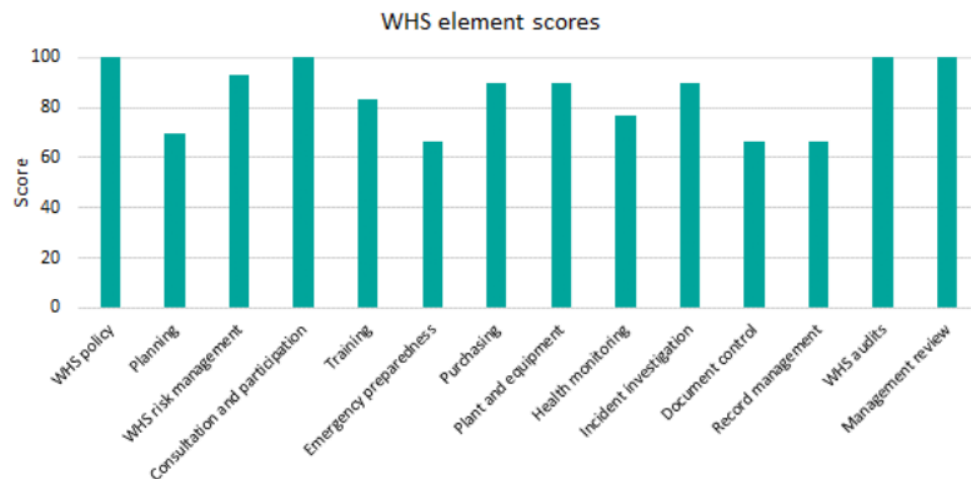
For Section 2 - Key Priority Areas you scored 84.0%. The ratings for each element are summarised below:

Key Priority Areas	Poor (<50%)				Fair (50-75%)				Good (>75%)			
	0-12	13-24	25-36	37-49	50-55	56-62	63-69	70-75	76-82	83-89	90-96	> 96
Grading (%)												
Musculoskeletal risks												
Electrical test and tag												
Sun protection												
Bullying and unreasonable behaviour												
Client and public violence												
Confined spaces												
Hazardous chemicals												
Managing the risk of falls												
Hazardous noise												
Work near overhead powerlines												
Work near underground services												
Construction safety												
Quarries												
Contractor management												
Volunteer management												
Traffic management												
Events management												
Asbestos												

Detailed findings and recommendations

Section 1 – WHS Management System

The following graph shows your scores for each element of Section 1 based on a weighted total of all questions in each element.



Breakdown of results

A further breakdown of the results for Section 1 is provided below. This includes a **Poor**, **Fair**, or **Good** rating of your council's performance for each element, as well as notes to help you address elements rated poor or fair.

- **Poor** – less than 50%
- **Fair** – between 50% and 75%
- **Good** – over 75%

Element 1: WHS policy

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 2: Planning

Your score for this element was **Fair**.

Your results indicate that you have basic or moderate systems in place to address this component of your WHS management system. To improve your performance in this area, please consider the following:

- The planning process should involve consultation with relevant workers, such as department managers, HR and WHS representatives/committee, and WHS plans should be approved by top management.
- The planning process should include documented WHS objectives and targets for all relevant levels and functions within Council. That is, objectives and targets should be established for Council as a whole; using these objectives as a base, individual departments should establish specific targets or actions for their areas.
- Planning must be relevant to the context. For example, WHS objectives and targets must consider specific hazards and risks as well as legislative requirements that apply to Council activities. To do this, Council must have access to the appropriate information including:
 - WHS risks and opportunities
 - Current and changing legal obligations
 - Injury rates, costs, and trends
 - The results of previous audit reports
 - The results of previous WHS management reviews
 - Other information regarding the adequacy and effectiveness of the WHS management system
- Targets should include 'positive' or 'lead' indicators, such as the number of inspections, training sessions, risk assessments, etc. to be conducted. These demonstrate progress on preventive actions rather than relying only on 'lag' indicators, such as injury rates, which are after the event.
- These objectives and measurable targets should be supported by management plans that specify:
 - Responsibilities for achieving objectives and targets for each relevant level and function of Council
 - The means and timeframe by which objectives and targets are to be achieved
 - How the plan will be monitored
 - The resources required, including human, technological, and financial resources

Element 3: WHS Risk Management

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 4: Consultation and participation

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 5: Training

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 6: Emergency preparedness (including first aid)

Your score for this element was **Fair**.

Your results indicate that you have basic or moderate systems in place to address this component of your WHS management system. To improve your performance in this area, please consider the following:

- Council must anticipate and prepare for the types of emergency situations that could occur within any of Council's work areas, including but not limited to fire, hazardous chemicals, natural disasters, and violence.
- Procedures should be developed that identify these emergency situations and any required training, equipment, and testing. Wardens and workers should receive training in line with emergency procedures and their designated level of responsibility, with refresher courses provided as appropriate. Emergency evacuation drills must also be performed at least once per year in all facilities. More information on emergency planning can be found in Australian Standard 3745 'Planning for emergencies in facilities'.

Element 7: Purchasing

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 8: Management of plant and equipment

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 9: Health monitoring

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 10: Incident investigation and corrective action

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 11: Document control

Your score for this element was **Fair**.

Your results indicate that you have basic or moderate systems in place to address this component of your WHS management system. To improve your performance in this area, please consider the following:

- All documents in circulation must be current, easy to locate, and clearly dated.
- Council should develop and implement procedures to maintain documents in a systematic way to ensure:
 - Current versions of relevant documents are made available at all locations
 - Documents are clearly identified and can be easily located
 - Superseded or archived documents are clearly marked and removed from the system
 - Documents are periodically reviewed, revised as necessary, and approved for adequacy

Element 12: Records management

Your score for this element was **Fair**.

Your results indicate that you have basic or moderate systems in place to address this component of your WHS management system. To improve your performance in this area, please consider the following:

- Council should develop and implement procedures to identify, maintain, retain, and dispose of WHS records such as accident/incident reports, work permits, training records, etc. This should include:
 - Clear identification of the WHS records that can be traced to the activity, product or service involved
 - Proper storage of records to ensure that they are easy to retrieve and protected against damage, deterioration, or loss
 - Specified retention periods for different type of records
 - Chain of authority for disposing of record

Element 13: WHS audits

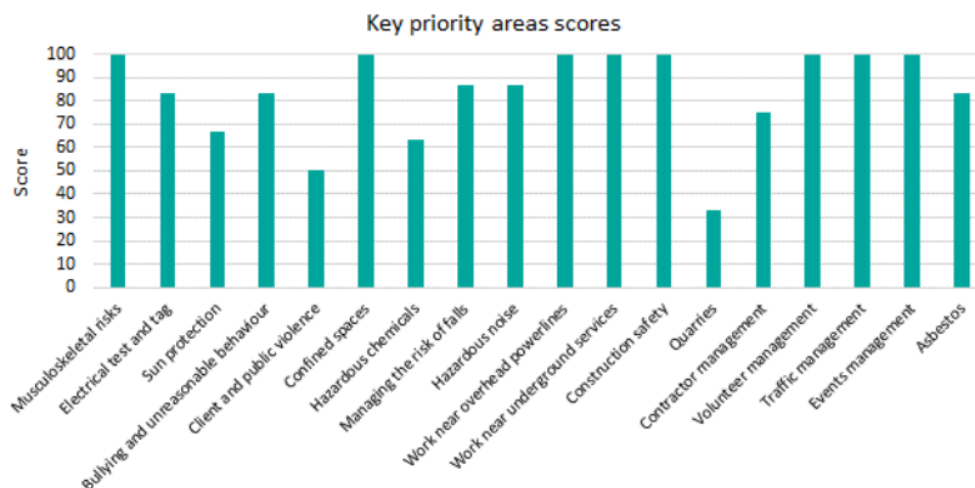
Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Element 14: Management review

Your score for this element was **Good**. This indicates Council generally has well-developed systems in place to address this component of the WHS management system.

Section 2 – Key priority areas

Section 2 examines the management of specific hazards that are common within councils. Based on the findings of the audit, your Council's performance in managing a range of specific hazards is summarised below. Elements marked 'not applicable' in the audit will not appear in the results.



For key priority areas in which your Council received a score of **Fair** (50%-75%) or **Poor** (<50%), Council must work towards ensuring:

- There is a documented, detailed procedure:
 - Developed in consultation with workers and agreed/ratified by Council
 - Describing how risks related to each hazard are identified, assessed, controlled and reviewed on an ongoing basis, including details of the specific processes to be followed, and people responsible.
- Full implementation of this procedure across all of Council with tailored training so that:
 - Managers and workers are aware of the hazard and how its risks are to be managed
 - Management of the issue is integrated into normal operations
 - The risk of injury or illness to workers from exposure to this hazard is reduced to as low as reasonably practicable

For more detailed recommendations for Section 2, please refer to your Action Plan.

General recommendations

In general, we recommend Council takes a systematic approach to improve any areas that were rated **Poor** or **Fair**:

- Identify Council's priority areas, considering the audit score, potential risk to health and safety, legislative requirements, and impact on injury incidence or claims costs.
- Try to determine the reasons for any poor results. For example, some common causes include the need for:
 - Additional information to better understand the issue and the available options
 - Better equipment
 - More or better training
 - Additional resources or funding to address the issue
 - Clarity about departments' or individuals' responsibilities/ownership for certain WHS elements, hazards, or risk management tasks
 - Improved consultation with workers and stakeholders
- Collaborate with other stakeholders to determine how new WHS controls and improvements can be incorporated into current Council documents or processes where appropriate, rather than developing new WHS-specific documents or processes.
- Develop an action plan to address any weaknesses. This plan should include the steps to be taken, the person responsible, and the timeframe for implementation. To assist you in this, a customised action plan template will be sent to you that includes all **Poor** or **Fair** elements from your audit results.
- Consult with key groups, such as relevant department managers, WHS Committee and Council's leadership team, before finalising your WHS Action Plan.
- Have your WHS Action Plan endorsed by the general manager and/or leadership team and incorporated into Council's overall strategy if possible.
- Consider whether any WHS actions or objectives can be used for senior managers' KPIs.

Disclaimer

This report has been prepared solely for use by Narrabri Shire Council.

The findings, conclusions and recommendations in this report are based on information provided by Council and is strictly limited in scope to Council's WHS management system and management of key hazards. The information provided by Council has not been independently verified.

While StateCover takes reasonable care to avoid reliance on data and information that is inaccurate or unsuitable, StateCover is not responsible for verifying the accuracy or completeness of any information and data provided by Council.

While every effort has been made to identify all pertinent WHS issues, no guarantee is made that all management system gaps and hazardous conditions have been identified in this report and StateCover assumes no responsibility or liability for:

- Errors, deficiencies, inaccuracies, or gaps in data used in this report and provided by Council
- Any claims, demands, suits, judgements, damages or losses that may be brought against StateCover by Council or any third party in connection with the use of or reliance on the findings and recommendations set out in this report

Before using or relying on the recommendations set out in this report, Council must exercise its own care and skill to assess the relevance, reliability, accuracy, and completeness of the report. A separate risk assessment should be conducted by Council before implementing any recommendations in this report to ensure that any associated risks have been fully identified and addressed.

Reproduction, distribution or disclosure of this report, in whole or in part, or use of any information contained in this report for any purpose other than to evaluate Council's WHS management system and management of key hazards is prohibited without the written consent of StateCover.



Appendix: Audit result trends

Figure 0.1 Yearly comparison: WHS management system elements

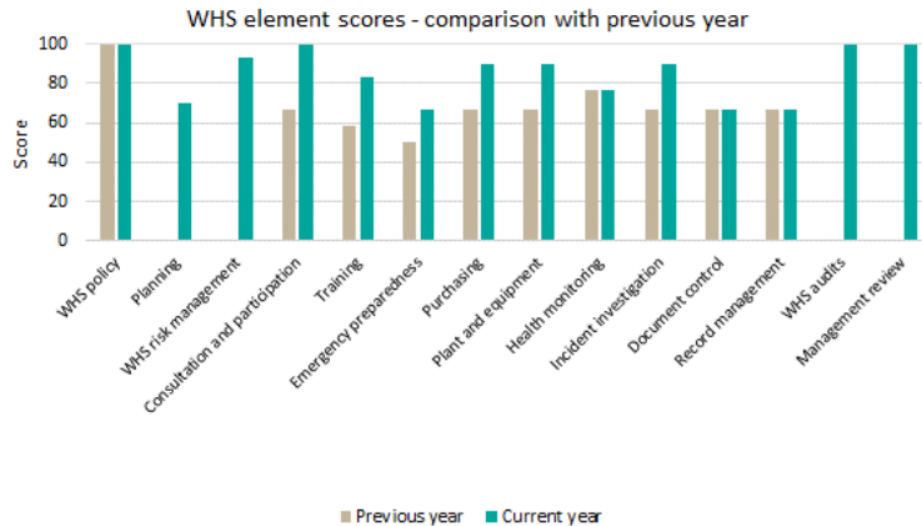


Figure 0.2 Yearly comparison: key priority areas

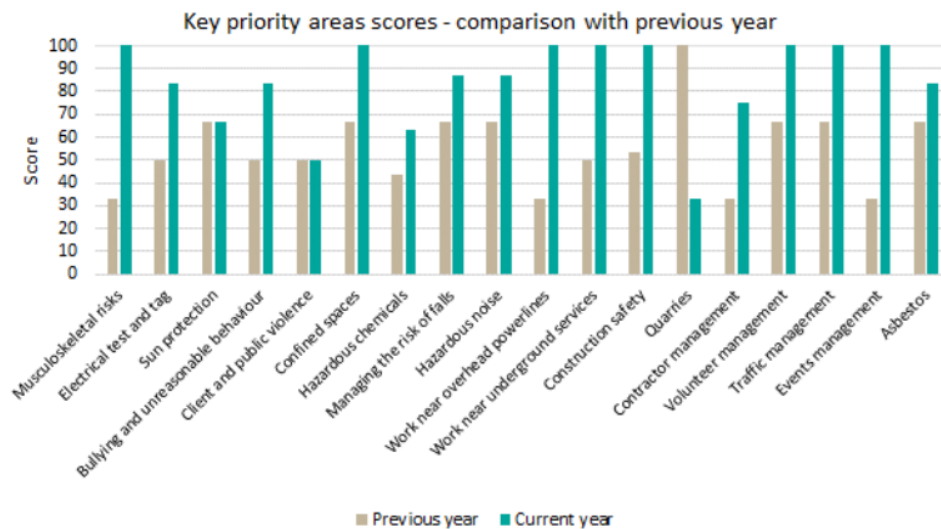
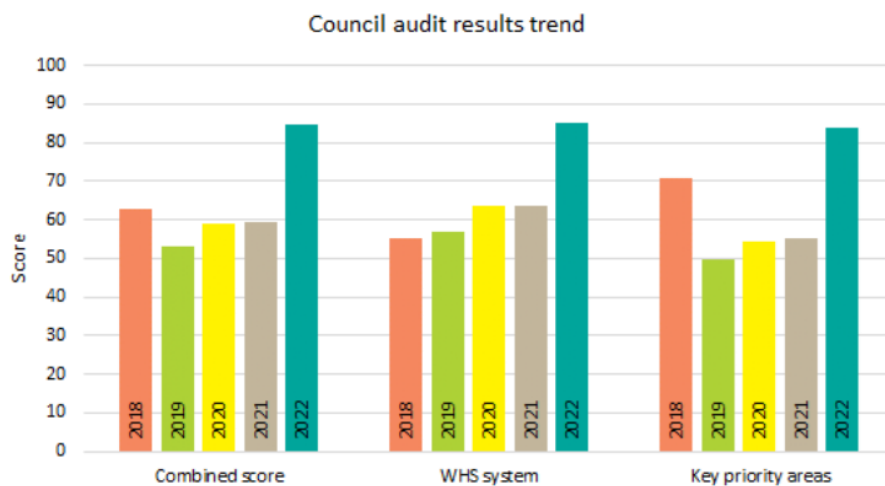


Figure 0.3 Council audit results over time



www.statecover.com.au
sandw@statecover.net.au
(02) 8235 2893

Division of Local Government
Department of Premier and Cabinet

GUIDELINES FOR THE
APPOINTMENT & OVERSIGHT OF
GENERAL MANAGERS



July 2011

These are Director General's Guidelines issued pursuant to section 23A of the *Local Government Act 1993*.

ACCESS TO SERVICES

The Division of Local Government, Department of Premier and Cabinet is located at:

Levels 1 & 2
5 O'Keefe Avenue
NOWRA NSW 2541

Locked Bag 3015
NOWRA NSW 2541

Phone 02 4428 4100
Fax 02 4428 4199
TTY 02 4428 4209

Level 9, 323 Castlereagh Street
SYDNEY NSW 2000

Locked Bag A5045
SYDNEY SOUTH NSW 1235

Phone 02 9289 4000
Fax 02 9289 4099

Email dlg@dlg.nsw.gov.au
Website www.dlg.nsw.gov.au

OFFICE HOURS

Monday to Friday
8.30am to 5.00pm
(Special arrangements may be made if these hours are unsuitable)
All offices are wheelchair accessible.

ALTERNATIVE MEDIA PUBLICATIONS

Special arrangements can be made for our publications to be provided in large print or an alternative media format. If you need this service, please contact our Executive Branch on 02 9289 4000.

DISCLAIMER

While every effort has been made to ensure the accuracy of the information in this publication, the Division of Local Government, Department of Premier and Cabinet expressly disclaims any liability to any person in respect of anything done or not done as a result of the contents of the publication or the data provided.

© NSW Division of Local Government, Department of Premier and Cabinet 2011
ISBN 1 920766 93 6

Produced by the Division of Local Government, Department of Premier and Cabinet



Premier & Cabinet
Division of Local Government
www.dlg.nsw.gov.au

TABLE OF CONTENTS

DEFINITIONS.....	4
PURPOSE.....	5
INTRODUCTION.....	5
A. STAFFING OF COUNCIL	6
1. ORGANISATION STRUCTURE.....	6
2. APPOINTMENT OF STAFF.....	6
B. RECRUITMENT AND SELECTION	7
1. REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 1993	7
2. THE PRE-INTERVIEW PHASE	7
3. INTERVIEW PHASE.....	8
4. SELECTION PANEL REPORT	8
5. FINALISING THE APPOINTMENT.....	9
C. ROLE OF THE GENERAL MANAGER.....	10
1. KEY DUTIES OF ALL GENERAL MANAGERS	10
2. DUTIES DELEGATED TO GENERAL MANAGERS.....	11
D. DAY-TO-DAY OVERSIGHT AND LIAISON WITH THE GENERAL MANAGER	13
E. PERFORMANCE MANAGEMENT	14
1. GENERAL MANAGER PERFORMANCE MANAGEMENT FRAMEWORK	14
2. ESTABLISHING THE FRAMEWORK FOR PERFORMANCE MANAGEMENT	14
3. ESTABLISHING THE PERFORMANCE AGREEMENT	16
4. PERFORMANCE REVIEW PROCESS	16
5. CONTRACT RENEWAL OR SEPARATION	17
6. REWARD AND REMUNERATION	17
F. SEPARATION OR RENEWAL	18
1. TERMINATION OF A GENERAL MANAGER'S EMPLOYMENT.....	18
2. SUSPENSION OF GENERAL MANAGER	18
3. DISPUTE RESOLUTION.....	19
4. RENEWING A GENERAL MANAGER'S CONTRACT	19
APPENDIX 1 - PERFORMANCE MANAGEMENT TIMELINES	21
APPENDIX 2 - STAGES OF PERFORMANCE MANAGEMENT	22
APPENDIX 3 – STANDARD CONTRACT OF EMPLOYMENT.....	23
 Guidelines under section 23A of the Local Government Act 1993	 July 2011 3

DEFINITIONS

Code of Meeting Practice means a code of meeting procedure complying with requirements set out in the *Local Government Act 1993* and the Local Government (General) Regulation 2005

GIPA means the *Government Information (Public Access) Act 2009*

Integrated Planning and Reporting:

Integrated Planning and Reporting Guidelines means the Guidelines issued by the Division of Local Government in 2009

Community Strategic Plan as prescribed under the *Local Government Act 1993*

Delivery Program as prescribed under the *Local Government Act 1993*

Operational Plan as prescribed under the *Local Government Act 1993*

Resourcing Strategy as prescribed under the *Local Government Act 1993*

LGSA means the Local Government and Shires Associations of NSW

LGMA means Local Government Managers Australia (NSW)

Model Code of Conduct means the Model Code of Conduct for Local Councils in NSW prescribed by the *Local Government Act 1993*

Ministerial Investment Order means any investment order approved by the Minister for Local Government under the *Local Government Act 1993*

Quarterly Budget Review Statements means the draft Guidelines issued by the Division of Local Government in October 2010

Senior Staff means senior staff as defined by the *Local Government Act 1993*

Standard Contract means the standard form of contract for the employment of the general manager approved by the Director General (or delegate) pursuant to section 338(4) of the *Local Government Act 1993*

Statutory and Other Offices Remuneration Tribunal means the Statutory and Other Offices Remuneration Tribunal (SOORT) as constituted under the *Statutory and Other Offices Remuneration Act 1975*

The Act means the *Local Government Act 1993*

The Regulation means the Local Government (General) Regulation 2005

PURPOSE

The purpose of these Guidelines is to assist councillors to be aware of their obligations under the *Local Government Act 1993* (the Act) and the Local Government (General) Regulation 2005 (the Regulation) when recruiting, appointing, reappointing and overseeing general managers. It provides a summary of the essential matters that must be addressed by councils when engaging in these processes.

These Guidelines are issued under section 23A of the *Local Government Act 1993* and must be taken into consideration by council's governing body when exercising council functions related to the recruitment, oversight and performance management of general managers.

These Guidelines should be read in conjunction with the following:

- Provisions of the Act and the Regulation 2005
- Local Government General Managers Performance Management Guidelines – LGSA & LGMA
- Practice Note 5: Recruitment of General Managers and Senior Staff – DLG
- The standard form of contract for the employment of the general manager

Any references to sections are references to sections of the Act. Where there are any inconsistencies between these Guidelines and the documents above (with the exception of the Act and Regulation 2005), the Guidelines prevail.

INTRODUCTION

The position of general manager is pivotal in a council. It is the interface between the governing body comprised of elected councillors, which sets the strategy and monitors the performance of the council, and the administrative body of the council, headed by the general manager, which implements the decisions of the governing body. The relationship between the general manager and the councillors is of utmost importance for good governance and a well functioning council.

The Act requires all councils' governing bodies to appoint a person to be general manager (section 334). The Guidelines provide a guide and checklist for councillors to refer to when considering:

- the recruitment and appointment of general managers
- re-appointment of general managers or ending contracts
- conducting performance reviews of general managers, and
- engaging in the day to day oversight of general managers.

They are designed to promote a consistent approach across NSW councils to the recruitment, appointment, and oversight of general managers.

There are appendices to the Guidelines which do not form part of the Guidelines.

These Guidelines were prepared with the assistance of the Local Government and Shires Associations of NSW (LGSA) and the Local Government Managers Association (NSW) (LGMA).

A. STAFFING OF COUNCIL

1. Organisation structure

A council should have sufficient and appropriately qualified staff for the efficient and effective delivery of its functions.

The Act requires the governing body of council to determine an organisation structure, the senior staff positions within that structure and the resources to be allocated towards the employment of staff (s332).

When considering the most appropriate organisation structure for council to adopt, the governing body of council needs to consider what human resources are necessary to successfully achieve the goals articulated in the council's Community Strategic Plan, Delivery Program and Resourcing Strategy. For this reason, a Workforce Strategy is an essential component of a council's Resourcing Strategy. A council's organisation structure should align with its Workforce Strategy and be designed to support its Delivery Program and the achievement of its Community Strategic Plan.

The governing body of council must approve and adopt their organisation structure by council resolution. Councils must review and re-determine the council's organisation structure within 12 months of an ordinary election.

Councils may review and re-determine the council's organisation structure at any other time. Generally a council should consider reviewing its organisation structure in the event of a significant change to its Community Strategic Plan, Delivery Program or Resourcing Strategy.

Councillors are entitled to access the council's organisation structure when required and upon request to the general manager.

2. Appointment of Staff

The only staff position that is appointed by the governing body of council is that of the general manager. The position of general manager is a senior staff position (s334).

The general manager is responsible for the appointment of all other staff (including senior staff) in accordance with the organisation structure and resources approved by the council's governing body (s335(2)).

However, the general manager may only appoint or dismiss senior staff after consultation with the governing body of council (s337).

B. RECRUITMENT AND SELECTION

1. *Requirements of the Local Government Act 1993*

As with the appointment of all council staff, the council must ensure that the appointment of the general manager is made using merit selection principles (section 349).

Recruitment using merit selection is a competitive process where the applicant who demonstrates that they have the best qualifications and experience relevant to the position is appointed.

Equal Employment Opportunity principles also apply to the recruitment of general managers (sections 349 and 344).

The recruitment process must be open and transparent, but the confidentiality of individual applicants must be maintained. A failure to maintain appropriate confidentiality may constitute a breach of the Act and/or Privacy legislation.

2. *The pre-interview phase*

The council's governing body is responsible for recruiting the general manager.

The governing body of council should delegate the task of recruitment to a selection panel and approve the recruitment process. The panel will report back to the governing body of council on the process and recommend the most meritorious applicant for appointment by the council.

The selection panel should consist of at least the mayor, the deputy mayor, another councillor and, ideally, a suitably qualified person independent of the council. The LGSA and the LGMA can be contacted for assistance to identify suitable independent recruitment committee members and recruitment consultants. The selection panel membership should remain the same throughout the entire recruitment process.

Selection panels must have at least one male and one female member (other than in exceptional circumstances).

The council's governing body should delegate to one person (generally the mayor) the task of ensuring:

- the selection panel is established
- the general manager position description is current and evaluated in terms of salary to reflect the responsibilities of the position
- the proposed salary range reflects the responsibilities and duties of the position
- the position is advertised according to the requirements of the Act
- information packages are prepared
- applicants selected for interview are notified.

The mayor, or another person independent of council staff, should be the contact person for the position and should maintain confidentiality with respect to contact by potential applicants.

3. Interview Phase

Interviews should be held as soon as possible after candidates are short listed.

Questions should be designed to reflect the selection criteria of the position and elicit the suitability of the candidate for the position.

Interviews should be kept confidential.

All written references must be checked.

A selection panel must delegate the task of contacting referees to one panel member. Other panel members should not contact referees.

If contact with someone other than a nominated referee is required, the applicant's permission is to be sought.

At least 2 referees must be contacted and asked questions about the candidate relevant to the selection criteria.

Where tertiary qualifications are relied on they should be produced for inspection and if necessary for verification.

Appropriate background checks must be undertaken, for example bankruptcy checks. For more guidance on better practice recruitment background checks, councils are referred to the Australian Standard AS 4811-2006 *Employment Screening* and ICAC publications, which can be found on the ICAC website at <http://www.icac.nsw.gov.au>.

4. Selection Panel Report

The selection panel is responsible for preparing a report to the council's governing body that:

- outlines the selection process
- recommends the most meritorious applicant with reasons
- recommends an eligibility list if appropriate
- recommends that no appointment is made if the outcome of interviews is that there are no suitable applicants.

This report should be confidential and reported to a closed meeting of council.

The council's governing body must by resolution approve the position of the general manager being offered to the successful candidate before that position is actually offered to that candidate.

5. Finalising the appointment

The mayor makes the offer of employment after the governing body of council has resolved to appoint the successful candidate. The initial offer can be made by telephone.

Conditions such as term of the contract (1-5 years) and remuneration package (within the range approved by the governing body of council) can be discussed by phone, but must be confirmed in writing.

The Standard Contract for the Employment of General Managers as approved by the Chief Executive of the Division of Local Government must be used. The Standard Contract (Annexure 3 of these Guidelines) is available in the 'Information for Councils', 'Directory of Policy Advice for Councils' section of the Division's website at <http://www.dlg.nsw.gov.au>.

The terms of the Standard Contract must not be varied. Only the term and the schedules to the Standard Contract can be individualised.

General managers must be employed for 1 – 5 years.

The contract governs:

- the duties and functions of general managers
- performance agreements
- the process for renewal of employment contracts
- termination of employment and termination payments
- salary increases
- leave entitlements.

It should be noted that the Chief Executive of the Division of Local Government cannot approve individual variations to the standard terms of the contract.

Those candidates who are placed on the eligibility list and unsuccessful applicants should be advised of the outcome of the recruitment process before the successful applicant's details are made public.

6. Record keeping

Councils should keep and store all records created as part of the recruitment process including the advertisement, position description, selection criteria, questions asked at interview, interview panel notes, selection panel reports and notes of any discussions with the selected candidate. These records are required to be stored and disposed of in accordance with the *State Records Act 1998*.

C. ROLE OF THE GENERAL MANAGER

Councillors comprise the governing body of a council and make decisions by passing resolutions. It is the general manager's role to implement council decisions and carry out functions imposed by legislation. A council's governing body monitors the implementation of its decisions via reports by the general manager to council meetings.

1. *Key duties of all general managers*

The general manager is generally responsible for the effective and efficient operation of the council's organisation and for ensuring the implementation of the council's decisions without undue delay. The general manager carries out all their functions within the guidelines and policy framework approved by the council.

The general manager also has a role to play in assisting the governing body of council develop its strategic direction. The general manager is responsible for guiding the preparation of the Community Strategic Plan and the council's response to it via the Delivery Program. The general manager is responsible for implementing the Delivery Program and will report to the governing body of council on its progress and conduct regular updates and reviews.

The general manager is responsible for recruiting and appointing staff within the organisation structure determined by the governing body of council. This must be in accordance with the budget approved by the council's governing body and be for the purpose of carrying out the council's statutory functions and implementing council's Community Strategic Plan, Delivery Program and Operational Plan.

The general manager must consult with the governing body of council before appointing or dismissing senior staff. The general manager must report to the council at least annually on the contractual conditions of senior staff (cl.217 of the Regulation).

The general manager is responsible for performance management of staff, including staff discipline and dismissal.

The general manager is also responsible for ensuring councillors are provided with information and the advice they require in order to make informed decisions and to carry out their civic duties.

The governing body of council may direct the general manager to provide councillors with advice or a recommendation, but cannot direct as to the content of that advice or recommendation.

Generally, requests by councillors for assistance or information should go through the general manager, except where he or she has authorised another council officer to undertake this role. The Guidelines for the Model Code of Conduct contemplate that a council should develop a policy to provide guidance on interactions between council officials. This policy should be agreed to by both the council's governing body and the general manager.

Councillors could reasonably expect general managers will report routinely on significant industrial issues and/or litigation affecting the council, particularly those that impact on the council's budget or organisation structure.

The general manager should ensure that the council meeting business papers are sufficient to enable the council to make informed decisions, as well as to allow councillors to properly monitor and review the operations of the council. This will assist councils in ensuring that they are complying with any relevant statutory obligations, keeping within the budget approved by the council and achieving the strategic goals set by the council in its Delivery Program and Operational Plan.

Councillors should receive a number of financial reports during the year, including the Quarterly Budget Review Statements included in the Code of Accounting Practice and Financial Reporting and which are referred to in the draft Quarterly Budget Review Statements Guidelines, reports required by the Regulation and any legislation. In addition, the council should receive at least quarterly a report about any significant litigation affecting the council.

Councillors should also receive reports, at least half yearly, on progress towards implementation of the Community Strategic Plan and Delivery Program (see clause 203 of the Regulation or page 20 of the Integrated Planning and Reporting Guidelines).

Clause 10 of the Model Code of Conduct sets out the obligations on general managers and council staff to provide councillors with information in order for councillors to carry out their civic functions.

Councillors have a right to sufficient information to make informed decisions. Applications for information under the *Government Information (Public Access) Act* 2009 (GIPAA) are available to everyone including councillors.

2. Duties delegated to general managers

A governing body of council may delegate certain functions to the general manager. A delegation of a council function must be made by a council resolution (Chapter 12 Part 3 ss 377-381 of the Act).

A governing body of council cannot delegate the functions set out in section 377(1) of the Act.

A council's governing body may not delegate the adoption of a Code of Meeting Practice, a Code of Conduct, or the endorsement of Community Strategic Plans, Resourcing Strategies, Delivery Programs and Operational Plans.

Each governing body of council must review its delegation of functions during the first 12 months of each term of office (s.380). To assist with this review, it is recommended that, within the first 6 months of the new term, the governing body of council reviews what functions have been delegated and to whom they have been delegated to determine if the delegation and the policies guiding those delegated decisions have been working effectively.

It should be noted that the general manager may sub-delegate a function delegated to him/her by the governing body of council (s378). However, the general manager still retains responsibility to ensure that any sub-delegated function is carried out appropriately.

Where functions are delegated to the general manager to perform on behalf of a governing body of council, it is important for the governing body of council to ensure there are policies in place to guide the decision making. The governing body of council should keep policies guiding the delegated decisions under regular review.

For example, where media liaison is delegated to the general manager, the governing body of council should adopt a media policy to guide statements to the media.

It is important that council's governing body ensure that proper records are kept of applications that are determined under delegation and that there is regular reporting on the implementation of delegated functions. This is essential so that council's governing body can be provided with assurance that the delegated function is being undertaken in accordance with any relevant council policies and regulatory framework, eg, development application decisions.

The council's internal audit function is another important internal control to ensure that delegated functions are complying with relevant policy and legislation. A well designed internal audit program should give council independent assurance that council's internal controls are working effectively.

Where authority to make a decision is delegated this does not remove a council's authority to make a decision.

Matters that fall outside the terms of a council policy, delegation, or day to day management (section 335), should be referred to the governing body of council for a decision.

D. DAY-TO-DAY OVERSIGHT AND LIAISON WITH THE GENERAL MANAGER

Council's governing body is required to monitor and review the performance of the general manager as discussed in Section C, above. However, a council's governing body should delegate to the mayor the role of day-to-day oversight of and liaison with the general manager.

The mayor's role in the day-to-day management of the general manager should include:

- approving leave
- approving expenses incurred
- managing complaints about the general manager.

The council's governing body should ensure there are adequate and appropriate policies in place to guide the mayor in the day-to-day oversight of and liaison with the general manager and keep those policies under regular review.

Some of the key policies the governing body of council should have in place relate to:

- leave
- travel
- credit cards
- purchasing and procurement
- expenses and facilities
- petty cash
- financial and non-financial delegations of authority.

The governing body of council should also ensure there are adequate policies in place with respect to expenditure of council funds, as well as adequate reporting requirements in relation to that expenditure.

The council's governing body should satisfy itself that any policy governing the conferral of a benefit on the general manager, such as use of a motor vehicle, allows the actual dollar value of that benefit to be quantified so it can be accurately reflected in the general manager's salary package in Schedule C to the Standard Contract.

Within 6 months of the date of these Guidelines, council's governing body should check to ensure these key policies are in place. They should then be kept under regular review.

E. PERFORMANCE MANAGEMENT

1. General manager performance management framework

The general manager is made accountable to their council principally through their contract of employment.

The role of the governing body is to oversee the general manager's performance in accordance with the Standard Contract.

The performance of the general manager must be reviewed at least annually against the agreed performance criteria for the position. Council may also choose to undertake more frequent interim reviews of the general manager's performance.

The agreed performance criteria are set out in an agreement that is signed within three months of the commencement of the contract. Development of the performance agreement is discussed below.

2. Establishing the framework for performance management

The council's governing body is to establish a performance review panel and delegate the task of performance reviews of the general manager to this panel. The extent of the delegation should be clear.

It is recommended that the whole process of performance management be delegated to the performance review panel, including discussions about performance, any actions that should be taken and the determination of the new performance agreement.

Performance review panels should comprise the mayor, the deputy mayor, another councillor nominated by council and a councillor nominated by the general manager. The council's governing body may also consider including an independent observer on the panel. Panel members should be trained in the performance management of general managers.

The role of the review panel includes:

- conducting performance reviews
- reporting the findings and recommendations of those reviews to council
- development of the performance agreement.

The governing body of council and the general manager may agree on the involvement of an external facilitator to assist with the process of performance appraisal and the development of new performance plans. This person should be selected by the governing body of council or the performance review panel. The LGSA and the LGMA can be contacted for assistance to identify suitable independent facilitators to assist in the performance management process.

All councillors not on the panel can contribute to the process by providing feedback to the mayor on the general manager's performance.

All councillors should be notified of relevant dates in the performance review cycle and be kept advised of the panel's findings and recommendations.

The panel should report back to the governing body of council in a closed session the findings and recommendations of its performance review as soon as practicable following any performance review. This should not be an opportunity to debate the results or re-enact the performance review of the general manager. The general manager should not be present when the matter is considered.

The performance management report of any council staff member, including the general manager, should not be released to the public and should be retained on the appropriate confidential council employment file. Release of such personal information to other than the Performance Review Panel, the general manager and the councillors in confidence may be a breach of privacy legislation.

3. *Establishing the performance agreement*

The performance agreement is the most important component of successful performance management. The performance agreement should include clearly defined and measurable performance indicators against which the general manager's performance can be measured.

As one of the general manager's key responsibilities is to oversee the implementation of council's strategic direction, it is important to align the general manager's performance criteria to the goals contained in the council's Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan.

The performance agreement should also include the general manager's personal contribution to the council's key achievements and the general manager's core capabilities, including leadership qualities.

The performance agreement should contain but not be limited to key indicators that measure how well the general manager has met the council's expectations with respect to:

- service delivery targets from the council's Delivery Program and Operational Plan;
- budget compliance;
- organisational capability;
- timeliness and accuracy of information and advice to councillors;
- timely implementation of council resolutions;
- management of organisational risks;
- leadership etc.

4. *Performance Review Process*

The Standard Contract requires that the performance of the general manager must be formally reviewed at least annually. The governing body of council may also undertake interim performance reviews as appropriate.

The assessment should include:

- self assessment by the general manager
- assessment by the review panel of the general manager's performance against the performance agreement.

The performance review meeting should be scheduled with sufficient notice to all parties and in accordance with clauses 7.6 and 7.7 of the Standard Contract.

The meeting should concentrate on constructive dialogue about the general manager's performance against all sections of the agreed performance plan.

The meeting should identify any areas of concern and agree actions to address those concerns.

In undertaking any performance review, care must be taken to ensure that the review is conducted fairly and in accordance with the principles of natural justice and that the laws and principles of anti-discrimination are complied with. The

appointment by a council, in agreement with the general manager, of an external facilitator (see above) to advise on the process should assist council in complying with these laws and principles.

The council's governing body must advise the general manager, in writing, in clear terms, the outcome of any performance review.

The new performance agreement for the next period should be prepared as soon as possible after the completion of the previous period. The agreement should be presented to the governing body of council for discussion in a closed meeting together with the outcomes of the previous review period.

5. *Contract Renewal or Separation*

It is important that any decision by the governing body of council to renew a contract for the general manager and the term of that contract be reported back to an open meeting of council, together with the total amount of any salary package agreed to.

Termination of a contract on the basis of poor performance can only occur where there has been a formal review undertaken against the signed performance agreement where performance difficulties were identified and have not subsequently been remedied. For further discussion on separation or renewal of general managers' contracts, see section F, below.

6. *Reward and Remuneration*

An annual increase in the salary package, equivalent to the latest percentage increase in remuneration for senior executive office holders as determined by the Statutory and Other Offices Remuneration Tribunal, is available to the general manager under the Standard Contract on each anniversary of the contract.

Discretionary increases to the general manager's total remuneration package under the provisions of the Standard Contract may only occur after a formal review of the general manager's performance has been undertaken by the governing body of council and the governing body of council resolves to grant such a discretionary increase because of better than satisfactory performance.

Discretionary increases are intended to be an incentive for general managers to perform at their maximum throughout the life of the contract. Discretionary increases are also intended to encourage contracts of the maximum duration.

Any discretionary increases should be modest and in line with community expectations.

All discretionary increases in remuneration, together with the reasons for the increase, must be reported to an open meeting of council.

F. SEPARATION OR RENEWAL

1. Termination of a general manager's employment

The Standard Contract for general managers sets out how a general manager's contract can be terminated before its expiry date by either the governing body of council or the general manager (clause 10 of the Standard Contract).

Termination can be by agreement of both parties. The general manager may terminate the contract by giving 4 weeks written notice to the governing body of council.

A governing body of council may terminate the contract by giving 4 weeks written notice where the general manager has become incapacitated for 12 weeks or more, has exhausted their sick leave and the duration of the incapacity is either indefinite or for a period that would make it unreasonable for the contract to be continued.

Termination of a contract on the basis of poor performance may only occur where there has been a formal review undertaken against the signed performance agreement, where performance difficulties have been identified and have not been remedied as agreed. In these instances, the council must give the general manager either 13 weeks written notice of termination or termination payment in lieu of notice calculated in accordance with Schedule C of the Standard Contract.

A governing body of council may terminate the general manager's contract at any time by giving the general manager 38 weeks written notice or pay the general manager a lump sum of 38 weeks remuneration in accordance with Schedule C of the Standard Contract. If there are less than 38 weeks left to run in the term of the general manager's contract, a council can pay out the balance of the contract in lieu of notice.

In the circumstances set out at 10.4 of the Standard Contract, a council may summarily dismiss a general manager. The remuneration arrangements under these circumstances are set out in clause 11.4 of the Standard Contract.

Section 336 (2) of the Act sets out other circumstances where a general manager's appointment is automatically terminated.

2. Suspension of General Manager

The governing body of council may suspend the general manager. However, great caution should be exercised when considering such a course of action and it would be appropriate for a governing body of council to seek and be guided by expert advice from a person or organisation that is suitably qualified and experienced in such matters. The governing body may authorise the Mayor to obtain such expert advice.

Suspension should be on full pay for a clearly defined period.

Any decision to suspend a general manager should be taken by a governing body of council at a closed council meeting, having first carefully considered any independent expert advice obtained on the specific matter.

It would not be appropriate to seek advice from council human resources staff on the issue of suspending the general manager.

The principals of natural justice and procedural fairness apply to any decision to suspend a general manager, ie, the general manager must be advised of the circumstances leading to the suspension, the reasons for the suspension, the period of the suspension and be given a right to respond to the decision to suspend.

3. *Dispute resolution*

The Standard Contract contains a dispute resolution clause at clause 17.

These provisions are designed to encourage councils and general managers to attempt to negotiate agreement on disputes where they arise.

The governing body of council should ideally resolve to delegate this function to the mayor or a panel of 3 councillors including the mayor.

If the dispute involves the mayor then the deputy mayor should take the mayor's place. If there is no deputy mayor then the governing body should resolve to appoint another councillor to take the mayor's place.

The governing body of council and general manager should agree on an independent mediator to mediate the dispute. The LGSA and LGMA can provide assistance to their members to identify a suitable mediator.

The Standard Contract allows the Chief Executive of the Division of Local Government to appoint a mediator where the parties cannot agree on one.

4. *Renewing a general manager's contract*

Clause 5 of the Standard Contract describes how a general manager's appointment may be renewed.

The terms of the new contract, and in particular the schedules to the new contract, should be set out in the letter of offer. Before offering a new contract, the council should carefully review the terms of the schedules to the new contract.

The governing body of council should ensure that the performance management terms of the new contract adequately reflect its expectations as to the general manager's performance.

The governing body of council should also have regard to the previous performance reviews conducted under previous contracts.

The process of deciding whether or not to offer a general manager a new contract should be that:

- a performance review is conducted
- findings and recommendations are reported to a closed council meeting in the absence of the general manager
- the closed meeting considers and decides whether or not to offer a new contract and on what terms as set out in the schedules to the contract
- the general manager is then advised of the governing body of council's decision in confidence by the mayor.

Details of the decision to offer a new contract and a salary package should be reported to an open council meeting.

Appendix 1 - Performance Management Timelines

Timeline	Activity	Responsibility
At commencement of each new council	Provide induction training on performance management of the general manager	Council
Within 3 months of the commencement date of the contract	A performance agreement setting out agreed performance criteria must be signed between the general manager and the council	Council or council panel General Manager
Within 2 months of the signing of the performance agreement	The general manager must prepare and submit to council an action plan which sets out how the performance criteria are to be met	General Manager
21 days notice (before annual review)	The general manager gives the council written notice that an annual performance review is due	General Manager
At least 10 days notice	The council must give the general manager written notice that any performance review is to be conducted	Council or council panel
After 6 months	The council may also decide, with the agreement of the general manager, to provide interim feedback to the general manager midway through the annual review period	Council or council panel General Manager
Prior to the annual review	Ensure all councillors on the Review Panel have been trained in performance management of general managers	Council
Prior to the annual performance review	The general manager may submit to council a self assessment of his/her performance	General Manager
Annually	The general manager's performance must be reviewed having regard to the performance criteria in the agreement	Council or council panel General Manager
Annually	The performance agreement must be reviewed and varied by agreement	Council or council panel General Manager
Within 6 weeks of the conclusion of the performance review	Council will prepare and send to the general manager a written statement with council's conclusions on the general manager's performance during the performance review period	Council or council panel
As soon as possible after receipt of the statement	The general manager and the council will agree on any variation to the performance agreement for the next period of review	Council or council panel General Manager

Appendix 2 - Stages of performance management

STAGE	ACTION	PROCESS
1. Developing performance agreement	<ul style="list-style-type: none"> Examine the position description and contract List all position responsibilities from the position description Identify stakeholder expectations List the key strategic objectives from the Service Delivery and Operational Plans Develop performance measures (identify indicators - set standards) 	<ul style="list-style-type: none"> Good planning Direct and effective communication Open negotiation Joint goal setting
2. Action planning	<ul style="list-style-type: none"> Develop specific strategies to meet strategic objectives Identify resources Delegate tasks (eg, put these delegated tasks into the performance agreements for other senior staff) 	<ul style="list-style-type: none"> Detailed analysis Two way communication Detailed documentation
3. Monitoring progress (feedback half way through the review period)	<ul style="list-style-type: none"> Assess performance Give constructive feedback Adjust priorities and reset performance measures if appropriate 	<ul style="list-style-type: none"> Communication Avoid bias Counselling Coaching Joint problem solving
4. Annual	<ul style="list-style-type: none"> Assess performance against measures Give constructive feedback Identify poor performance and necessary corrective action Identify outstanding performance and show appreciation 	<ul style="list-style-type: none"> Evaluation of the reasons behind performance being as assessed Open, straightforward communication (as bias free as possible) negotiation Counselling, support, training Documenting Decision making
5. Developing revised agreement	See stage 1	See Stage 1

Appendix 3 – Standard Contract of Employment

**STANDARD CONTRACT OF
EMPLOYMENT**

for

**GENERAL MANAGERS OF LOCAL
COUNCILS IN NEW SOUTH WALES**

Acknowledgements

TABLE OF CONTENTS

CLAUSE	PAGE NO
1. Position	4
2. Term of employment	4
3. Definitions	5
4. Contract operation and application	6
5. Renewal of appointment	7
6. Duties and functions	7
7. Performance agreement and review	10
8. Remuneration	11
9. Leave	12
10. Termination	14
11. Termination payments	16
12. Expenses and credit cards	17
13. Intellectual property	17
14. Confidential information	18
15. Waiver	18
16. Inconsistency and severance	18
17. Dispute resolution	18
18. Service of notices	19
19. Variations	20
20. Other terms and conditions	20
21. Signed by the employee and Council	21
Schedule A	22
Schedule B	23
Schedule C	24

Contract of Employment

This Contract of Employment is made on

Date _____

between

Name of Council _____

[Referred to in this contract as "Council"]

Address _____

and

Name of Employee _____

[Referred to in this contract as "the employee"]

Address _____

1 Position

The position to which this contract applies is that of General Manager.

Note: A person who has held civic office in relation to Council must not be appointed to any paid position on the staff of Council within 6 months after ceasing to hold the office: section 354 of the Act.

2 Term

Subject to the terms and conditions in this contract, Council will employ the employee for a term of:

[Length of term] _____

Note: The term of this contract must not be less than 12 months or more than 5 years (including any option for renewal): section 338 of the Act.

commencing on [date] _____

and terminating on [date] _____

3 Definitions

3.1 In this contract, unless otherwise stated or indicated:

the Act means the *Local Government Act 1993*.

Code of conduct means the document within the meaning of section 440 of the Act adopted by Council and which incorporates the provisions of the model code.

Commencement date means the date that this contract commences as specified in clause 2.

Confidential information means any and all confidential information, data, reports, operations, dealings, records, materials, plans, statistics, finances or other agreements and things (other than that which is already in the public domain), whether written or oral and of whatever type or nature relating to property, assets, liabilities, finances, dealings or functions of Council or any undertaking from time to time carried out by Council.

Director-General means the Director-General of the New South Wales Department of Local Government.

Equal employment opportunity management plan means the document a council must prepare under Part 4 of Chapter 11 of the Act.

Minister means the New South Wales Minister for Local Government.

Model code means the Model Code of Conduct for Local Councils in NSW prescribed by the Regulation.

Month means a calendar month.

Performance agreement means the agreement referred to in clause 7.

Performance criteria means the criteria to which a performance review is to have regard.

Performance review means a review of the employee's performance conducted in accordance with the procedures under clause 7.

the position means the position referred to in clause 1.

the Regulation means the *Local Government (General) Regulation 2005*.

Senior executive office holder (New South Wales Public Service) means the holder of a senior executive position within the meaning of the *Public Sector Employment and Management Act 2002*.

Statutory and Other Officers Remuneration Tribunal means the Statutory and Other Officers Tribunal constituted under the *Statutory and Other Officers Remuneration Act 1975*.

Termination date means the date that this contract terminates as specified in clause 2.

3.2 Expressions in this contract corresponding with expressions that are defined in the Act have those meanings.

4 Contract operation and application

- 4.1 This contract constitutes a contract of employment for the purposes of section 338 of the Act, and governs the employment of the employee while in the position.
- 4.2 A reference in this contract to any Act or regulation, or any provision of any Act or regulation, includes a reference to subsequent amendments of that Act, regulation or provision.
- 4.3 A reference to a Schedule to this contract refers to a Schedule as may be varied in accordance with this contract, and applies whether or not the Schedule has been physically attached to this contract.
- 4.4 Where the mayor or any other person is lawfully authorised to act as Council or Council's delegate for the purpose of this contract, this contract will be construed as if:
- (a) any reference to Council includes a reference to that authorised person, and
 - (b) any reference to a requirement for Council's approval includes a reference to a requirement for that authorised person's written approval,
- 4.5 Any staff entitlement under a lawful policy of Council as adopted by Council from time to time and that is set out in Schedule A will apply to the employee unless this contract makes express provision to the contrary. Schedule A may be varied from time to time by agreement between the employee and Council, such agreement not to be unreasonably withheld.

Note: Only those policies that create entitlements are to be set out in Schedule A. Schedule A policies are distinct from those which create a duty or function as referred to in subclause 6.1.4 and which are not required to be set out in Schedule A.

- 4.6 Subject to clauses 7 and 13, the terms of this contract, as varied from time to time in accordance with this contract, represent the entire terms of all agreements between the employee and Council and replace all other representations, understandings or arrangements made between the employee and Council that relate to the employment of the employee in the position.

Note: The contract authorises the making of agreements that are linked to the contract. Clause 7 requires the parties to sign a performance agreement. Clause 13 allows either party to require the other to sign a confidentiality agreement for the purpose of protecting intellectual property.

5. Renewal of appointment

- 5.1 At least 9 months before the termination date (or 6 months if the term of employment is for less than 3 years) the employee will apply to Council in writing if seeking re-appointment to the position.
- 5.2 At least 6 months before the termination date (or 3 months if the term of employment is for less than 3 years) Council will respond to the employee's application referred to in subclause 5.1 by notifying the employee in writing of its decision to either offer the employee a new contract of employment (and on what terms) or decline the employee's application for re-appointment.
- 5.3 At least 3 months before the termination date (or 1 month if the term of employment is for less than 3 years) the employee will notify Council in writing of the employee's decision to either accept or decline any offer made by Council under subclause 5.2.
- 5.4 In the event the employee accepts an offer by Council to enter into a new contract of employment, a new contract of employment will be signed.

6. Duties and functions

- 6.1 The employee will:
 - 6.1.1 to the best of their ability, meet the performance criteria set out in the performance agreement as varied from time to time,
 - 6.1.2 carry out the duties and functions imposed by the Act and Regulation, or any other Act and associated regulations, which include but are not limited to:
 - (a) the efficient and effective operation of Council's organisation,
 - (b) implementing, without undue delay, the decisions of Council,
 - (c) exercising such of the functions of Council as are delegated by Council to the employee,
 - (d) appointing staff in accordance with an organisation structure and resources approved by Council,
 - (e) directing and dismissing staff,
 - (f) implementing Council's equal employment opportunity management plan,

-
- (g) consulting with Council prior to the appointment or dismissal of senior staff,
 - (h) reporting to Council, at least once annually, on the contractual conditions of senior staff,
 - (i) giving immediate notice to Council on becoming bankrupt or making a composition, arrangement or assignment for the benefit of the employee's creditors and providing Council, within the time specified by Council with any further information concerning the cause of the bankruptcy or of the making of the composition, arrangement or assignment,
 - (j) subject to subclause 6.2.3, providing advice and recommendations to Council or the mayor if directed to do so,
 - (k) not engaging, for remuneration, in private employment or contract work outside the service of Council without the approval of Council,
 - (l) not approving, where appropriate, any member of Council staff from engaging, for remuneration, in private employment or contract work outside the service of Council that relates to the business of Council or that might conflict with the staff member's Council duties,
 - (m) acting honestly and exercising a reasonable degree of care and diligence in carrying out the employee's duties and functions,
 - (n) complying with the provisions of the code of conduct,
 - (o) preparing and submitting written returns of interest and disclosing pecuniary interests in accordance with the Act and the Regulation,

Note: Sections 335, 337, 339, 341, 352, 353, 439, 440 and 445 of the Act.

- 6.1.3 carry out the duties and functions set out in Schedule B as varied from time to time by agreement between the employee and Council, such agreement not to be unreasonably withheld,

Note: Schedule B may include additional duties and functions, for example, those related to special projects.

- 6.1.4 carry out the duties and functions set out in the policies of Council as adopted by Council from time to time during the term of this contract,

-
- 6.1.5 observe and carry out all lawful directions given by Council, in relation to the performance of the employee's duties and functions under this contract,
 - 6.1.6 work such reasonable hours as are necessary to carry out the duties and functions of the position and the employee's obligations under this contract,
 - 6.1.7 obtain the approval of the Council for any absences from the business of Council,
 - 6.1.8 promote ethical work practices and maintain a culture of integrity and professionalism where Council staff members treat each other, members of the public, customers and service providers with respect and fairness,
 - 6.1.9 facilitate Council staff awareness of the procedures for making protected disclosures and of the protection provided by the *Protected Disclosures Act 1994*,
 - 6.1.10 take all reasonable steps to ensure that actions and policies of Council accord with the strategic intent of Council,
 - 6.1.11 take all reasonable steps to maximise compliance with relevant legislative requirements,
 - 6.1.12 maintain effective corporate and human resource planning,
 - 6.1.13 maintain the Council staff performance management system,
 - 6.1.14 maintain satisfactory operation of Council's internal controls, reporting systems (including protected disclosures), grievance procedures, the documentation of decision-making and sound financial management,
 - 6.1.15 develop procedures to ensure the code of conduct is periodically reviewed so that it is in accordance with the Act and Regulation and adequately reflects specific organisational values and requirements,
 - 6.1.16 promote and facilitate compliance with the code of conduct ensuring that each councillor and Council staff member is familiar with its provisions, and
 - 6.1.17 report to Council on any overseas travel taken by the employee or any Council staff member where that travel is funded in whole or in part by Council.
- 6.2 Council:

-
- 6.2.1 will provide adequate resources to enable the employee to carry out the duties and functions specified in subclause 6.1 and Schedule B,
 - 6.2.2 will provide the employee with reasonable opportunities to participate in professional development initiatives relevant to the duties and functions under this contract subject to the operational needs of Council, and
 - 6.2.3 will not direct the employee as to the content of any advice or recommendation made by the employee.

Note: section 352 of the Act.

7. Performance agreement and review

- 7.1 Within 3 months after the commencement date, the employee and Council will sign a performance agreement setting out agreed performance criteria.
- 7.2 In the event that the employee and Council are unable to agree on the performance criteria, Council will determine such performance criteria that are reasonable and consistent with the employee's duties and functions under clause 6 and in Schedule B.
- 7.3 The performance agreement may be varied from time to time during the term of this contract by agreement between the employee and Council, such agreement not to be unreasonably withheld.
- 7.4 Within 2 months after signing or varying the performance agreement, the employee will prepare and submit to Council an action plan which sets out how the performance criteria are to be met.
- 7.5 Council will ensure that the employee's performance is reviewed (and, where appropriate, the performance agreement varied) at least annually. Any such review is to have regard to the performance criteria.

Note: Council may review the employee's performance every 6 months or more frequently if necessary.

- 7.6 The employee will give Council 21 days' written notice that an annual performance review in accordance with subclause 7.5 is due.
- 7.7 Council will give the employee at least 10 days notice in writing that any performance review is to be conducted.

-
- 7.8 The structure and process of the performance review is at the discretion of Council following consultation with the employee.
- 7.9 The employee may prepare and submit to Council an assessment of the employee's own performance prior to a performance review.
- 7.10 Within 6 weeks from the conclusion of a performance review, Council will prepare and send to the employee a written statement that sets out:
- (a) Council's conclusions about the employee's performance during the performance review period,
 - (b) any proposal by Council to vary the performance criteria as a consequence of a performance review, and
 - (c) any directions or recommendations made by Council to the employee in relation to the employee's future performance of the duties of the position.
- 7.11 The employee and Council will, as soon as possible after the employee receives the written statement referred to in subclause 7.10, attempt to come to agreement on any proposal by Council to vary the performance criteria and on any recommendations by Council as to the future performance of the duties of the position by the employee.
- 7.11 Subject to the employee being available and willing to attend a performance review, Council undertakes that if a performance review is not held in accordance with this clause, this will not operate to the prejudice of the employee unless the employee is responsible for the failure to hold the performance review.

8. Remuneration

- 8.1 Council will provide the employee with the total remuneration package set out in Schedule C.
- 8.2 The total remuneration package includes salary, compulsory employer superannuation contributions and other benefits including any fringe benefits tax payable on such benefits.

Note: Compulsory employer superannuation contributions are those contributions required under the *Superannuation Guarantee Charge Act 1992* of the Commonwealth and any contributions required to be paid for an employee under a superannuation arrangement entered into by Council for that employee. See Schedule C.

-
- 8.3 Council may, on only one occasion during each year of this contract, approve an increase in the total remuneration package where the employee's performance has been assessed in accordance with a performance review as being of a better than satisfactory standard.
- 8.4 Any increase in remuneration approved under subclause 8.3 will not be paid as a lump sum.
- 8.5 On each anniversary of the commencement date, the total remuneration package will be increased by a percentage amount that is equivalent to the latest percentage amount increase in remuneration for senior executive office holders as determined by the Statutory and Other Officers Remuneration Tribunal.

Note: When making determinations referred to in subclause 8.5, the Tribunal takes into account key national economic indicators and movements in public sector remuneration across Australia, market conditions, the Consumer Price Index and wages growth as measured by the Wage Cost Index. Tribunal determinations are published in the Government Gazette and are available at www.remtribunals.nsw.gov.au. The Premier's Department issues periodic Memoranda summarising the Tribunals determinations. These Memoranda are available at www.premiers.nsw.gov.au.

- 8.6 The structure of the total remuneration package may be varied from time to time during the term of this contract by agreement between the employee and Council, such agreement not to be unreasonably withheld.
- 8.7 The total remuneration package, as varied from time to time, remunerates the employee for all work undertaken by the employee while in the position. No other remuneration, benefit, overtime or allowances other than those to which the employee may be entitled under this contract will be paid to the employee during the term of this contract.

9. Leave

9.1 General

- 9.1.1 Council will pay remuneration calculated in accordance with Schedule C to the employee proceeding on paid leave under this clause.
- 9.1.2 On the termination of this contract, and if the employee is not re-appointed to the position under clause 5 or appointed to any other position in Council's organisation structure, the Council will pay:
- (a) to the employee in the case of annual leave, or

-
- (b) to the employee or new employer council in the case of long service leave,

accrued but unused leave entitlements calculated at the monetary value of the total remuneration package as specified in Schedule C.

- 9.1.3 If the employee is re-appointed to the position under clause 5 or appointed to any other position in Council's organisation structure within 3 months after the termination of this contract, the employee will be taken to have continuing service with Council for the purpose of determining the employee's entitlement to annual leave, long service leave and sick leave.

- 9.1.4 Any leave accrued with Council standing to the credit of the employee immediately prior to entering into this contract will be taken to be leave for the purposes of this contract.

9.2 Annual leave

The employee is entitled to four weeks paid annual leave during each year of employment under this contract to be taken as agreed between the employee and Council.

9.3 Long service leave

- 9.3.1 The employee's entitlement to long service leave is to be calculated by the same method that applies to a non-senior member of Council staff.
- 9.3.2 Long service leave is transferable between councils in New South Wales in the same manner that applies to a non-senior member of Council staff.

9.4 Sick leave

- 9.4.1 The employee is entitled to 15 days paid sick leave during each year of employment under this contract provided that:
 - (a) Council is satisfied that the sickness is such that it justifies time off, and
 - (b) satisfactory proof of illness to justify payment is provided to Council for absences in excess of two days.
- 9.4.2 Sick leave will accumulate from year to year of employment under this contract so that any balance of leave not taken in any one year may be taken in a subsequent year.

9.4.3 Council may require the employee to attend a doctor nominated by Council at Council's cost.

9.4.4 Accrued but unused sick leave will not be paid out on the termination of this contract.

9.5 Parental leave

9.5.1 Parental leave includes supporting parent's leave, maternity leave, paternity leave and adoption leave.

9.5.2 The employee is entitled to the same parental leave that a non-senior member of Council staff would be entitled.

9.6 Carer's leave

The employee is entitled to the same carer's leave that a non-senior member of Council staff would be entitled.

9.7 Concessional leave

The employee is entitled to the same concessional leave that a non-senior member of Council staff would be entitled.

9.8 Special leave

Council may grant special leave, with or without pay, to the employee for a period as determined by Council to cover any specific matter approved by Council.

10 Termination

10.1 General

On termination of this contract for any reason the employee will immediately return to Council all property of Council in the employee's possession including intellectual property and confidential information and will not keep or make any copies of such property and information.

10.2 Termination date

The employment of the employee under this contract terminates on the termination date.

10.3 Termination by either the employee or Council

This contract may be terminated before the termination date by way of any of the following:

10.3.1 written agreement between the employee and Council,

10.3.2 the employee giving 4 weeks' written notice to Council,

10.3.3 Council giving 4 weeks' written notice to the employee, or alternatively by termination payment under subclause 11.1, where:

(a) the employee has been incapacitated for a period of not less than 12 weeks and the employee's entitlement to sick leave has been exhausted, and

(b) the duration of the employee's incapacity remains indefinite or is likely to be for a period that would make it unreasonable for the contract to be continued,

10.3.4 Council giving 13 weeks' written notice to the employee, or alternatively, by termination payment under subclause 11.2 where Council:

(a) has conducted a performance review, and

(b) concluded that the employee has not substantially met the performance criteria or the terms of the performance agreement,

10.3.5 Council giving 38 weeks' written notice to the employee, or alternatively, by termination payment under subclause 11.3.

10.4 Summary dismissal

10.4.1 Council may terminate this contract at any time and without notice if the employee commits any act that would entitle an employer to summarily dismiss the employee. Such acts include but are not limited to:

(a) serious or persistent breach of any of the terms of this contract,

-
- (b) serious and willful disobedience of any reasonable and lawful instruction or direction given by Council,
 - (c) serious and willful misconduct, dishonesty, insubordination or neglect in the discharge of the employee's duties and functions under this contract,
 - (d) failure to comply with any law or Council policy concerning sexual harassment or racial or religious vilification,
 - (e) commission of a crime, resulting in conviction and sentencing (whether or not by way of periodic detention), which affects the employee's ability to perform the employee's duties and functions satisfactorily, or in the opinion of Council brings Council into disrepute,
 - (f) absence from the business of Council without Council approval for a period of 3 or more consecutive business days.

10.4.2 This contract is terminated immediately without notice if the employee becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit.

11 Termination payments

- 11.1 On termination of this contract under subclause 10.3.3, where written notice has not been given, Council will pay the employee a monetary amount equivalent to 4 weeks' remuneration calculated in accordance with Schedule C.
- 11.2 On termination of this contract under subclause 10.3.4, where written notice has not been given, Council will pay the employee a monetary amount equivalent to 13 weeks' remuneration calculated in accordance with Schedule C.
- 11.3 On termination of this contract under subclause 10.3.5, where written notice has not been given, Council will pay the employee a monetary amount equivalent to 38 weeks' remuneration calculated in accordance with Schedule C, or the remuneration which the employee would have received if the employee had been employed by Council to the termination date, whichever is the lesser.
- 11.4 On termination of this contract under subclause 10.3.1, 10.3.2, 10.4.1 or 10.4.2, Council will pay the employee remuneration up to and including the

date of termination calculated in accordance with Schedule C and any other payment to which the employee is entitled under this contract.

12 Expenses and credit cards

In addition to any duties or entitlements that may be set out in any relevant policies of Council as adopted by Council from time to time, the employee will:

- 12.1 keep such records of expenses, travel and motor vehicle use as required by Council from time to time,
- 12.2 be reimbursed by Council for expenses properly incurred on Council business, subject to Council's prior approval to this expense being incurred,
- 12.3 only use any credit card provided by Council for expenses incurred on Council business, and
- 12.4 return any credit card provided by Council on request from Council.

13 Intellectual property

- 13.1 Any literary work, computer program, invention, design, patent, copyright, trademark, improvement or idea developed by the employee in the course of employment under this contract is the sole property of Council and Council will unless otherwise agreed have the exclusive right to use, adapt, patent and otherwise register it.
- 13.2 The employee will immediately disclose to Council any literary work, computer program, invention, design, patent, copyright, trademark, improvement or idea developed by the employee after the commencement date to enable Council to ascertain whether it was discovered, developed or produced wholly outside and wholly unconnected with the course of employment under this contract.
- 13.3 To protect disclosures made in accordance with subclause 13.2, Council or the employee may require a confidentiality agreement to be signed prior to, during or immediately after discussion of the intellectual property being considered.

Note: IP Australia, the Commonwealth Government intellectual property agency, has developed a Confidentiality Agreement Generator for the purpose of preparing intellectual property confidentiality agreements. It is available at <http://www.ipaustralia.gov.au/smartstart/cag.htm>.

-
- 13.4 The employee assigns to Council by way of future assignment all copyright, design, design right and other property rights (if any) in respect to any literary work, computer program, invention, design, patent, copyright, trademark, improvement or idea developed by the employee in the course of employment under this contract.
- 13.5 At the request and expense of Council the employee will complete all necessary deeds and documents and take all action necessary to vest in Council any literary work, computer program, invention, design, patent, copyright, trademark, improvement or idea developed by the employee in the course of employment under this contract and obtain for Council the full benefit of all patent, trademark, copyright and other forms of protection throughout the world.

14 Confidential Information

The employee will not divulge any confidential information about Council either during or after the term of their employment under this contract.

15 Waiver

The failure of either the employee or Council to enforce at any time any provision of this contract or any right under this contract or to exercise any election in this contract will in no way be considered to be a waiver of such provision, right or election and will not affect the validity of this contract.

16 Inconsistency and severance

- 16.1 Each provision of this contract will be read and construed independently of the other provisions so that if one or more are held to be invalid for any reason, then the remaining provisions will be held to be valid.
- 16.2 If a provision of this document is found to be void or unenforceable but would be valid if some part were deleted, the provision will apply with such modification as may be necessary to make it valid and effective.

17 Dispute resolution

- 17.1 In relation to any matter under this contract that may be in dispute, either the employee or Council may:

-
- (a) give written notice to each other of the particulars of any matter in dispute, and
 - (b) within 14 days of receiving a notice specified in subclause 17.1(a), a meeting will be convened between Council (along with any nominated representative of Council) and the employee (along with any nominated representative of the employee) in an attempt to resolve the dispute.
- 17.2 The employee and Council will attempt to resolve the dispute at the workplace level.
- 17.3 Upon failure to resolve the dispute at the workplace level, the employee and Council will:
- (a) refer the dispute to an independent mediator as agreed by the employee and Council, or otherwise as appointed by the Director-General,
 - (b) agree to participate in any mediation process in good faith, with such mediation to operate in a manner as agreed by the employee and Council, and
 - (c) acknowledge the right of either the employee or Council to appoint, in writing, another person to act on their behalf in relation to any mediation process.
- 17.4 The cost of the mediation service will be met by Council.
- 17.5 The employee and Council will each be responsible for meeting the cost of any advisor or nominated representative used by them.

18 Service of notices and communications

- 18.1 Any communication, including notices, relating to this contract will be in writing and served on the employee or Council at their last known residential or business address in accordance with subclause 18.2.
- 18.2 Any written communication including notices relating to this contract is taken to be served:
- (a) when delivered or served in person, immediately,
 - (b) where served by express post at an address within New South Wales in the Express Post Network, on the next business day after it is posted,

-
- (c) where served by post otherwise in the ordinary course of postage, as set down in Australia Post's delivery standards, and
 - (d) where sent by facsimile, within standard business hours otherwise on the next business day after it is sent.

19 Variations

- 19.1 Where this contract provides that its terms may be varied, that variation will be by agreement in writing signed by the employee and Council.

Note: See clauses 4.5, 6.1.3, 7.3, 8.6 and 19.2.

- 19.2 Where the Director-General approves an amended or substitution standard form of contract for the employment of the general manager of a council, the provisions of this contract may be varied by agreement between the employee and Council to the extent that they are consistent with the provisions of that amended or substitution standard form of contract.

Note: See section 338 of the Act.

20 Other terms and conditions

- 20.1 The employee and Council acknowledge that they have sought or had the opportunity to seek their own legal and financial advice prior to entering this contract.
- 20.2 In accordance with section 731 of the Act, nothing in this contract gives rise to any action, liability, claim or demand against the Minister, the Director-General or any person acting under their direction.

21 Signed by the employee and Council

COUNCIL:

The Seal of

[Council name]

[Seal]

affixed by authority of a resolution of Council.

Signed
by Council

Date

Name of signatory
in full [printed]

Office held [printed]

Signed by Witness

Name of Witness
in full [printed]**THE EMPLOYEE:**Signed
by the employee

Date

Name of employee
in full [printed]

Signed by Witness

Name of Witness
in full [printed]

Schedule A – Council policies

Note: This Schedule may be varied during the term of this contract in accordance with subclauses 4.5 and 19.1 of this contract.

This Schedule operates on and from

Date

For the purposes of subclause 4.5 of this contract, the following policies apply to the employee:

Signed by Council

Signed by the employee

Schedule B - Duties and functions

Note: This Schedule may be varied during the term of this contract in accordance with subclauses 6.1.3 and 19.1 of this contract.

This Schedule operates on and from

Date

In addition to the duties and functions specified in clause 6 of this contract, the employee will carry out the following duties and functions:

Signed by Council

Signed by the employee

Note: This Schedule may be varied during the term of this contract in accordance with subclauses 8.7 and 19.1 of this contract.

Date _____

\$

ANNUAL REMUNERATION	\$

The employee's superable salary will be the amount of the total remuneration package less the amount of compulsory superannuation contributions.

Signed by the employee



10 October 2022

Mr Andrew Brown
Director Corporate and Community Services
Narrabri Shire Council
By Email

Re: Proposal for Performance Review Facilitation

Dear Andrew,

I refer to your recent correspondence inviting a proposal to assist the Council and the with the facilitation of the General Manager, Mr Rob Williams' performance review process.

For over 29 years Local Government Management Solutions (LGMS) has been assisting councils with the requirements under clause 23A of the *NSW Local Government Act (1993)* through the Director General's guidelines for the Appointment and Oversight of General Managers. In NSW an annual performance review of the General Manager is a statutory requirement under the terms and conditions of the standard General Manager Contract (2006). LGMS are leaders in positive performance review facilitation for local government senior staff.

The relationship between the council, particularly the mayor and the general manager is critical to the effective administration of the organisation and delivery of a quality service to the community. Our service is currently delivered to approximately 50 councils annually to ensure councils observe their performance management obligations under the *Local Government Act (1993)* and help maintain an effective relationship with their general managers and senior staff. We provide a performance review facilitation service which is professionally managed to ensure an objective accountable process including constructive feedback to the General Manager and a full report for Council. LGMS also conduct workshops for councillors on the general manager performance review process.

Please find enclosed proposal for Local Government Management Solutions (LGMS) to facilitate Performance Review for the position of General Manager at Narrabri Shire Council. This proposal also includes the provision of performance review templates and the development of the General Manager's performance plan.

Should Council select LGMS to undertake this project, Mark Anderson whose experience and qualifications are detailed within the proposal document will act as the review facilitator.

LOCAL GOVERNMENT NSW
GPO BOX 7003 SYDNEY NSW 2001
LB, 28 MARGARET ST SYDNEY NSW 2000
T 02 9242 4000 F 02 9242 4111
LGNSW.ORG.AU LGNSW@LGNSW.ORG.AU
ABN 49 853 913 882



Our team is enthusiastic about the opportunity to work with Council on this project. Should you require additional information, or wish to discuss this proposal further, please do contact me on 0418 864 866. Please feel free to call our nominated referees to validate our experience.

Regards

A handwritten signature in black ink, appearing to read 'Mark Anderson'.

Mark Anderson
Manager, Local Government Management Solutions
Local Government NSW

LOCAL GOVERNMENT NSW
GPO BOX 7003 SYDNEY NSW 2001
LB, 28 MARGARET ST SYDNEY NSW 2000
T 02 9242 4000 F 02 9242 4111
LGNSW.ORG.AU LGNSW@LGNSW.ORG.AU
ABN 49 853 913 882



The Narrabri Shire Council General Manager Performance Review Facilitation Proposal

Valid to 31 October 2022

Contents

Local Government Management Solutions.....	1
Our team	1
The LGMS competitive edge.....	2
Our Performance Review facilitation service.....	2
Services provided and fees.....	4
Terms and Conditions	4



Local Government Management Solutions

LGMS is a business unit of Local Government NSW (LGNSW). LGNSW is the peak industry association that represents the interests of NSW general-purpose councils, 12 special purpose councils and the NSW Aboriginal Land Council. LGNSW represents the views of these councils by advocating councils' views to governments, promoting local government to the community and providing specialist advice and services.

The LGMS unit was initially established in 1992, primarily to assist member councils recruit general managers in compliance with the (then new) *Local Government Act (1993)*. Our range of services has since expanded to include a range of human resource services on a fee for service basis:

- Executive & specialist recruitment
- Performance review facilitation
- Organisational and structural reviews
- Service reviews
- IP&R development
- Improvement Plan audits
- Staff engagement and leadership survey facilitation
- NSW Council Comparative Data (Remuneration, Finance and HR Metrics).

Working for the peak industry body and dealing with councillors, general managers and other executive staff in councils on a daily basis, LGMS is fully aware of the pressures the industry faces and how this translates into decision-making on the ground.

Our team

Our Consultants contribute experience from a broad range of industries. LGMS is able to apply a truly fresh set of eyes to the issues our clients face and our advice is informed on government practice and legislation, and through our experience with and access to expert networks within local government.

Our team has a strong track record in service delivery across all the services and products we offer. We understand the industry and the challenges it is facing.

Your Facilitator: Mark Anderson, Manager Grad Dip HR, Monash University and Member, LGPA

Leading our team, Mark was appointed Manager of Local Government Management Solutions (LGMS) in 2008 and has over 30 years' experience as a professional Human Resources practitioner. Since joining LGMS, Mark has personally managed an average of seven executive senior management recruitment projects per year with the majority of those positions have been General Manager roles. Mark also facilitates approximately 20 General Manager performance reviews annually. After holding senior roles in both Business Management and Human Resources Management over 17 years in Sydney Water, Mark made a transition into Management Consulting where he worked on significant transformation and change projects with Blue Chip companies such as Westpac, Zurich Australia, NRMA and AMP over a number of years. Mark's consulting



work then took him into executive recruitment and he has headed up the recruitment functions for large complex organisations such as the CBA, RailCorp and Optus. Mark prides his experience at understanding the client brief and adapts to each individual council's needs and delivering successful outcomes with a minimum of fuss in a highly professional manner.

The LGMS competitive edge

Providing the highest levels of service and value for money to our members is essential to our reputation and standing in the local government industry. Our team has a strong track record in delivering all of our services.

LGMS understands the industry and the challenges it faces. Our team:

- Works holistically, supporting our clients through to the conclusion of the project;
- Share their knowledge and intelligence gleaned from working with a large number of councils in NSW to assist in improving council performance;
- Are local government specialists working exclusively for councils who also contribute a significant level of experience from a range of other organisations and industries;
- Provide expert advice in the best interest of council, which includes consideration of compliance issues councils may face; and
- Are able to draw on an extensive partner and stakeholder network, this includes LGNSW's Industrial Relations and Learning Solutions staff.

Our Performance Review facilitation service

Council and its General Manager have an ongoing responsibility to maintain a rigorous performance management process to ensure quality feedback on the General Manager's and Senior Staff performance. LGMS assist councils to maintain the most effective monitoring and review process, ensuring all contractual and legislative requirements are met.

A formalised process for performance management is an essential part of good management practice because it:

- Provides an opportunity to define clearly what expectations the Council has of its employees;
- Is fair and objective;
- Includes strategic and operational key performance outcomes and measures;
- Allows for structured and constructive feedback on performance;
- Protects against some of the misconceptions and hearsay which may have been the basis of performance reviews previously;
- Provides an accurate information base for succession planning; and
- Allows performance problems to be addressed and an action plan developed.

LGMS facilitates the 12 monthly annual reviews and optional 6 monthly monitoring sessions with Council's Performance Review Committee. We provide a comprehensive



performance review document consisting of the General Manager's Key Performance Indicators (KPIs) and the annual business objectives based on the council's strategic management plans. This is used to measure the General Manager's performance. A similar document is used for Senior Staff.

Our document represents the key attributes required of a general manager in carrying out their role and responsibilities. The document has two parts:

The LGMS Performance Agreement outlines:

- the four generic GM Key Performance Areas (KPAs) of **Leadership, Collaboration, Compliance and Delivery**;
- the Specific Strategic and Operational Objectives to be achieved during the review period; and

All elements of the Performance Agreement can be allocated different weightings in accordance with the priorities and levels of importance established between Council's Performance Review Committee and the General Manager. The same methodology can be applied to the senior staff performance review process.

Part 1 of this agreement contains a range of year-on-year operational KPOs covering the broad strategic and operational requirements of a general manager. Part 1 may be supported by a table containing more specific quantifiable performance measures and standards to allow a view to be formed of the level of achievement against the Key Performance Objectives.

Part 2 outlines particular projects that are prioritised by Council in its current Operational Plan and Delivery Program and against the delivery of which the General Manager will also be assessed.

The General Manager's performance is reviewed by a Performance Review Committee (Committee).

LGMS understands that some Council's prefer to use their own document/agreement and we will work with those documents if required.



Services provided and fees

For this assignment

The services provided include:

- Assisting Council and the GM to draft the GM's annual performance plan/agreement using the LGMS current performance review document template;
- Facilitation of the GM's mid-term (optional) and annual performance review
- Providing feedback to the General Manager at the conclusion of the performance review;
- Preparing a detailed report for Council on the outcome from the General Manager's performance review;
- Preparing the next review period agreement.

Agreed fee:

Annual fee: \$5,000.00 + GST (includes the GM / Chief Executive Officer annual and mid-term review facilitation using the LGMS template).

Travel and accommodation expenses will be charged in addition to the agreed fee.

Annual fees for Senior Staff level performance review facilitation negotiated depending on number of positions.

Council type	Annual fee for General Manager/CEO	Annual fee for Senior Staff
Urban Councils	\$6000 + GST	\$1000 + GST per Senior Staff
Regional Councils	\$6000 + GST	\$1000 + GST per Senior Staff
Rural Large Councils	\$5000 + GST	\$1000 + GST per Senior Staff
Rural Medium Councils	\$5000 + GST	\$750 + GST per Senior Staff
Rural Small Councils	\$4000 + GST	\$750 + GST per Senior Staff

As an industry-owned organisation, LGMS endeavour to offer Council value for money. The work of LGMS has been developed with the needs and concerns of the local government industry in mind. Our fees are set by the type and extent of the services provided and our aim is to provide a professional service and exceptional customer experience.

Terms and Conditions

Validity and acceptance of this proposal: This proposal is valid to 31 October 2022. Acceptance must be received by email or letter.



Payment terms: Full payment is required within 30 days from the date of the invoice, unless other arrangements have been made prior.

LGMS thanks Council for the opportunity to provide this proposal and hopes to be working in partnership for the facilitation of the General Manager performance review in the near future.

We encourage you to contact our referees below for their views on our service offering and quality.

Eric Groth – General Manager Gunnedah Shire Council – 0459 238 806

Cr Jamie Chaffey – Mayor – Gunnedah Shire Council – 0467 402 412

James Roncon – General Manager Armidale Council – 0410 643 729

Adrian Butler – General Manager Federation Council – 0427 309 100

Cr Pat Bourke – Federation Council - 0429 208 267

Coonabarabran:

14-22 John Street
Coonabarabran NSW 2357

PO Box 191
Coonabarabran NSW 2357

ABN: 63 348 671 239



Calls from within Shire
1300 795 099

Calls from outside Shire area
Coonabarabran:
02 6849 2000

Coolah: 02 6378 5000

Fax: 02 6842 1337

Email:
info@warrumbungle.nsw.gov.au

Coonabarabran - Coolah - Dunedoo - Baradine - Binnaway - Mendooran

Please address all mail to:
The General Manager

Please refer enquiries to: Mrs Tracy Cain
Doc ID 89371, 89569, 94335

18 August 2022

Cr John Clements
Narrabri Shire Council
PO Box 175
WEE WAA NSW 2388

Dear John

Upgrading the Route between Coonabarabran, Pilliga and Mungindi

I refer to the Regional Road between Coonabarabran and Mungindi, which runs through the Shires of Narrabri, Walgett and Warrumbungle.

Warrumbungle Shire Council is enthusiastic about upgrading the road between Coonabarabran and Mungindi as there are benefits for improved freight productivity as well as benefits for regional tourism.

Council has previously resolved that funding submissions be prepared for the Coonabarabran Mungindi Road Upgrade Project subject to a partnering agreement with both Walgett Shire Council and Narrabri Shire Council.

Council has corresponded with both Walgett and Narrabri Shire Councils seeking confirmation on partnering with Warrumbungle Shire Council with the objective of lodging funding submissions to upgrade the road between Coonabarabran and Mungindi.

Walgett Shire Council has confirmed their commitment to further discussions on the project while Narrabri Shire Council has sought further clarification on the benefits and funding arrangements for each Council.

As per Councillor Denis Todd's request please find attached the following documentation in relation to the proposed project:

- Feasibility Assessment – Final Report – June 2011
- Business Case for the Route between Coonabarabran, Pilliga and Mungindi as a Regional Priority for Upgrading – June 2011
- Correspondence – June 2018 to April 2020

/2

-2-

Should you require further information please contact Council's Director Technical Services, Mr Gary Murphy on 6849 2000.

Yours sincerely


GARY MURPHY
DIRECTOR TECHNICAL SERVICES

Attach: 1. *Feasibility Assessment*
 2. *Business Case*
 3. *Correspondence*



UPGRADING THE ROUTE BETWEEN COONABARABRAN, PILLIGA AND MUNGINDI

FEASIBILITY ASSESSMENT – FINAL REPORT

**PREPARED FOR WARRUMBUNGLE, NARRABRI AND WALGETT
SHIRE COUNCILS**

By PEECE Pty Ltd

June 2011

PROJECT DETAILS

Name of Client: Warrumbungle, Narrabri and Walgett Shire Councils

Name of Project: Upgrading the Route between Coonabarabran, Pilliga and Mungindi

PEECE Project Manager: Peter Rufford

Document Author: Peter Rufford

Name of Document: Coonabarabran-Mungindi Route Report (final)

DOCUMENT HISTORY AND STATUS

Revision	Issued to	Date	Reviewed by	Approved by
Preliminary Draft for Discussion	Ian Taylor	20 Feb 2011	Steve O'Rourke	Peter Rufford
Draft	Ian Taylor, Kevin Tighe and Darryl Campbell	22 March 2011	Steve O'Rourke	Peter Rufford
Final	Ian Taylor, Kevin Tighe and Darryl Campbell	4 June 2011	Steve O'Rourke	Peter Rufford

PEECE Pty Ltd
PO Box 715
SPRING HILL QLD 4004

www.peece.com.au

Abstract

The report looks at the engineering, economic and financial feasibility of upgrading the route between Coonabarabran, Pilliga and Mungindi. This report has been prepared for the three Councils to support a funding application to the State and Commonwealth Governments for upgrading the route.

This work is copyright. Apart from any fair dealings for the purposes of study, research, criticism or review, as permitted by the Copyright Act 1968, no part may be reproduced by any process without written permission. Copyright is the responsibility of the Executive Director, PEECE Pty Ltd.

This report has been prepared in accordance with the scope of services described in the contract or agreement between PEECE Pty Ltd and the Client (listed above). The report relies upon data and results taken at or under the particular times and conditions specified herein. Any findings, conclusions or recommendations apply only to the aforementioned scope and circumstances, and no greater reliance should be assumed or drawn. PEECE Pty Ltd does not warrant that the information provided is complete and disclaims all responsibility and liability for any loss or damage incurred as a result of relying on the accuracy or completeness of this information. This report has been prepared solely for the use of the Client and PEECE Pty Ltd accepts no responsibility for its use by other parties.

TABLE OF CONTENTS

SUMMARY.....	1
1. INTRODUCTION.....	3
1.1 Purpose of the Study.....	3
1.2 Description of the Route	4
1.3 The Three Shires.....	5
1.4 The Centres Served by the Route	7
1.5 The Industries Served by the Route	11
2. BENEFITS OF IMPROVED ROAD ACCESS	21
2.1 Local Communities	21
2.2 Farm Productivity	21
2.3 The Transport Industry.....	22
2.4 Tourism	22
2.5 Road Safety	23
3. TRAFFIC FORECASTS	24
3.1 Current Road Conditions.....	24
3.2 Current Traffic	25
3.3 2010 base estimates for average vehicles per day	26
3.4 Traffic impact of road improvements	26
4. INFRASTRUCTURE ISSUES	29
4.1 Access for High Productivity Vehicles	29
4.2 Opportunities for Staged Development.....	29
4.3 Availability of Road Making Material	29
4.4 Vehicle Loading	29
5. INFRASTRUCTURE PLAN	31
5.1 Capital Works Plan	31
5.2 Cost Benefit Analysis: Priority 1 road pavement projects	34
6. FINANCIAL PLAN.....	38
6.1 Funding Sources	38
6.2 Recommended Funding	40
7. MAIN FINDINGS	42
APPENDIX A – AGRICULTURAL STATISTICS.....	43

SUMMARY

The route connecting Coonabarabran, Pilliga, Burren Junction, Collarenebri and Mungindi comprises a mixture of local, regional and state road sections. Notwithstanding, it is an important north-south route for the local communities and regional industries. The regional industries include a large, diverse and highly productive agricultural sector and a growing road-based tourism industry.

Unfortunately the route has not been upgraded to meet current expectations due to priorities being left to individual Councils rather than based on a regional perspective. This has resulted in three sections still being unsealed and susceptible to disruption during wet weather and flooding.

The feasibility study identified the infrastructure issues that influence the development of the route as well as an assessment of future traffic demand if the route was fully sealed. The Infrastructure Plan identified \$46.12 million of capital works based on the following priority:

- Priority 1 – sealing the existing unsealed roads, widening to accommodate high productivity vehicles and urgent safety works;
- Priority 2 – safety of the road for existing and future traffic once the Priority 1 works have been completed; and
- Priority 3 – rehabilitation of the existing sealed sections that are showing distress and other minor works.

The Plan identified \$32.72 million of high priority works including the three unsealed sections which are shown in Table 1.

Table 1: Description of high priority works

Section	Description	Cost, \$ million
Coonabarabran – Baradine	Widen 8km of narrow seal to accommodate high productivity vehicles	\$3.20
Baradine – Pilliga	Gravel and seal 29km of unsealed road between 41-70 km north of Baradine	\$8.11
	Widen 7.5km of narrow formation on a high embankment 20km north of Baradine	\$2.62
Pilliga – Burren Junction	Gravel and seal 29km of unsealed road between 2-33 km north of Pilliga	\$5.84
Burren Junction – Collarenebri	Urgent safety works to replace floodway deficient guardrail and severe edge and pavement failure	\$1.10
Collarenebri – Mungindi	Gravel and seal 55km of unsealed road between 26-82 km south of the NSW Border	\$11.84
Total		\$32.72

The forecast growth in traffic following the sealing of the route was converted to transport economic benefits which were used with the capital cost in a cost benefit analysis. The benefits exceed the costs for two of the three sections and overall the total benefits exceed the total capital costs, as shown in Table 2.

Table 2: Economic results

Section	Capital Cost	Benefit Cost Ratio @ 7% Discount Rate
Baradine – Pilliga	\$8.11	0.8
Pilliga – Burren Junction	\$5.84	1.1
Collarenebri – Mungindi	\$11.84	1.2
Total/Overall	\$25.79	1.1

The feasibility assessment also explored the various funding sources and proposed a funding arrangement that involved funding from the three levels of government. The proposed funding contributions are shown in Table 3.

Table 3: Proposed funding contributions

Funding Source	Total	%
Commonwealth	\$16,331,000	50%
State	\$11,000,000	34%
Council	\$5,389,000	16%
Total	\$32,720,000	

The financial analysis showed how the project might be funded. Whilst the three Councils are prepared to make a significant contribution from their own sources, the project needs both Commonwealth and State financial support.

1. INTRODUCTION

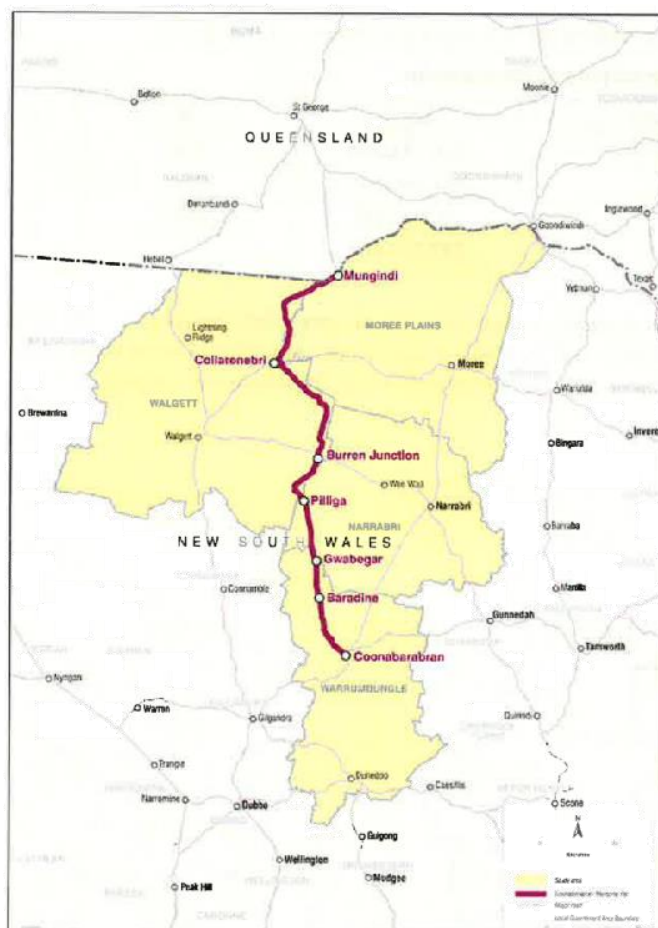
This section provides an introduction to the feasibility study. It describes the various road sections of the route, the three Shires involved and the main centres served by the route.

1.1 Purpose of the Study

Mungindi is located due north of Coonabarabran, as shown in Figure 1.1. Whilst Coonabarabran is in Warrumbungle Shire, the direct route to Mungindi passes through Pilliga in Narrabri Shire, and Burren Junction and Collarenebri in Walgett Shire. Mungindi itself is located in the north-west tip of Moree Plains Shire.

The road has three sections of unsealed road which severely restrict the movement of traffic through its entire length, particularly in times of wet weather.

Figure 1.1: The Study Area



The direct route has not been upgraded to a consistent, safe or accessible standard due to the way the road networks within each of the three Shires have developed over the last 50 years in north-west NSW. Each Council has developed its road network to meet the needs of their respective communities without necessarily taking into account the needs of communities in adjoining Council areas or the transport needs of industries at a regional level.

The purpose of this study is to assess the benefits from upgrading the route to a standard that meets the expectations of the communities and industries that rely on the route for transport.

1.2 Description of the Route

The route is made up of five sections:

1. It commences in the Warrumbungle Shire at the Newell Highway in Coonabarabran and follows Main Road 129 north to Baradine. This section of the route is sealed but has some sub-standard sections.
2. From Baradine it follows Main Road 329 north through Gwabegar and then into Narrabri Shire to Pilliga. This section north of Gwabegar is unsealed.
3. It then enters Walgett Shire on Council Road 7716 in Pilliga before following Bugilbone Road (Shire Road 103) to Burren Junction. The Bugilbone Road section is unsealed.
4. At Burren Junction the route follows a 5 km section of the Kamilaroi Highway (State Highway 29) before heading north along the northern section of Main Road 329 to the Gwydir Highway (State Highway 12) east of Collarenebri and then a further 9 km into Collarenebri. The section is sealed but is showing some pavement distress despite recent construction.
5. The final section follows Main Road 457 from Collarenebri north to the Queensland Border to the west of Mungindi. This section is mostly unsealed.

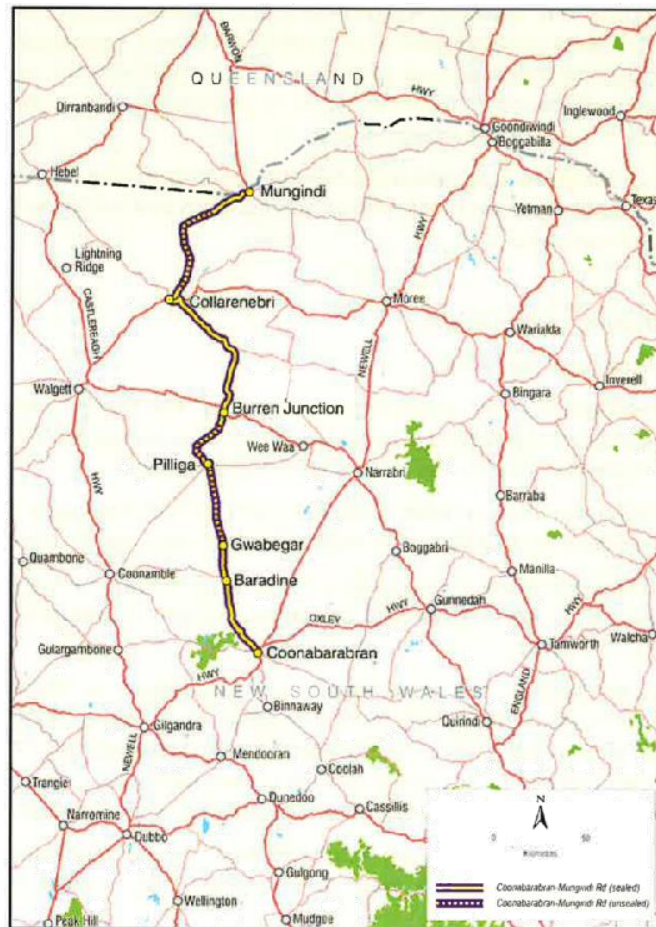
The total length between Coonabarabran and the Queensland Border is 335 km comprising 13 km of State Highway, 282 km of Regional Road and 40 km of local Shire Road.

85 km (25%) of the road is in Warrumbungle Shire, 75 km (22%) in Narrabri Shire and 175 km (52%) in Walgett Shire.

The road continues into Queensland a further 6.2 km to connect with the Carnarvon Highway, 2 km to the north of Mungindi.

Figure 1.2 is a map showing the location of the route from Coonabarabran to the Queensland Border to the west of Mungindi. The three unsealed sections are shown on the map.

Figure 1.2: Location of the Coonabarabran-Pilliga-Mungindi Route



1.3 The Three Shires

The route runs through three shire council areas, namely Warrumbungle Shire in the south; Narrabri Shire in the central area; and Walgett Shire to the north. Information regarding these shires is summarised in Table 1.1.

Table 1.1: Summary information for three Shires

	Shire Council		
	Warrumbungle	Narrabri	Walgett
Administrative Centre	Coonabarabran	Narrabri	Walgett
Other towns on route in Shire	Baradine,	Pilliga, Gwabegar	Mungindi ^a , Collarenebri, Burren Junction
Shire Population			
2001	10,849	14,537	8,328

	Shire Council		
	Warrumbungle	Narrabri	Walgett
2009	10,323	13,693	7,209
AAGR % p.a.	-0.6%	-0.7%	-1.8%
% change 2008 to 2009	+0.8%	+0.9%	+1.2%
Land area (km ²)	12,380	13,031	22,336
Population density persons/km ²	0.8	1.1	0.3
Business function	District service centre	Regional service centre	District service centre
Community services	Self sufficient	Self sufficient	Self sufficient
Type of farming	Mainly dryland	Dryland & irrigated	Dryland & irrigated
Forestry	Significant	Minor	Minor
Mining	Minor	Gas & coal	Opals at Lightning Ridge
Tourism drivers	National Parks & Astronomy	Astronomy & National Parks	Lightning Ridge

a Located just to the north-east of the Walgett Shire boundary in Moree Plains Shire

The main base industries of the three shires focus on cropping and livestock production. However, there are important differences between the shire economies. Warrumbungle Shire does not have significant irrigated cropping, but it has retained a forestry industry (based mainly on milling in Baradine and logging of State Forests) and is extending its tourism industry by promoting nature-based tourism in the Baradine and Pilliga Forest areas.

Narrabri Shire has the largest and most diversified economy, which includes a developing a coal and gas industry. In addition, Narrabri (together with Moree) are the main transport hubs in north-west NSW. Walgett Shire has a very similar agricultural economy to that of Narrabri Shire. It also has an historic opal mining industry at Lightning Ridge which is an important tourism asset for the region.

Both Warrumbungle Shire and Narrabri Shire are serviced by the Newell Highway which is the main inland interstate freight corridor between Melbourne and Brisbane. Walgett Shire lies further to the north-west and is serviced by the Castlereagh, Gwydir and Kamilaroi Highways.

Road train access is an important factor for shires in north western NSW, particularly for longer distance transport of grain, cotton (raw and processed) and livestock. In contrast to the other shires, as well as Moree Plains Shire, Warrumbungle Shire has very limited road train access. Most of the section between Baradine and Coonabarabran has only B-Double access. There is no road train access into Coonabarabran on any roads in the Shire.

The three Shires have a range of health, education and recreation services. In these shires, however, Narrabri would be the only regional centre.

Each Shire has experienced population declines since 2001. This would appear to be caused in large part by poor seasonal and trading conditions in agriculture. Better conditions saw the region's population rise in 2009.

1.4 The Centres Served by the Route

There are seven main centres¹ served by the route. Travelling in a northerly direction from the Newell Highway, they comprise Coonabarabran on the Newell Highway, then Baradine, Gwabegar, Pilliga, Burren Junction, Collarenebri and Mungindi on the Queensland border.

Coonabarabran

Coonabarabran is the administrative centre for Warrumbungle Shire and is located near the centre of the shire. The township has a population of about 2,500 residents. It has national and international recognition as an Astronomy Centre. It has well developed retail services and numerous tourism opportunities, serviced by approximately 60 accommodation facilities in Coonabarabran and surrounding villages. Coonabarabran is a destination as well as a stop-over point for long distance travellers on the Newell Highway. The landscape and national parks of the area are an important attraction. The landscape varies from extensive plains and undulating hills through to the high basaltic plateau of Coolah Tops in the east, and rugged mountain peaks of extinct volcanoes in the west.

Coonabarabran hosts a number of events, some of which are promoted to a broader audience outside the region. Specific events include the Markets on the 4th Sunday of the month, Spring racing, Science in the Pub, Coona Yabby Races, The Bok Lecture, Warrumbungle Arts & Craft, Billy Cart Derby, Veterans Touch Footy Carnival, Crooked Mountain Concert, Coonabarabran Show, North West Equestrian Expo, and the Tour de Warrumbungles Bike Ride.

The shire is an indigenous meeting place for traditional owners, custodians, and members of the Gamilaraay, Wiradjuri, Weilwan and Kawambarai (Werriri) peoples.

Baradine

Baradine is located approximately midway between Coonabarabran and Pilliga. At the 2006 census (2006) it had a resident population of 593.

Baradine provides a number of services including:

- Central School;
- Catholic Primary School;
- Hospital (including accident and emergency, GP and allied health services). Patients are assessed at Baradine Hospital before being sent to Dubbo Base Hospital or other hospitals as necessary;

¹ There some very small villages also located on or near the route including Bugaldie and, Kenebri near Baradine, and Rowena and Pokataroo between Burren Junction and Collarenebri. These villages have populations of less than 50 residents.

- NSW Parks & Wildlife Service; and
- Forests NSW.

School buses travel along the route, picking up children for Baradine Central School from the nearby villages of Kenebri and Gwabegar and properties. There are various school functions, carnivals, combined sports, musical and other events held in Baradine that children attend. In addition, some high school students commute to Coonabarabran from Baradine and the area by school bus.

There is also some commuting for work between Baradine and Coonabarabran.

Baradine has been experiencing a decline in the forestry industry for some years. There were further closures as a result of recommendations of the Brigalow Belt South Bio-Region Assessment on Natural Resources completed in 2005. There is now only one saw mill operating in Baradine processing logs from State Forests. In addition, there are some very small mills processing logs from private properties.

Baradine was also impacted by the closure of the rail service in 2003, which serviced the grain receival depot. All grain is now transported from the depot by truck.

The town is now 're-inventing itself,' by placing greater emphasis on tourism, and searching out new business opportunities for the district, including projects for value adding waste forest and processed timber materials.

Baradine is promoted as the Gateway to the Pilliga Forest, which is the largest native inland forest west of the Great Dividing Range in NSW. The Pilliga Forest Discovery Centre was opened in March 2009 by the NSW National Parks and Wildlife Service and provides important interpretive services for visitors. Visitors can take scenic drives through the forests, use various bird and wildlife watching trails and picnic facilities and see various historic and Indigenous heritage sites and sculpture displays.

The road section from Baradine to Pilliga can be used as part of an alternative route between Coonabarabran and Narrabri. This would become more of a tourism byway if it were fully sealed, and is likely to attract more vehicles towing caravans and camper trailers. Similarly, the route provides an alternative access to Lightning Ridge for tourists, via Pilliga, Burren Junction and Collarenebri, but again it would need to be fully sealed before it could be used regularly by tourists.

Gwabegar

Gwabegar is a village of about 110 residents, located within the Pilliga State Forest.

Gwabegar has a primary school, a modern and well-resourced community centre (Community Link Centre), a multipurpose sports court, a general store, post office and a 'primitive' camping ground.

Historically, Gwabegar had a well developed saw milling industry, similar in size to that in Baradine. However, by 2005, it had only one sawmill drawing logs from State Forests. This mill was closed as a result of the Brigalow Belt South Bio-Region Assessment recommendations. The only remaining forestry activity centres on a firewood business which sells processed residue timbers in the Sydney market.

The town was also impacted by the cessation of rail services between Baradine and Gwabegar in 2001. The grain receival depot was closed about the same time.

Gwabegar can be isolated during wet periods, if the road is closed or becomes difficult to navigate. High road roughness also reduces trip frequency to larger centres such as Narrabri for community events.

There have been major bushfires in the Pilliga Forest. Access for all emergency vehicles from Narrabri, Wee Waa and Coonabarabran will be improved with sealing of the road.

Gwabegar is very reliant on visiting community health services which are contingent on road access. Indigenous residents also travel to medical clinics in Pilliga.

Pilliga

Pilliga is a village of about 120 residents, located near the northern edge of the Pilliga Forest. Pilliga is situated at a five-way junction of roads connecting to Narrabri via Wee Waa (recently sealed), Gwabegar, Coonamble, and Walgett via Burren Junction and via Come-By-Chance.

Pilliga has a range of services, including a small primary school, police station, Post Office, café, pub, a store, and fuel station, and the Community Link and Rural Transaction Centre with attached multipurpose courts. Mail runs are conducted from Pilliga to outlying centres.

A high proportion of the population is Indigenous. The Walgett Aboriginal Medical Services provides a doctor and podiatrist service, as well as mental health and diabetic services to Pilliga and Gwabegar residents. Indigenous residents are resourced through the Closing the Gap program.

The services delivered from Walgett can be affected during wet weather. Also, Community Nurses from Narrabri are not permitted to travel to the area through rain affected areas for safety reasons.

There has been local employment for people working in the cotton industry. However, with the introduction of genetically modified cotton varieties and greater mechanisation, local employment opportunities are declining. As for Gwabegar, there is a need to create new employment opportunities. Pilliga has benefited from the completion of road sealing programs between Coonamble and Wee Waa, which has contributed to the re-opening of the cafe, the fuel station and the town pub.

In 2007, Creating Growth Pty Ltd facilitated the development of the Gwabegar and Pilliga Community Economic Development Strategic Plan to improve their area's economic and social health and vitality. The Plan focuses on three key themes:

- Lifestyle and Youth;
- Business and Economic Development; and
- Visitation and Marketing.

Pilliga has some tourism attractions which are 'visible' to people living outside the region.² The hot artesian mineral water bore baths, for example, provide broader tourism attraction for grey nomads and others. These baths are considered by many to have therapeutic properties, and are being used by more tourists now that road access from Coonamble and Narrabri has been improved. The facility has been recently upgraded by Narrabri Council.

A Bore Baths tourism route is being developed by the Narrabri Tourism and Visitor Centre, which includes the facilities at Pilliga, Burren Junction, Walgett, Lightning Ridge and Moree.

There is also a lagoon between the town and the bore baths near Pilliga, which is popular for canoeing and bird-watching. The lagoon attracts a high diversity of bird species including some coastal migratory birds.

Burren Junction

Burren Junction is a village of approximately 150 persons. It is located on the rail branch line between Narrabri and Walgett, and has a Graincorp receival depot.

It has a fuel station, general store, a club, sports ground and a library deposit station. Its Junction City Hotel is a well known venue for touring bands in the Region

It has floodlit bore baths, which are popular with tourists.

The village is on the bird watching map. In 2006 the first Australian record of a Grey-headed Lapwing (a migratory bird native to Eurasia) was reported at Burren Junction.

Events in Burren Junction include the Gyrocopter Get-Together in June and the Burren Junction Flower Show in September. The Bore Rats Bachelor and Spinster Ball is held each year and draws people from outside the region.

Collarenebri

Collarenebri is at the crossroads of the Gwydir Highway from Moree, and the Baradine-Collarenebri Rd. At the 2006 census, the town had a resident population of 478.

The main services at Collarenebri include a Central School, hotel, local radio station specialising in indigenous programming, visitor information centre, and a hospital.

There are cotton gins located in the district at Collymongle Station to the east of the township and at Merrywinebone to the south. Merrywinebone also has a grain receival depot serviced by rail and a cattle feedlot.

Collarenebri has various tourism assets. The internationally renowned Gwydir Wetlands (a RAMSAR site) lies just to the east. It is the habitat for a myriad of significant local and migratory bird species, many of which are classified as threatened or vulnerable. The Barwon River passes near the town, and is known nationally for its fishing. The river also has numerous camping sites.

² The Pilliga Scrub can be a mysterious area and some locals speak of sightings of the Pilliga Yowie!

There are fossicking sites in the area for gemstones including topaz, agate and petrified wood.

Collarenebri has been recorded as a significant site and continues to be so for Indigenous people. There are artefact sites along the Barwon River. Also, there is an Aboriginal cemetery located outside the town which is unique to the area.

Youth services in the Shire are concentrated in Lightning Ridge and Walgett, with limited services in Collarenebri. The town can be isolated during a major flood event.

Mungindi

Mungindi is a border town situated on the Carnarvon Highway, and straddles the Barwon River. At the 2006 census, its population comprised 626 in NSW, and 176 in Queensland. Mungindi has two hotels, one caravan park, two fuel stations, a supermarket, a hospital, health centre, an aged care facility, a Central School and a Catholic Primary School. There are two cotton gins at Mungindi and one grain receival depot at Weemelah to the east of Mungindi.

The town is well equipped with sporting facilities including a golf club and a horse race track. There are a number of events sponsored for Mungindi including a biennial music festival.

1.5 The Industries Served by the Route

The main industries serviced by the route are as follows:

- Livestock – mainly sheep and cattle. Only one cattle feedlot located on the route at Merrywinebone between Burren Junction and Collarenebri;
- Grain – dryland cropping with principal crops being wheat (in winter) and sorghum (in summer);
- Cotton – mainly irrigated except in Warrumbungle Shire;
- Forestry – one regional sawmill at Baradine and logging of Cyprus Pine and Iron Bark in the Pilliga forests; and
- Tourism – mainly passive tourism from private vehicle touring. The main concentration of tourism activity is between Coonabarabran and Baradine.

The relative importance of specific road sections is summarised in Table 1.2.

Table 1.2: Important industries for each section

Section:	Livestock	Grain	Cotton	Forestry	Tourism
Coonabarabran to Baradine	Medium – no road train access	High – Receival depot at Baradine but no rail service	Nil	High – regional sawmill at Baradine	High – linkage between Newell Highway and Pilliga Forest areas
Baradine to Pilliga	Medium because of poor road	Medium – mainly local because of road	Nil	High – major logging	Low because of condition of road. Potentially part of

Section:	Livestock	Grain	Cotton	Forestry	Tourism
	condition	condition		route from State Forests	a tourism byway off Newell Highway via Baradine & Pilliga
Pilliga to Burren Junction	Medium because of poor road condition	Medium Receival depot at Burren Junction	Medium	Minor	Minor. Not part of recognised tourism route
Burren Junction to Collarenebri	High – farm movements & feedlot at Merrywinebone	Very high. Receival depots at Burren Junction & Merrywinebone	High. Cotton gins at Merrywinebone and Collymongle	Nil	Minor. Not part of recognised tourism route
Collarenebri to Mungindi	Medium because of poor road condition	Medium because of poor road condition	Medium. Two cotton gins at Mungindi (one not operating)	Nil	Minor. Not part of recognised tourism route

Agriculture

Agricultural freight movements between farms, major aggregation points (such as saleyards, grain receival depots and cotton gins), ports and domestic markets traverse a wide region serviced by the Coonabarabran – Pilliga – Mungindi route. Statistics are provided in Appendix A for the three Council areas traversed by the corridor as well as the adjacent Moree Plains and Coonamble shires (combined area referred to as the wider region).

Sheep and cattle

The wider region encompassing the five shire areas accounts for about 6-7% of sheep numbers and 11% of meat cattle numbers in NSW.

Regional sheep numbers fell by about 3.5% per annum from approximately 2.6 million head in 2000-01 to 2.2 million head in 2005-06. Meat cattle numbers grew marginally during the same period by 0.5% per annum from about 637,000 to 653,000 head.

Estimates were provided by the local community for dry sheep equivalent turnoff for properties between Mungindi and Collarenebri. This section is approximately 100 km in length and represents about one third of the total road length of the route. Local properties turnoff about 80,000 dry sheep equivalents per annum, which translates to approximately 400 trailer movements annually or some 8 movements per week. Local livestock movements on other sections are expected to be broadly similar on a prorated basis. Also, all sections on this route carry, to varying degrees, intra-regional and inter-regional livestock traffic servicing property, saleyard, and feedlot movements, and direct deliveries of sheep and cattle to meat processors in NSW and Queensland.

The use of saleyards by properties in the region is widely dispersed. However, the main saleyards are located along the Newell Highway (and its northern extension in

Queensland) from Goondiwindi to Dubbo as well as further to the east at Tamworth and Inverell. There is also direct electronic trade in livestock that bypasses saleyards for auction, but can be used for weighing and exchange of ownership.

For centres to the north of Coonabarabran on the Newell Highway, the predominant corridors for transporting sheep and cattle are the Carnarvon, Gwydir and Kamilaroi Highways. These highways provide road train access to saleyards on the Newell Highway. Further to the south, Dubbo is a major centre for sheep sales and processing. Dubbo has road train access via the Castlereagh and Mitchell Highways, but not via the Newell Highway.

The main processing works for sheep are located at Dubbo, Tamworth and Wallangarra (in Queensland), and for cattle, at Inverell and Tamworth. Cattle are also processed in south east Queensland. Similar corridors are used as for saleyard transactions.

More livestock transport would occur on the northern section of the route if it were upgraded as it provides road train access between NSW and Queensland. However, the lack of road train access between Baradine and Coonabarabran and on entry points into Coonabarabran on the Newell Highway and other roads would constrain further increases in long distance livestock traffic on the southern section of the route.

There is one major cattle feedlot located on the route at Merrywinebone. It has a licensed holding capacity for 5,000 head. Management advised they aim to turnoff 600 head per week on a self-replacing schedule, giving 1,200 cattle movements per week. The cattle are transported in B-doubles. On this schedule, cattle transport would generate about 18 B-double movements per week. The cattle are mostly sourced from saleyards at Moree and Narrabri and processed at Tamworth or Brisbane. Feed grain is sourced from adjacent farms. This feedlot uses mainly the section of the route between Burren Junction and Collarenebri.

Grain

From 2000-01 to 2005-06, total grain production in the wider region increased from 1.7 to 2.6 million tonnes or by 8.9% per annum. Production rose mainly because of a rise in productivity per hectare, and to a lesser degree because of an increase in the area cultivated for grain. In 2005-06, this region produced about 19% of total cereal grain production in NSW.

The quantities and direction of travel of grain from farms in the region are highly variable. For the same grade of grain, there are numerous factors which influence transport patterns including the following:

- Seasonal conditions;
- Distance from farm and accessibility to receival depot;
- Marketing agent;
- Handling charges at receival depots;
- Freight rates from receival depot to port;
- Port costs (comparison of Newcastle and Brisbane costs).

Farmers also adopt on-farm storage strategies to optimise the timing of grain sales in various markets.

The main receival depots in use in the region are shown in Table 1.3. The combined storage capacity is about 2.7 million tonnes. All depots, with the exception of Baradine, are serviced by rail.

Table 1.3: Receival depot capacity: main depots, tonnes

Location of receival depots	Tonnes
Thallon (Qld)	342,000
Talwood (Qld)	307,000 ^a
Weemelah	310,000
Merrywinebone	300,000
Burren Junction	130,000
Moree	520,000
Bellata	462,000 ^b
Narrabri	132,000
Walgett	315,000
Baradine	80,000

a Includes 92,000 t (GrainCorp) and 215,000 t (AWB GrainFlow)

b Includes 242,000 t (GrainCorp) and 220,000 t (AWB GrainFlow)

Source: GrainCorp, pers.comm.

GrainCorp has provided average grain haulage estimates by road section, which are shown in Table 1.4. From year to year, however, haulage varies substantially depending on seasons and direction of travel. The highest haulage is on the Burren Junction to Collarenebri section which is serviced by two receival depots with a combined storage capacity of 430,000 tonnes. Nevertheless, some large grain growers in this area transport their export grain to Bellata on the Newell Highway to take advantage of lower rail freight rates. Bellata has both GrainCorp and AWB GrainFlow terminals.

The grain transported to the feedlot at Merrywinebone is supplied by local farms. Trucks hauling this grain only cross the road section between Burren Junction and Collarenebri at various points and do not utilise significant lengths of this road section.

Table 1.4: Estimates of average annual grain haulage by road section

Section	Tonnes p.a.	Semi-trailer equivalent movements per annum	Av.daily STE movements
Coonabarabran to Baradine	70,000	5,600	15
Baradine to Pilliga	20,000	1,600	4
Pilliga to Burren Junction	100,000	8,000	22

Section	Tonnes p.a.	Semi-trailer equivalent movements per annum	Av.daily STE movements
Burren Junction to Collarenebri	350,000	28,000	77
Collarenebri to Mungindi	150,000	12,000	33

STE semi trailer equivalent

Source: GrainCorp

There is relatively high haulage between Collarenebri and Mungindi despite the condition of the road. About 80% is originating from locations outside local farming areas. Local farms produce on average about 30,000 tonnes of grain per annum

Grain haulage on the Pilliga to Baradine section is generally low despite there being a receival depot at Baradine³. Because this receival depot is no longer serviced by rail, some grain produced in the area is hauled directly from farms to Newcastle via Coonabarabran. Grain stored at the Baradine receival depot is mostly hauled by road to Newcastle, but some grain is transported from this depot to the rail head at Burren Junction.

Export grain delivered from farms to the Merrywinebone and Burren Junction depots is largely hauled by rail to Newcastle at the present time. However, with priority being given to coal at the Newcastle Port, the number of slots allocated to grain is likely to decrease, thereby increasing the amount of road transport.

Some of the export grain held in bunker storage is trucked to other receival depots before dispatch for export. Inter-depot transport of grain and grain sold to domestic markets is normally transported by road.

Cotton

Regional cotton production increased by about 1% per annum from 0.89 million tonnes in 2000-01 to 0.93 million tonnes in 2005-06. Productivity increased by 7% per annum during the same period. Over 90% of the cotton (by tonnage) that is produced in the region is irrigated cotton. Very little cotton is grown in Warrumbungle Shire, and no irrigated cotton was reported for this shire in the two reporting years.

Raw cotton is transported from farms to cotton gins. Pricing arrangements vary across gins and by season. Most gins have an upper processing capacity of about 100,000 to 140,000 tonnes. In good seasons, there is greater use of gins further from farms due to a lack of local processing capacity. The main gins in use by farmers are located at or near Mungindi, Boomi, Colleymongle, Merrywinebone, and Wee Waa. Cotton is also processed in Queensland at centres including Dirrinbandi and St George.

³ It was advised that in the current season, about 60,000 tonnes have been transported from the Baradine receival depot to the rail head at Burren Junction. A further 110,000 tonnes have been transported from an area to the west of Pilliga (served by the Come-by-Chance road) via Pilliga to Burren Junction. Thus, tonnages on the Baradine to Burren Junction sections can fluctuate to high levels in good seasons.

The gins that are adjacent to the route are those at Mungindi, Colleymongle and Merrywinebone. All cotton lint and cotton seed is hauled by road from these gins.

Estimates are provided in the Table 1.5 for cotton haulage on specific sections of the route for the current season and the annual average over the previous five years.

The main cotton traffic is on the section between Burren Junction and Collarenebri due to movements to and from the gin at Merrywinebone. Total tonnage on this section has been estimated at 176,000 tonnes for the current season. In the previous five years, the annual average haulage was about 61,000 tonnes per annum. On other sections, there is less cotton traffic.

Table 1.5: Haulage of raw cotton and processed lint and cotton seed, current season and average for previous 5 years

	Raw cotton	Processed lint	Cotton seed	Total	Semi-trailer equivalent movements pa	Av. daily STE movements
Current season (2010)						
Coonabarabran to Baradine	0	0	0	0	0	0
Barradine to Pilliga	0	0	0	0	0	0
Pilliga to Burren Junction	25,000	0	0	25,000	2,000	6
Burren Junction to Collarenebri	95,000	37,000	44,000	176,000	14,080	39
Collarenebri to Mungindi	56,000	0	0	56,000	4,480	12
Average per annum last 5 years (excl 2010 season)						
Coonabarabran to Baradine	0	0	0	0	0	0
Baradine to Pilliga	0	0	0	0	0	0
Pilliga to Burren Junction	3,000	0	0	3,000	240	1
Burren Junction to Collarenebri	33,000	13,000	15,000	61,000	4,880	13
Collarenebri to Mungindi	9,000	0	0	9,000	720	2

Note: all tonnages rounded to the nearest 1,000 tonnes.
Source: Cotton industry sources

Forestry

Baradine Sawmilling Company (a subsidiary of Gunnedah Timbers) operates the only major sawmill along the route at Baradine. The company harvests and mills white cypress pine under a 20 year Wood Supply Agreement with Forests NSW. This agreement enables the harvesting of 20,000 m³ or approximately 25,000 tonnes of white cypress pine logs per annum.

The sawmill harvests forest compartments in the Pilliga Forest areas mainly to the north of Baradine. There is also some logging in compartments near Bugaldie, between Baradine and Coonabarabran.

Forests NSW estimated that approximately 60-70% of the logs would enter the Baradine to Pilliga road section at Kenebri. A further 10-15% of log supplies would be drawn from the south east from near Bugaldie, while the remainder would enter Baradine on other roads predominantly from the north east. Approximately 10,000

to 12,000 tonnes of processed timber are transported from Baradine to the Newell Highway via Coonabarabran.

There are no sawmills remaining in Gwabegar, but an operator has a residue log contract of some 5,000 to 6,000 tonnes per annum. The residue logs are transported to Gwabegar via Kenebri on the Baradine to Pilliga section. These logs are mainly processed for firewood and sold in the Sydney market.

There are two to three very small sawmills sourcing logs from private properties in the region. These mills process about 1,000 tonnes of logs per annum.

Estimates for haulage of logs and processed timber are shown in Table 1.6 by road sub-sections.

Table 1.6: Log and processed timber haulage between Coonabarabran and Gwabegar

Road sub-sections:	Logs	Processed timber	Total	Semi-trailer equivalent movements pa	Av. daily STE movements
Coonabarabran to Bugaldie		18,000	18,000	1,440	4
Bugaldie to Baradine		18,000	18,000	1,440	4
Baradine to Kenebri	17,000	6,000	23,000	1,840	5
Kenebri to Gwabegar	6,000	6,000	12,000	960	3

Source: Forests NSW

The tonnages are relatively low, ranging from about 12,000 to 23,000 tonnes per annum. The highest haulage impact is on the road sub section between Kenebri and Baradine.

Tourism

Overview

Tourism activity in the region is generated by private vehicle and coach travellers who visit the region or on overnight stopovers. The most recent statistics from Tourism Australia (Table 1.7) show overnight stay visitor numbers ranging from 67,000 visitors for Walgett Shire to 122,000 visitors for Warrumbungle Shire.

Table 1.7: Overnight visitors: Warrumbungle, Narrabri and Walgett Shires

Shire:	Visitors '000	Visitor nights '000	ALOS (Days)	% car travel	% Multiple stopovers
Warrumbungle	122	223	1.8	94%	63%
Narrabri	105	266	2.5	93%	59%
Walgett	67	298	4.5	81%	50%

Note: 3-4 year average to June 2007

Source: Tourism Australia

The statistics in the table show that a relatively high proportion of visitors to the shires are car travellers who engage in multiple stopovers in the region. The numbers of car groups in this category range from about 14,000 to 36,000 groups per annum.

Further information is provided in Table 1.8 and Figure 1.2 regarding visitor numbers to selected Visitor Information Centres (VICs). Statistics for Lightning

Ridge and Brewarrina are included to provide indicators of potential numbers touring in areas to the west of the Newell Highway.

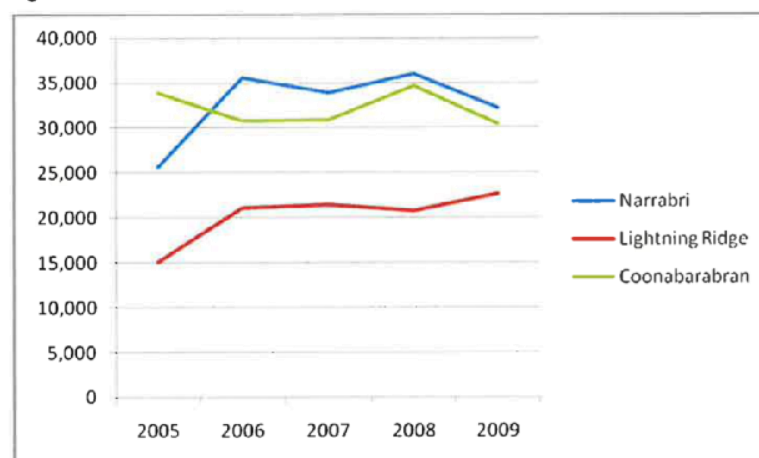
The Outback NSW Tourism Organisation advised that the numbers of visitors recorded at VICs generally represent about 25% of total visitors to their host towns. For Brewarrina, however, it was advised the VIC proportion is much higher at approximately 80% because the centre incorporates an Art Gallery display, and it is also a booking centre for tours of local indigenous attractions including the heritage listed Brewarrina Fish Traps. In addition, Brewarrina is a natural stopover point between Lightning Ridge and Bourke. Based on these proportions, in 2009, total visitor numbers at the host towns listed in the table were about 120,000 to 130,000 per annum for the two towns located on the Newell Highway, approximately 90,000 at Lightning Ridge and 45,000 further to the west at Brewarrina.

Table 1.8: Visitor numbers: Visitor Information Centres

	Narrabri	Lightning Ridge	Brewarrina	Walgett	Coonabarabran
2005	25,612	15,125	N/A		33,891
2006	35,600	21,036	N/A		30,729
2007	33,926	21,469	N/A		30,932
2008	36,030	20,804	N/A		34,629
2009	32,186	22,685	36,000		30,447
AAGR % p.a.2005 to 2009	5.9%	10.7%	N/A		-2.6%
AAGR % p.a.2006 to 2009	-3.3%	2.5%	N/A		-0.3%

Source: Warrumbungle Shire Council;
Outback NSW Tourism Organisation

Figure 1.3: Visitor numbers to Visitor Information Centres



Tourism activity at centres on the route to the west of the Newell Highway

At this stage, the main tourism activity at centres to the west of the Newell Highway on the route is concentrated at the southern end of the route, in the national parks near Coonabarabran, Baradine, and in the Pilliga Forest areas.

Commercial accommodation in the towns from Baradine to Mungindi is shown in Table 1.9.

Table 1.9: Commercial accommodation on route to the west of the Newell Highway

Commercial accommodation	Baradine	Gwabegar	Pilliga	Burren Junction	Collar-enebri	Mungindi	Total
Hotels	2	0	1	1	0	1 ^a	5
Hotel rooms	12	0	2	0		0	14
Cabins			1*	16		9	26
Powered sites	0	0	6	5	0	0	11
Hotel/Motels	0	0	0	0	1	1	2
Hotel rooms	0	0	0	0	16	0	16
Motel rooms	0	0	0	0	12	6	18
Caravan Parks	1	0**	0	0	0	1	2
Cabins	4	0	0	0	0	0	4
Bunkhouses	1	0	0	0	0	0	1
Pavilion	1						1
Powered sites	20	0	0	0	0	21	41
Function rooms	1	0	0	0	0	0	1
Capacity (seats)	150	0	0	0	0	0	150
Bed & Breakfast	1	0	0	0	0	0	1
Rooms	2	0	0	0	0	0	2
Number establishments	4	0	1	1	1	3	10

^a Two Mile Hotel was destroyed by fire in 2009. Currently being rebuilt. Approximately 9 dongas remain at the rear of the hotel. The new hotel may include 2 motel style rooms. * to be built shortly. ** one caravan park in planning
Source: Economic Associates research

There are ten commercial accommodation establishments along this part of the route. Most of the commercial accommodation capacity is in Baradine at Camp Cyprus which has capacity as follows:

- 4 cabins – 96 beds;
- 1 bunkhouse – 280 beds;
- 1 pavilion – 25 double-bed bunks;
- Commercial kitchen and dining capacity for 150 people; and
- 20 powered sites and 53 acres for unpowered camping sites.

At Baradine, Camp Cyprus caters for large groups, such as school tours and conferences. The opening of the Pilliga Forest Discovery Centre in March 2009 has boosted patronage at Camp Cyprus. The centre is attracting about 4,000 visitors

per year from outside the local area. Management envisages there is potential for developing additional market segments including coach tours and visiting school groups. An important complementary attraction is an indigenous and non-indigenous sculpture display at Dandry Gorge, located some 33 km to the east of Baradine. The Dandry Gorge facilities were opened in August 2010.

Further to the north, there is limited commercial accommodation capacity. There are only six commercial accommodation establishments, including three hotels, two hotel/motels, and one Caravan Park. Most travellers stay in free camping areas such as the camping area adjacent to the bore baths at Pilliga.

Visitors from the south are referred in Baradine to attractions at Pilliga, but the unsealed road sections to the north of Baradine restrict travel, particularly for travellers using light sedans or towing caravans and camper trailers. The main attractions at Pilliga⁴ are the bore baths, a lagoon and walking trails, and the free camping area.

Completing a road sealing program between Baradine and Pilliga would create a fully sealed by-way looping from the Newell Highway at Coonabarabran and reconnecting at Narrabri via Baradine, Pilliga and Wee Waa. Promotion of this by-way would benefit local tourism businesses.

The bore baths at Pilliga are especially popular with tourists because they are open throughout the year and their water temperature, at approximately 37°C, is lower than at some other baths in the region. Unofficial estimates indicate that visitor numbers have increased from about 4,000 per year prior to the sealing of road sections between Coonamble and Wee Waa, to about 18,000 per annum since the program was completed.

Sealing sections along the entire route would also provide an access-way through Mungindi to the Queensland border⁵.

Various attractions further to the north include the following at:

- Burren Junction - bore baths, which are open for part of the year;
- Collarenebri - fishing on the Barwon River, which is promoted as one of the best inland fishing locations in Australia (the Gwydir Wetlands); and
- Mungindi: annual horse racing and camp drafting events, Mungindi Show, Mungindi Music Festival (biennial) and Mungindi Art Show (biennial).

To complement road improvement works, more tourism product and events would need to be developed and promoted to visitors to encourage them to deviate from the Newell Highway and other major road corridors in the region.

⁴ Gwabegar hosts a regular Lifeline Fun Day which attracts outside visitors. The township is also of historical interest.

⁵ Travellers could also visit Lightning Ridge via unsealed connecting shire roads between Collarenebri and Mungindi, but the main access for light traffic will remain via the Castlereagh Highway between Walgett and Dirranbandi.

2. BENEFITS OF IMPROVED ROAD ACCESS

This section provides a general overview of the benefits that improved road access will provide to the agricultural and transport industries and community life.

2.1 Local Communities

The general consensus amongst the local communities is that route has a number of deficiencies. They include:

- The road is not trafficable during and following periods of wet weather. Personal, business, educational and community activities are disrupted to vary degrees when it rains.
- Local residents on properties and towns are constantly providing assistance to motorists who 'get bogged' or 'slide off the road' when roads are wet.
- The road is easily damaged if the road is used before the road dries out following rain. The road then becomes unsafe for long periods for both local and through traffic.

2.2 Farm Productivity

As a guide to potential changes in farm productivity, the impacts of sealing sections between Rowena and Burren Junction were examined. The sealing program was completed in 2009. The research indicated that there have not been any major changes in farming practices or logistics per se since the road was sealed, but there have been some indirect benefits of using the sealed section, including:

- Lower risk of bruising of finished cattle being transported to meatworks from a local cattle feedlot;
- Provision of more options for transporting farm products directly to markets or to aggregation points such as cotton gins, saleyards, and grain receipt depots;
- Reduced delays and costs associated with transporting farm supplies, harvesting equipment⁶ and farm vehicles;
- Improved access during wet weather enabling farmers to conduct business during these periods in local towns and other business centres; and
- Lower repair costs for vehicles travelling regularly on the previously unsealed sections.

In a submission to Walgett Shire Council prior the sealing of the Rowena to Burren Junction section, it was reported that farmers were prepared to pay a premium of

⁶ Headers can be driven on this route. For movement along the Newell Highway, it is a requirement that they are transported on trucks.

approximately \$20 per hectare for land with a sealed road access⁷. A small property with sealed road frontage has recently been sold at a much higher premium.

In areas which are serviced by relatively long sections of unsealed road, farmers experience problems accessing trucks for contract cartage. If these sections were sealed, they expect more trucks to become available. This might lead to small decreases in freight rates.

2.3 The Transport Industry

The northern section of the road between Collarenebri and Mungindi provides a strategic freight route for vehicles coming from the south-west and western regions of NSW and often originating from further afield such as South Australia. These vehicles currently use the road during dry weather but are unable to use it during and following rain. Upgrading this section of the road to an all-weather standard would introduce benefits to the freight industry, including:

- Shorter routes for some interstate transport;
- Alternate route to Newell Highway for some oversize vehicles, such as those transporting mining equipment to Queensland;
- Improved access to grain silos and railheads; and
- Increased economic activity for the centres served by the route.

2.4 Tourism

The southern section of the road is part of a tourist route linking the Warrumbungle Mountains at Coonabarabran, the natural artesian bore baths at Pilliga and the Mt Kaputar Nature Reserve at Narrabri. Tourists driving normal two-wheel drive vehicles, as a general rule, do not drive significant distances on unsealed roads; the potential of this tourist loop will not be realised whilst the section between Gwabegar and Pilliga remains unsealed.

It is of note that the section between Pilliga and Wee Waa was sealed in 2009 which means that the entire length between Pilliga and Narrabri is now sealed. This leaves the 28 km unsealed section between Gwabegar and Pilliga as the only unsealed section of the tourist loop.

Tourism is also being promoted to the north of Pilliga. The 32 km unsealed section between Pilliga and Burren Junction is a constraint for tourists travelling north to Lightning Ridge and to see the rich bird life of the Gwydir Wetlands and historical sites in the Barwon and Gwydir river systems.

⁷ There have been very few property sales to test this proposition. One small property has been sold at a much higher premium for cropping land. Access to a sealed road was reported to be major factor.

2.5 Road Safety

Poor road conditions have created unsafe driving conditions for local communities, tourists and transport operators. However the safety of the road is not limited to the unsealed sections. Sealed sections where the formation width is narrow or the pavement deformed or where there are bridges that are too narrow, present a safety issue for all those who use the road.

Whilst the section between Coonabarabran and Gwabegar is sealed, it still contains a number of unsafe features, including:

- Narrow formation width on steep embankment 20km north of Baradine; and
- One lane bridge at Baradine Creek, 2 km south of Gwabegar

3. TRAFFIC FORECASTS

This section summarises the current road conditions and traffic volumes and the future forecasts used for the feasibility assessment.

3.1 Current Road Conditions

The route from the Newell Highway at Coonabarabran to the Queensland border west of Mungindi is 335 km long and can be divided into five sections as shown in Table 3.1.

Table 3.1: Description of the route

Section No	From – To	Total Length, km	Unsealed Length, km	Issues
1	Newell Highway at Coonabarabran to Baradine	45.7	0	Some sections with narrow formation width create an unsafe road environment Significant one lane timber bridge
2	Baradine to Pilliga – Wee Waa Road at Pilliga	69.8	28.8	The unsealed section north of Gwabegar has a layer of good quality gravel within a wide road reserve. Upgrading this section to a sealed standard could be done at a competitive cost, although providing adequate drainage will increase the costs
3	Pilliga to Kamilaroi Highway at Burren Junction	40.2	29.2	The terrain is flat and gravel is scarce. A key to upgrading this section will be the pavement design but is unlikely to be inexpensive. Many areas in this section are low lying, further increasing the cost of a suitably robust pavement
4	Burren Junction to Collarenebri	92.4	0	The section between the Kamilaroi Highway and Rowena was sealed in 2009 using a geo fabric seal technique but is showing signs of deformation near the edges as a result of recent rain
5	Collarenebri to Queensland border west of Mungindi	87.1	55.2	The section is generally well formed throughout its length and only requires a gravel layer on top of the black soil formation. However good quality gravel is scarce and the cost will be high
Total		335.2	115.7	

Whilst the unsealed road conditions provide a constraint on traffic movements, bridge width is also a concern on the existing sealed sections. In particular the one lane bridge over Baradine Creek 2km south of Gwabegar is a serious safety risk and needs replacement with a two lane structure.

The same could be said about the sections of narrow formation between Coonabarabran and Gwabegar, particularly those on a high embankment. The narrow formation itself creates an unsafe condition, but the consequences of an accident would be compounded by the high embankment. In this section, there is minimal shoulder width and the lane width itself is being eroded as edge breaking occurs due to the lack of a formation supporting it.

3.2 Current Traffic

The traffic data comes from several sources. One source is the NSW Roads and Traffic Authority who have estimated the 2004 AADT for those roads that form part of their regional road system. These estimates are based on traffic counts across the entire year for a number of years prior to 2004 and estimating the 2004 traffic count using the historical trend line.

The other source is the short-term traffic counts undertaken by Walgett Shire Council in 2005 and 2009. These counts have not been adjusted for monthly variations over the year but are more recent than the RTA figures. The combined table of traffic counts is summarised in Table 3.2.

Table 3.2: Current traffic counts

Section No	Location	Date of Count/Year of Estimated AADT	Average AADT (double axles)
1	1.5 km north of Newell Highway	2004*	980
	9.5 km north of Newell Highway	2004*	810
	24 km north of Newell Highway	2004*	560
2	1 km north of Baradine	2004*	285
	37.4 km north of Baradine	2004*	210
	South of Pilliga – Wee Waa Road	2004*	135
3	North of Pilliga towards Bugilbone	Oct 2009	[105]
4	4 km north of Burren Junction	2004*	120
	South of Rowena T/O	Oct 2005	[65]
	South of Moomin T/O	Sept/Oct 2009	[85]
	South of Gwydir Highway near Pokataroo	2004*	145
5	0.5 km North of the T/O to Lightning Ridge	2004*	440
	8 km North to Lightning Ridge T/O	2004*	45
	North of Lightning Ridge T/O	Aug 2009	[55]

* Counts estimated by RTA

Shire counts are estimates of vehicles per day rounded to nearest 5 VPD.

[] Shire counts are estimates of vehicles per day (VPD) rounded to nearest 5 VPD.

The Council vehicle counts also provided information on the type of vehicles using the road. The vehicle classification data is summarised in Table 3.3.

Table 3.3: Vehicle classification data

Section No	Location	Cars	Rigid Trucks	Semi trailers	Multi articulated
3	North of Pilliga towards Bugilbone	81%	9%	5%	5%
4	South of Rowena T/O	69%	21%	5%	5%
	South of Moomin T/O	83%	12%	5%	5%
5	North of Lightning Ridge T/O	69%	7%	13%	11%

Note: %'s rounded

3.3 2010 base estimates for average vehicles per day

Estimates of average vehicles per day were compiled by analysing two-axle count statistics from the NSW RTA, together with NSW RTA vehicle count estimates where available, and vehicle count data provided by the Shire Councils. Base estimates for 2010 are provided in Table 3.4.

Table 3.4: 2010 base estimates for average vehicles per day by vehicle type

Section	Total	Cars	Rigid trucks	Semi trailers	Multi-articulated
Coonabarabran - Baradine ^a	500	438	30	30	2
Baradine-Pilliga ^b	115	97	10	4	4
Pilliga – Burren Junction ^c	105	85	10	5	5
Burren Junction – Collarenebri ^c	85	66	11	4	4
Collarenebri – Mungindi ^b	55	38	4	7	6

Notes:

(a) NSW RTA vehicle count estimates

(b) derived from NSW RTA two-axle count statistics

(c) Council vehicle counts

The NSW RTA statistics indicate growth rates in the last 5 years of broadly 0.5% per annum.

3.4 Traffic impact of road improvements

Sealing the rough and often impassable sections between Baradine and Burren Junction and also between Collarenebri and Mungindi would contribute to various network effects on traffic volumes, which, initially, would lead to some stepwise increases in traffic. A higher overall growth rate is also expected to follow the road

improvements in the longer term. Upgrading the route, particularly fully sealing the route, will allow it to become more integrated into a long distance travel network.

Impacts are expected to vary along the route. Between Coonabarabran and Baradine, it is not anticipated that there would be any major traffic changes initially because the road is already fully sealed. Also, there are no plans at this stage to allow road trains to operate on this section. However, there would be traffic safety benefits if narrow, high curvature segments were widened.

Between Baradine and Pilliga, there is potential for more recreational travel, because 'grey nomads' visit both Baradine and Pilliga, but are discouraged from travelling between the two centres because of the condition of the road. Once this section is fully sealed, promotion of a tourism byway or loop between Coonabarabran and Narrabri via Baradine and Pilliga would assist to stimulate recreational traffic. The traffic between Wee Waa and Pilliga is approximately 140 vehicles per day. It is anticipated that traffic would rise initially on the Baradine to Pilliga section to approximately the same level.

The section between Pilliga and Burren Junction has subsections which are unsealed. It would attract more heavy vehicle traffic to access the rail head and the grain receival depot at Burren Junction. More recreational travel could also use this section. A small initial rise to 120 vehicles per day is possible.

Between Burren Junction and Collarenebri the section is fully sealed. It caters mainly for local farms and intra-regional transport for agri-business facilities at Merrywinebone (cattle feedlot, cotton gin and grain receival depot). More long distance traffic would be attracted to this section if the sections to the north of Collarenebri and to the south of Burren Junction were sealed. The network impact should raise traffic to about 120 vehicles per day.

The most significant initial percentage traffic impact of full sealing is likely on the Collarenebri – Mungindi section. Currently, due to the condition of the road it caters mainly for local traffic and only for opportunistic long distance traffic when the road is in reasonably good condition. The highway traffic that traverses this route at Mungindi to the north and Collarenebri to the south is approximately 400 vehicles per day. More road train traffic would use this section as part of a western route between NSW and Queensland. This would include long distance traffic passing between the Mitchell Highway to the south of Warren and Mungindi on the Queensland border.

There would also be more traffic between the north-west region in NSW and Queensland. If this section were fully sealed it would provide a network link between the Gwydir and Carnarvon Highways. Traffic should rise initially to a level similar to the traffic on the section between Pilliga and Wee Waa of approximately 140 vehicles per day.

Traffic growth on the Newell Highway and other highways traversing the region are generally in the order of 2% per annum. Traffic diversion to the Coonabarabran-Pilliga-Mungindi route should lead to an increase in the underlying growth rate. A long run average growth rate of about 1.5% per annum appears possible. It has

been assumed that the underlying growth rate would remain at about 0.5% per annum without any substantial road improvements.

The initial impact of the road works and the subsequent traffic growth used in the cost benefit analysis is summarised in Table 3.5.

Table 3.5: Initial and longer term traffic impacts of proposed road improvements

Section	Initial impact	Traffic growth p.a.	Comment
Coonabarabran – Baradine	No change	1.5%	Road is fully sealed
Baradine – Pilliga	140	1.5%	Benefit from sealing works. Promotion of tourism loop between Coonabarabran and Narrabri via Baradine and Pilliga is possible
Pilliga – Burren Junction	120	1.5%	Benefit from sealing works. Improved access to Walgett and Lightning Ridge
Burren Junction – Collarenebri	120	1.5%	Section already fully sealed, but pavement is deteriorating.
Collarenebri – Mungindi	140	1.5%	Fully sealing this section would integrate it with the road network on both sides of the Queensland border.

4. INFRASTRUCTURE ISSUES

This section deals with the issues relating to the provision of road infrastructure.

4.1 Access for High Productivity Vehicles

Road train access is not currently permitted south of Baradine because some sections are down to a 5.5m seal width. This is quite restrictive to road trains seeking access to Coonabarabran from areas west of Baradine towards Coonamble. Road trains are permitted north from Baradine to Gwabegar but then restricted because the road is not sealed from there to Pilliga.

Whilst B-doubles are permitted along the road between Baradine and Coonabarabran, road trains comprise a significant amount of the high productivity vehicles in the area particularly to the west of Baradine. The widening of the narrow sections of the existing sealed section between Baradine and Coonabarabran is therefore a priority for high productivity vehicle access.

4.2 Opportunities for Staged Development

The length of the route and the distribution of the unsealed sections and other Priority 1 sections across the three Council areas, provides ample opportunity for staging of the works. Commencement of sealing works on areas where minimal design works are required e.g. the Mungindi to Collarenebri section could occur whilst longer lead time works such as the replacement of the timber bridge over Bugildie Creek could be efficiently planned designed and constructed.

Limited funding may prompt the need to stage-construct parts of the route so as to maximise the benefits within the available funding.

4.3 Availability of Road Making Material

There is a limited availability of road making materials, principally pavement quality gravels, along the entire route. Even through the hilly sections between Coonabarabran and Baradine there is little suitable road making material and even less in the flat black soil plains north of Pilliga.

Quality gravel is currently being hauled in excess of 100km even for the southern end of the route. This has a significant impact on the cost of construction. Compounding this situation is the need for a thicker pavement (i.e. requiring more gravel per kilometre) on the black soil plains than in the hillier southern areas for the same volume of traffic.

4.4 Vehicle Loading

The overloading of vehicles significantly impacts on the life of a road pavement; typically doubling the load results in 16 times the pavement damage. Many of the pavements along the flat black soil plains are relatively thin or have been

constructed using low cost techniques such as fabric seals, which are particularly sensitive to overloading, during periods of prolonged wet weather and saturated ground conditions.

The management of overloading is critical to this route as it is to most rural local roads with heavy traffic loadings and seasonal rain patterns.

5. INFRASTRUCTURE PLAN

This section outlines the proposed Infrastructure Plan and the cost benefit analysis of sealing the three unsealed sections of the route.

5.1 Capital Works Plan

The capital works plan identified three priorities or works:

- Priority 1 is the sealing of the existing unsealed roads, widening to accommodate high productivity vehicles and urgent safety works
- Priority 2 is the safety of the road for existing and future traffic once the Priority 1 works have been completed
- Priority 3 is the rehabilitation of the existing sealed sections that are showing distress and other minor works

A description of the proposed works is included in Table 5.1 and summed by priority in Table 5.2. Figure 5.1 shows the location of the various priority works.

Table 5.1: Description of proposed works

Section	Priority	Description	Cost, \$ million
Coonabarabran – Baradine	1	Widen 8km of narrow seal to accommodate high productivity vehicles	\$3.20
Coonabarabran – Baradine	2	Minor safety works including replacing 300m of chain wire fencing and repairing shoulders	\$1.73
Coonabarabran – Baradine	3	Rehabilitation of existing sealed sections	\$2.53
Baradine – Pilliga	3	Rehabilitation of existing sealed sections	\$1.04
Baradine – Pilliga	1	Widen 7.5km of narrow formation on a high embankment 20km north of Baradine	\$2.62
Baradine – Pilliga	2	Replace the existing single lane timber bridge over Baradine Creek at 38.2km north of Baradine (i.e. south of Gwabegar)	\$2.40
Baradine – Pilliga	1	Gravel and seal 29km of unsealed road between 41-70 km north of Baradine (i.e. Gwabegar to Pilliga)	\$8.11
Baradine – Pilliga	2	Minor safety works including intersection with Pilliga-Wee Waa Road	\$0.17
Pilliga – Burren Junction	3	Rehabilitation of existing sealed sections	\$0.67
Pilliga – Burren Junction	1	Gravel and seal 29km of unsealed road between 2-33 km north of Pilliga	\$5.84

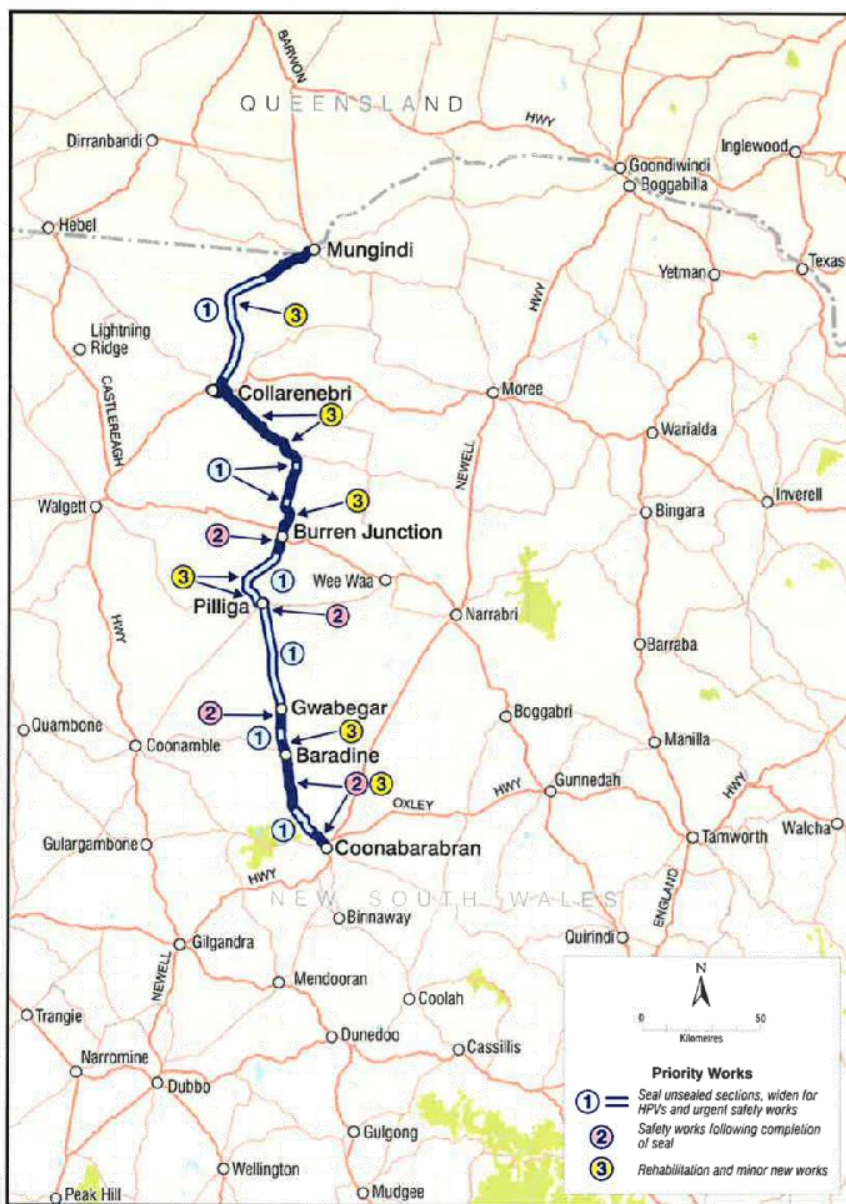
Section	Priority	Description	Cost, \$ million
Pilliga – Burren Junction	2	Safety works including improvements at railway crossing, signs etc	\$0.51
Burren Junction – Collarenebri	1	Urgent safety works to replace floodway deficient guardrail and severe edge and pavement failure	\$1.10
Burren Junction – Collarenebri	3	Rehabilitation of existing sealed sections	\$4.34
Collarenebri – Mungindi	1	Gravel and seal 55km of unsealed road between 26-82 km south of the NSW Border	\$11.84
Collarenebri – Mungindi	3	Reseal existing sealed sections	\$0.02
Total			\$46.12

Table 5.2: Summary by priority

	Priority			Total
	1	2	3	
Coonabarabran – Baradine	\$3.20	\$1.73	\$2.53	\$7.46
Baradine – Pilliga	\$10.73	\$2.57	\$1.04	\$14.34
Pilliga – Burren Junction	\$5.84	\$0.51	\$0.67	\$7.02
Burren Junction – Collarenebri	\$1.10	\$0	\$4.34	\$5.44
Collarenebri – Mungindi	\$11.84	\$0	\$0.02	\$11.87
Total	\$32.72	\$4.81	\$8.60	\$46.12

The Priority 1 projects should be undertaken over a five year period whilst the Priority 2 and 3 projects should be completed over the period of Year 5 to Year 8 (inclusive).

Figure 5.1: Location of priority works



5.2 Cost Benefit Analysis: Priority 1 road pavement projects

A cost benefit analysis on the three unsealed sections was undertaken by comparing project cases (with improvement) with their base cases (no major improvement).

The main benefits comprise reductions in vehicle operating costs due to less wear and tear on vehicles, lower travel time costs (passenger and freight) because the proposed road improvements will allow higher safe travel speeds and lower vehicle accident costs. The underlying assumptions of the analysis are set out in Tables 5.3 and 5.4.

Table 5.3: General assumptions

Project life (incl construction period)	30 years
Residual value at end of project life	40% of capital cost
Period of construction	3 years
S curve for construction cost	
Year 1	20%
Year 2	60%
Year 3	20%
Full benefits to commence in:	Year 4
Real discount rate % p.a.	7% (4% & 10%)

Note: (4% & 10%): outer bound real discount rates for sensitivity testing

Table 5.4: Specific assumptions for road subsections

Sections	Collarenebri to Mungindi		Pilliga to Burren Junction		Baradine to Pilliga
Existing pavement type	Gravel	Earth	Gravel	Earth	Gravel
Width (m)	> 4.5m	> 4.5m	> 4.5m	> 4.5m	> 4.5m
Terrain	Flat	Flat	Flat	Flat	Flat
Curvature	Straight	Straight	Straight	Straight	Straight
Proposed change	PG to GS	E to GS	PG to GS	E to GS	PG to GS
Vehicles per day (2010)	55	55	105	105	115
% HV	31%	31%	19%	19%	16%
Traffic composition					
Private car	49%	49%	56%	56%	59%
Business car	20%	20%	25%	25%	25%
Heavy commercial	20%	20%	14%	14%	12%
Road Train	11%	11%	5%	5%	4%
Total	100%	100%	100%	100%	100%
Growth rate					
Base case	0.5%	0.5%	0.5%	0.5%	0.5%
Project case (after initial impact)	1.5%	1.5%	1.5%	1.5%	1.5%
Traffic after improvement (VPD)	140	140	120	120	140
Safe free speed (kph)					
Base case	60	80	60	80	60
Project case	100	100	100	100	100

Note: E = earth; PG = poor gravel; PS = poor seal; GS = good seal

Results of the cost benefit analysis

The results of the cost benefit analysis are summarised in Table 5.5.

The total cost for the proposed Priority 1 pavement improvement program is approximately \$25.8 million. This program would upgrade unsealed segments to a 9m sealed width pavement standard.

The overall benefit cost ratio is 1.1 when a benchmark real rate of discount of 7% per annum is applied, showing that the project would be marginally economically viable. The real economic return would be approximately 7.7% per annum, based on the stated underlying assumptions.

The highest benefit cost ratio is for the section between Collarenebri and Mungindi and lowest between Baradine and Pilliga. However, traffic benefits of these sub projects are dependent to a degree on completing the sealing program throughout the length of the route. A greater project benefit would be obtained if the subprojects were completed within the first three years of the pavement improvement program.

Table 5.5: Results of Cost Benefit Analysis

Road sections	Capital cost \$m	Existing pavt type(s)	Length (km)	Present values at 7% p.a. real rate of discount
Baradine to Pilliga				
Capital cost (undiscounted)	\$8.110	G	28.8	
Discounted net capital costs \$m*				\$6.664
Discounted benefits \$m				\$5.431
Net present value \$m				-\$1.233
Benefit cost ratio				0.8
Pilliga to Burren Junction		G,E	29.2	
Capital cost (undiscounted)	\$5.840			
Discounted net capital costs \$m*				\$4.799
Discounted benefits \$m				\$5.448
Net present value \$m				\$0.650
Benefit cost ratio				1.1
Collarenebri to Mungindi		G,E	55.2	
Capital cost (undiscounted)	\$11.844			
Discounted net capital costs \$m*				\$9.732
Discounted benefits \$m				\$11.569
Net present value \$m				\$1.837
Benefit cost ratio				1.2
Total				
Capital cost (undiscounted)	\$25.794		109.1	
Discounted net capital costs \$m*				\$21.195
Discounted benefits \$m				\$22.448
Net present value \$m				\$1.253
Benefit cost ratio				1.1

Note: Net capital costs allow for netting out the residual value at the end of the project period. G = gravel; E = earth

Sensitivity analysis

The project was subject to sensitivity analysis by testing for adverse changes in capital costs and benefits and applying real discount rates of 4%, 7% and 10% per annum. The results are set out in Table 5.6.

At the benchmark real rate of discount of 7% per annum, the project shows a benefit cost ratio of unity when the capital costs are increased by 10% or when the economic benefits are reduced by 10%, which indicates the project is reasonably robust. With the combined impacts of the higher capital costs and lower economic benefits, the benefit cost ratio decreases to about 0.9.

At the lower discount rate of 4% per annum, the project shows a benefit cost ratio greater than unity when the adverse changes to capital costs and revenues are combined.

At the higher discount rate of 10% per annum, the project would not be economically viable under any scenarios. Capital costs would need to be reduced by at least 20% before the project would be viable under normal assumptions.

The proposed road improvements could generate a higher traffic response, which would raise benefits and the economic viability of the project. In particular, greater traffic diversion from neighbouring highways to the Mungindi to Collarenebri section would generate higher traffic benefits. The analysis also does not capture potential benefits from providing an alternative north-south road freight route for the Newell Highway during periods when traffic is disrupted by floods and bushfires.

Table 5.6: Results of sensitivity analysis

Road sections:	Real discount rate		
	4%	7%	10%
Baradine to Pilliga			
Benefit cost ratio			
(1) No change in assumptions	1.4	0.9	0.6
(2) 10% increase in capital costs	1.1	0.7	0.5
(3) 10% decrease in benefits	1.1	0.7	0.5
(4) 2 & 3 combined	1.0	0.7	0.5
Pilliga to Burren Junction			
Benefit cost ratio			
(1) No change in assumptions	1.8	1.1	0.8
(2) 10% increase in capital costs	1.6	1.0	0.7
(3) 10% decrease in benefits	1.6	1.0	0.7
(4) 2 & 3 combined	1.4	0.9	0.7
Collarenebri to Mungindi			
Benefit cost ratio			
(1) No change in assumptions	1.9	1.2	0.8
(2) 10% increase in capital costs	1.7	1.1	0.8
(3) 10% decrease in benefits	1.7	1.1	0.8

Road sections:	Real discount rate		
	4%	7%	10%
(4) 2 & 3 combined	1.5	1.0	0.7
Total			
Benefit cost ratio			
(1) No change in assumptions	1.6	1.1	0.8
(2) 10% increase in capital costs	1.5	1.0	0.7
(3) 10% decrease in benefits	1.5	1.0	0.7
(4) 2 & 3 combined	1.3	0.9	0.6

6. FINANCIAL PLAN

This section outlines the proposed Financial Plan, which includes a mix of Commonwealth, State and Council sources.

6.1 Funding Sources

There are a number of funding sources for upgrading the route from the three levels of government. They are:

- Commonwealth Government – the recently announced \$1 billion Regional Development Australia Fund, which will operate from 1 July 2011;
- State Government though – the proposed \$100 million Infrastructure NSW Fund and the RTA's Block Grant and REPAIR Program; and
- Council sources – the Commonwealth's Roads to Recovery allocation (R2R) and Financial Assistance Grants (FAGs) including the dedicated roads component and Council's own rate revenue.

The Commonwealth's dedicated roads component of the FAGs is intended as road funding for local government and is distributed by the NSW Grants Commission in accordance with a road needs assessment formula.

The Commonwealth's Road to Recovery allocation is also based on a formula similar to that developed by the NSW Grants Commission but funding is made directly to Councils and not through the State Government. In the case of the three Councils, the R2R allocation is approximately 52% of the FAGs dedicated roads funding.

These two funding sources are direct Commonwealth grants to Councils for local roads. They are effectively a Council source of funds.

The RTA's Block Grant and REPAIR Program are State funding sources aimed at assisting Councils with the maintenance and upgrading of State declared regional roads. This contrasts with the Commonwealth R2R funding which is primarily aimed at local roads but which at Council's discretion can be allocated to regional roads.

The REPAIR Program funding is based to projects prioritised at the regional level by the RTA and Councils. Councils are required to match the RTA funding.

The 2010-11 funding to each of the three Councils from the R2R, RAG Roads Component, RTA Block Grant and REPAIR Programs are shown in Table 6.1.

Table 6.1: Current funding levels

Council	Annual Funding (2010-11)			
	R2R Funding	FAG Roads Component	RTA Block Grant	REPAIR Program
Warrumbungle	\$1,095,000	\$2,095,000	\$2,307,000	\$0
Narrabri	\$1,034,000	\$1,974,000	\$1,018,000	\$0
Walgett	\$935,000	\$1,787,000	\$2,067,000	\$300,000
Total	\$3,064,000	\$5,856,000	\$5,392,000	\$300,000

Regional Development Australia

The Commonwealth has allocated \$1 billion to its Regional Development Australia Fund (RDAF). Guidelines for applications to the fund can be found on the Department of Regional Australia, Regional Development and Local Government website⁸.

These guidelines indicate that \$100 million of Commonwealth funding will be allocated in a first tranche to approved projects. Applications for the first tranche will close on 13 May 2011. There will be a second tranche of projects with applications invited later in 2011.

Projects must have the backing of the local Regional Development Australia committee, which for the Coonabarabran – Mungindi Route is the Orana RDA committee based in Dubbo. Therefore all project proposals must align with the RDA Regional Plans, which in turn must be endorsed by the local Councils.

RDAF will provide funds from between \$500,000 to a maximum of \$25 million for projects. However the total funding for a project must include sources other than the Commonwealth except in extenuating circumstances. For those projects over \$5 million, matching funding from other sources is a requirement.

The aims of the RDAF are as follows:

- Support local identified needs,
- Delivery of sustained economic and social development in regional towns,
- Remove barriers or provide incentive for investment in regional Australia,
- Integrate programs and investment from the three levels of government,
- Provide opportunities for involving the private sector, and
- Address specific areas of disadvantage in regional Australia.

Councils are eligible to apply for funding either in their own right or as part of a consortium.

Funding is available for projects which are predominantly capital in nature, such as new infrastructure and upgrades to existing infrastructure.

Applications can only be made for projects that are “investment ready” that is ready to proceed within 6 months of signing a funding agreement with the Commonwealth.

The Commonwealth component of the funding must be completed within a 3 year period over the 2011-12 to 2013-14 financial years.

The guidelines outline four assessment criteria for funding applications:

1. Extent to which the project leverages funding from a variety of sources
2. Extent to which the project will contribute to and sustain regional economic growth and/or extent to which the project will provide community benefit

⁸ <http://www.regional.gov.au/regional/programs/files/RDAFguidelines11march.pdf>

3. Sustainability and ongoing viability

4. Demonstrated capacity to implement and maintain the project

Any application for funding must be supported by a strong business case that addresses the four assessment criteria.

Infrastructure NSW Fund

In the lead up to the recent State election, the then opposition leader announced that they would establish a professional and independently chaired body called Infrastructure NSW to improve the identification, prioritisation and delivery of critical public infrastructure across the State⁹.

This body would develop a 20-year strategy detailing major infrastructure projects costing over \$100 million and a detailed 5-year Infrastructure Plan to underpin the 20-year strategy.

Regional groups of Councils could package their regional road needs into a project exceeding \$100 million, which could be used to provide funding for projects such as the Coonabarabran – Mungindi Route. Ideally the Councils should align their projects with those in the relevant RDA Regional Plan so that it complements any funding from the RDAF.

The focus for this fund is to introduce efficiencies into the delivery of projects by bulking them up to increase their critical mass. This process may in fact leverage contributions from the private sector.

One of the roles of Infrastructure NSW will be to liaise with Infrastructure Australia and presumably with Regional Development Australia.

6.2 Recommended Funding

The proposed funding plan for funding the Priority 1 projects over 5 years is summarised in Table 6.2. It is based on the following three assumptions:

- The Council contribution to be 33% of the Commonwealth's Regional Development Australia Fund allocation;
- A State allocation from the Infrastructure NSW Fund that will allow the State and Council contributions to match the Commonwealth allocation; and
- Council's combined contribution of about \$1 million per year.

It is proposed that the upgrading be undertaken over 5 years starting from 2011-12 from the three levels of government. The Commonwealth would be asked to fund \$16.330 million or 50% of the project, with the other 50% being provided by the State Government (34%) and the three Councils (16%).

The Commonwealth's contribution would have to be expended in the first 3 years to meet the conditions of their grant and it is proposed that the Councils' contribution be maintained at a fixed level over the five year period.

⁹ http://www.barryofarrell.com.au/index.php?option=com_k2&view=item&task=download&id=55

The proposed cash flow is shown in Table 6.3. The Commonwealth should be asked to provide \$5.443 million each year over 3 years and the three Councils combine to provide \$1.077 million per year over the 5 year period. The State Government would fund the balance, which would amount to \$1.029 for each of the first 3 years but increase to \$3.956 for years 4 and 5.

Table 6.2: Proposed Funding Sources for Priority 1 projects

	Funding Source			
	Common-wealth	State	Council	Total
Capital Projects				
State Road	\$0	\$0	\$0	\$0
Regional Road	\$11,939,850	\$11,000,000	\$3,940,150	\$26,880,000
Local Road	\$4,390,977	\$0	\$1,449,023	\$5,840,000
Total	\$16,330,827	\$11,000,000	\$5,389,173	\$32,720,000
Per cent of total	50%	34%	16%	

Table 6.3: Proposed Cash Flow

Funding Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Commonwealth	\$5,443,609	\$5,443,609	\$5,443,609	\$0	\$0	\$16,330,827
State	\$1,029,326	\$1,029,326	\$1,029,326	\$3,956,012	\$3,956,012	\$11,000,000
Council	\$1,077,835	\$1,077,835	\$1,077,835	\$1,077,835	\$1,077,835	\$5,389,173
Total	\$7,550,769	\$7,550,769	\$7,550,769	\$5,033,846	\$5,033,846	\$32,720,000

7. MAIN FINDINGS

This section outlines the main findings of the feasibility assessment.

The feasibility assessment shows that there are significant benefits from upgrading the route between Coonabarabran, Pilliga and Mungindi. The benefits range from improved and reliable access to and within the region, including:

- Potential for increased tourist activity at a number of important centres serviced by the route;
- Improved efficiencies in farm productivity as a result of more reliable movement of agricultural products and livestock; and
- Greater social amenity for connecting communities in the region and improved road safety for locals and visitors.

The Infrastructure Plan identified \$46.12 million worth of work required to bring the route to an appropriate standard for the region. \$32.72 million was identified as high priority.

The high priority projects included three sections where the road would be upgraded to a sealed standard. The benefits exceeded the costs for two of the three sections and overall the total benefits exceeded the total costs.

The feasibility assessment explored the various funding sources and proposed a funding arrangement involving the three levels of government. The proposed cash flow meets the Commonwealth requirement for a 3 year funding period and the Councils requirement for a uniform contribution over the 5 year period.

The following conclusion can be drawn for the feasibility assessment:

- The upgrading costs were significant but not excessive
- The transport economic benefits exceeded the costs
- The proposal has the support of the three Councils who are prepared to allocate a significant amount of funding from their own sources
- The proposal has the strong support of the local communities who live on the route
- The work can be funded from existing funding sources with the support of the Commonwealth and State Governments

APPENDIX A – Agricultural statistics

Livestock – sheep and cattle

	Sheep & lambs - total number (1,000)	Meat cattle
2000-01		
New South Wales	40,887	5,786
Warrumbungle Shire (A)	777	179
Coonamble (A)	571	108
Moree Plains (A)	299	145
Narrabri (A)	217	97
Walgett (A)	732	108
Subtotal	2,597	637
% of NSW	6%	11%
2005-06		
New South Wales	32,146	5,862
Warrumbungle Shire (A)	652	203
Coonamble (A)	452	95
Moree Plains (A)	229	177
Narrabri (A)	180	105
Walgett (A)	664	73
Subtotal	2,177	653
% of NSW	7%	11%
Growth 2000-01 to 2005-06		
New South Wales	-4.7%	0.3%
Warrumbungle Shire (A)	-3.5%	2.6%
Coonamble (A)	-4.5%	-2.6%
Moree Plains (A)	-5.2%	4.0%
Narrabri (A)	-3.7%	1.8%
Walgett (A)	-1.9%	-7.5%
Subtotal	-3.5%	0.5%

Source: ABS Agricultural Commodities, Small Area Data, Australia, 2000-01, 2005-06

Grain production

	Cereals for grain - total area (ha)	Number of establishments	Cereals for grain - total production (t)	Tonnes per ha
2000-01				
New South Wales	5,062,355	13,176	12,270,336	2.4
Warrumbungle Shire (A)	69,293	360	131,704	1.9
Coonamble (A)	182,893	224	213,939	1.2
Moree Plains (A)	495,402	458	692,850	1.4
Narrabri (A)	174,832	374	253,771	1.5
Walgett (A)	333,123	253	403,738	1.2
Subtotal	1,255,543	1,669	1,696,002	1.4
% of NSW	25%	13%	14%	56%
2005-06				
New South Wales	5,715,964	13,389	13,484,699	2.4
Warrumbungle Shire (A)	69,220	401	159,311	2.3
Coonamble (A)	188,438	215	323,378	1.7
Moree Plains (A)	634,328	462	1,178,568	1.9
Narrabri (A)	156,917	345	372,226	2.4
Walgett (A)	351,215	223	561,287	1.6
Subtotal	1,400,118	1,646	2,594,770	1.9
% of NSW	24%	12%	19%	79%
Growth rates: 2000-01 to 2005-06				
New South Wales	2.5%	0.3%	1.9%	-0.5%
Warrumbungle Shire (A)	5.1%	0.2%	11.2%	5.8%
Coonamble (A)	-2.1%	-1.6%	8.0%	10.3%
Moree Plains (A)	0.0%	2.2%	3.9%	3.9%
Narrabri (A)	0.6%	-0.8%	8.6%	8.0%
Walgett (A)	1.1%	-2.5%	6.8%	5.7%
Subtotal	2.2%	-0.3%	8.9%	6.5%

Source: ABS Agricultural Commodities, Small Area Data, Australia, 2000-01, 2005-06

Cotton production

	Cotton - total area (ha)	Number of establishments	Total cotton production (t)	Total production tonnes per ha	Cotton - irrigated - area (ha)	Total irrigated production (t)	Total irrigated production tonnes per ha	Total irrigated production tonnes	Irrigated area as % of total area	Irrigated production as % of total production
2000-01										
New South Wales	350,628	639	1,580,367	5	298,370	1,497,387	5	5	85%	95%
Warrumbungle Shire (A)	867	4	443	1	0	0	0	0	0%	0%
Moree Plains (A)	134,390	155	569,812	4	108,417	576,883	5	5	81%	92%
Narrabri (A)	60,807	155	315,281	5	52,015	298,990	6	6	86%	95%
Walgett (A)	29,178	40	152,145	5	24,815	149,760	6	6	85%	98%
Subtotal	196,064	314	885,535	5	160,432	825,874	5	5	82%	93%
% of NSW	56%	49%	56%		54%					
2005-06										
New South Wales	197,465	406	1,261,506	6	168,863	1,200,814	7	7	86%	95%
Warrumbungle Shire (A)	240	1	613	3	0	0	0	0	0%	0%
Moree Plains (A)	84,532	119	531,449	6	66,855	489,075	7	7	79%	92%
Narrabri (A)	45,543	109	296,774	7	40,501	287,276	7	7	89%	97%
Walgett (A)	18,380	32	98,455	5	15,377	95,397	6	6	84%	97%
Subtotal	148,455	260	926,678	6	122,733	871,747	7	7	83%	94%
% of NSW	75%	64%	73%		73%					
Growth 2000-01 to 2005-06										
New South Wales	-11%	-9%	-4%	7%	-11%	-4%	7%			
Warrumbungle Shire (A)	-23%	-24%	7%	38%						
Moree Plains (A)	-9%	-5%	-1%	8%	-9%	-1%	9%			
Narrabri (A)	-6%	-7%	-1%	5%	-5%	-1%	4%			
Walgett (A)	-9%	-4%	-8%	1%	-9%	-9%	1%			
Subtotal	-5%	-4%	1%	7%	-5%	1%	7%			

Source: ABS Agricultural Commodities, Small Area Data, Australia, 2000-01, 2005-06



BUSINESS CASE FOR THE ROUTE BETWEEN COONABARABRAN, PILLIGA AND MUNGINDI AS A REGIONAL PRIORITY FOR UPGRADING

**PREPARED BY WARRUMBUNGLE, NARRABRI AND WALGETT
SHIRE COUNCILS**

FOR THE REGIONAL DEVELOPMENT AUSTRALIA COMMITTEES

June 2011

PROJECT DETAILS

Name of Client: Warrumbungle, Narrabri and Walgett Shire Councils

Name of Project: Business Case for the Route between Coonabarabran, Pilliga and Mungindi as a Regional Priority for Upgrading

PEECE Project Manager: Peter Rufford

Document Author: Peter Rufford

Name of Document: Coonabarabran-Mungindi Route Business Case Vers1A

DOCUMENT HISTORY AND STATUS

Revision	Issued to	Date	Reviewed by	Approved by
Draft	Ian Taylor	7 June 2011	Steve O'Rourke	Peter Rufford

PEECE Pty Ltd
PO Box 715
SPRING HILL QLD 4004
www.peece.com.au

Abstract

The report is a business case for the recognition of the route between Coonabarabran, Pilliga and Mungindi for its regional importance and for its inclusion in the priority list of upgrading works in the Regional Development Australia Regional Plans. This draft report has been prepared by the three Councils to support their proposed application for funding from the Regional Development Australia Fund later in the year.

This work is copyright. Apart from any fair dealings for the purposes of study, research, criticism or review, as permitted by the Copyright Act 1968, no part may be reproduced by any process without written permission. Copyright is the responsibility of the Executive Director, PEECE Pty Ltd.

This report has been prepared in accordance with the scope of services described in the contract or agreement between PEECE Pty Ltd and the Client (listed above). The report relies upon data and results taken at or under the particular times and conditions specified herein. Any findings, conclusions or recommendations apply only to the aforementioned scope and circumstances, and no greater reliance should be assumed or drawn. PEECE Pty Ltd does not warrant that the information provided is complete and disclaims all responsibility and liability for any loss or damage incurred as a result of relying on the accuracy or completeness of this information. This report has been prepared solely for the use of the Client and PEECE Pty Ltd accepts no responsibility for its use by other parties.

TABLE OF CONTENTS

1. SUMMARY OF THE BUSINESS CASE	1
2. LOCATION OF THE COONA-MUNGINDI ROUTE.....	2
3. ROLE OF THE ROUTE IN THE REGION.....	4
4. EXISTING ROAD CONDITIONS	5
5. ROAD INVESTMENT STRATEGY	6
6. SOCIAL AND REGIONAL ECONOMIC BENEFITS	9
7. ROAD TRANSPORT ECONOMIC BENEFITS	12
8. FUNDING SOURCES	13
APPENDIX A – THE THREE SHIRES.....	15
APPENDIX B – CENTRES SERVED BY THE ROUTE.....	17
APPENDIX C – INDUSTRIES SERVED BY THE ROUTE	22
APPENDIX D – TRAFFIC FORECASTS	32
APPENDIX E – ECONOMIC ANALYSIS	36
APPENDIX F – POTENTIAL FUNDING SOURCES	39

1. SUMMARY OF THE BUSINESS CASE

This Business Case has been prepared by the three local Councils through which the Coonabarabran, Pilliga to Mungindi route passes (called the Coona-Mungindi Route). They are:

- Warrumbungle Shire Council;
- Narrabri Shire Council; and
- Walgett Shire Council.

A description of each of the three Shire areas is included as Appendix A.

Regional Development Australia (RDA) is a partnership between the Australian, State and local governments to develop and strengthen regional communities. There are 55 RDA entities across Australia, each of which is governed and directed by a Committee comprising local leaders who work with their communities to address economic, social and environmental issues.

Two of the Councils, namely Warrumbungle and Walgett Shire Councils are in the Orana NSW RDA region whilst Narrabri Council is in the Northern Inland NSW region.

The purpose of the Business Case is to seek the inclusion of the Coona-Mungindi Route as a priority for upgrading in both the Orana NSW and Northern Inland NSW RDA Regional Plans.

Endorsement by these RDA Committees is a pre-requisite for Councils seeking funding from the Commonwealth Regional Development Australia Fund (RDAF) which the three Councils see as primary source for funding for the route.

The Business Case establishes the route as of regional importance for the communities and regional industries in the three Councils. The route serves a north-south function complementing the State maintained highway network but has not been developed to a standard appropriate to contemporary social and economic development.

The three Councils support a priority investment program that will bring benefits to:

- The communities along the route,
- The industries that rely on road access, most of which are either regional or national, and
- The transport sector.

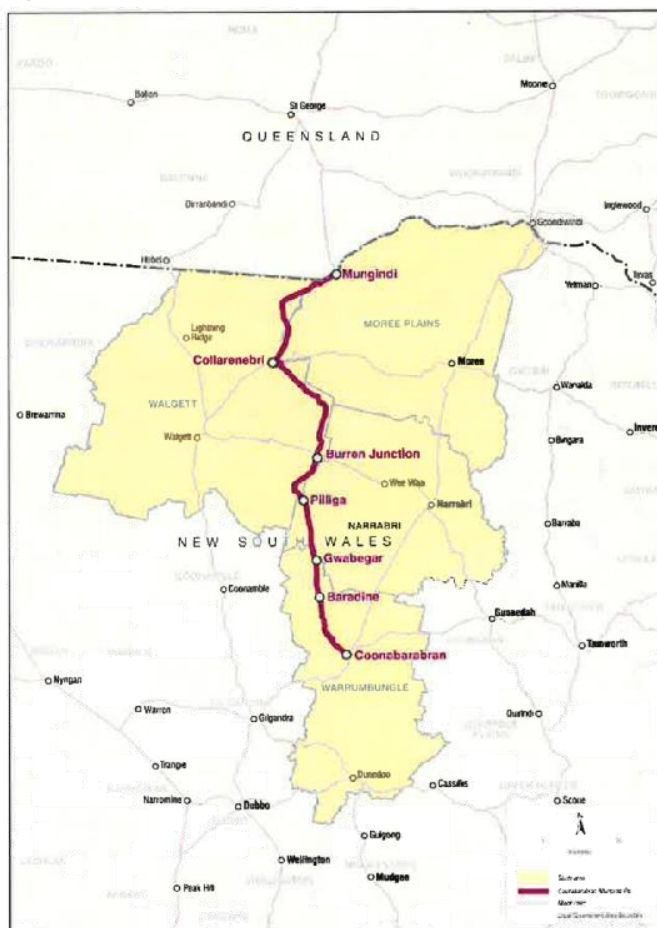
The Business Case shows that the investment is economically justified as the transport benefits exceed the investment costs.

It also shows that the program can be funded with the support of the Commonwealth and State Governments.

2. LOCATION OF THE COONA-MUNGINDI ROUTE

Mungindi is located due north of Coonabarabran, as shown in Figure 1. Whilst Coonabarabran is in Warrumbungle Shire, the direct route to Mungindi passes through Pilliga in Narrabri Shire, and Burren Junction and Collarenebri in Walgett Shire. Mungindi itself is located in the north-west tip of Moree Plains Shire.

Figure 1: The Study Area



The State Government developed a network of east-west state highways (Kamilaroi, Gwydir and Carnarvon Highways) leaving Councils to develop their road network to meet local needs. This historical development has not encouraged the development of north-south routes in this part of NSW to meet the transport needs of communities or their industries.

Therefore the direct route between Coonabarabran, Pilliga and Mungindi called the Coona-Mungindi Route has not been upgraded to a consistent, safe or accessible standard.

The Coona-Mungindi Route is made up of five sections:

1. It commences in the Warrumbungle Shire at the Newell Highway in Coonabarabran and follows Main Road 129 north to Baradine. This section of the route is sealed but has some sub-standard sections.
2. From Baradine it follows Main Road 329 north through Gwabegar and then into Narrabri Shire to Pilliga. This section north of Gwabegar is unsealed.
3. It then enters Walgett Shire on Council Road 7716 in Pilliga before following Bugilbone Road (Shire Road 103) to Burren Junction. The Bugilbone Road section is unsealed.
4. At Burren Junction the route follows a 5 km section of the Kamilaroi Highway (State Highway 29) before heading north along the northern section of Main Road 329 to the Gwydir Highway (State Highway 12) east of Collarenebri and then a further 9 km into Collarenebri. The section is sealed but is showing some pavement distress despite recent construction.
5. The final section follows Main Road 457 from Collarenebri north to the Queensland Border to the west of Mungindi. This section is mostly unsealed.

The total length between Coonabarabran and the Queensland Border is 335 km comprising 13 km of State Highway, 282 km of Regional Road and 40 km of local Shire Road. 85 km (25%) of the road is in Warrumbungle Shire, 75 km (22%) in Narrabri Shire and 175 km (52%) in Walgett Shire.

The road continues into Queensland a further 6.2 km to connect with the Carnarvon Highway, 2 km to the north of Mungindi.

3. ROLE OF THE ROUTE IN THE REGION

The Coona-Mungindi Route runs in a north-south direction and complements the east-west highway network (Kamilaroi, Gwydir and Carnarvon Highways) established by the State Government.

The route serves a significant social and economic function in the local and regional community.

There are seven main centres¹ served directly by the route. They comprise Coonabarabran on the Newell Highway, Baradine, Gwabegar, Pilliga, Burren Junction, Collarenebri and Mungindi on the Queensland border. Each of these centres is described in Appendix B.

The route also serves the local industries in this prosperous part of NSW. The main industries serviced by the route are as follows:

- Livestock – mainly sheep and cattle. Only one cattle feedlot located on the route at Merrywinebone between Burren Junction and Collarenebri;
- Grain – dryland cropping with principal crops being wheat (in winter) and sorghum (in summer);
- Cotton – mainly irrigated except in Warrumbungle Shire;
- Forestry – one regional sawmill at Baradine and logging of Cyprus Pine and Iron Bark in the Pilliga forests; and
- Tourism – mainly passive tourism from private vehicle touring. The main concentration of tourism activity is between Coonabarabran and Baradine.

The significance of each of these industries to the regional and national economies is described in detail in Appendix C. This appendix highlights the diversity and productivity of the agricultural sector in the region and the importance of the growing road-based tourism industry.

¹ There are some very small villages also located on or near the route including Bugaldie and, Kenebri near Baradine, and Rowena and Pokataroo between Burren Junction and Collarenebri. These villages have populations of less than 50 residents.

4. EXISTING ROAD CONDITIONS

The Coona-Mungindi Route is 335 km long and can be divided into five sections as shown in Table 1. This table identifies the current issues with each section.

Table 1: Description of the route

Section No	From – To	Total Length, km	Unsealed Length, km	Issues
1	Newell Highway at Coonabarabran to Baradine	45.7	0	Some sections with narrow formation width create an unsafe road environment Significant one lane timber bridge
2	Baradine to Pilliga – Wee Waa Road at Pilliga	69.8	28.8	The unsealed section north of Gwabegar has a layer of good quality gravel within a wide road reserve. Upgrading this section to a sealed standard could be done at a competitive cost, although providing adequate drainage will increase the costs
3	Pilliga to Kamilaroi Highway at Burren Junction	40.2	29.2	The terrain is flat and gravel is scarce. A key to upgrading this section will be the pavement design but is unlikely to be inexpensive. Many areas in this section are low lying, further increasing the cost of a suitably robust pavement
4	Burren Junction to Collarenebri	92.4	0	The section between the Kamilaroi Highway and Rowena was sealed in 2009 using a geo fabric seal technique but is showing signs of deformation near the edges as a result of recent rain
5	Collarenebri to Queensland border west of Mungindi	87.1	55.2	The section is generally well formed throughout its length and only requires a gravel layer on top of the black soil formation. However good quality gravel is scarce and the cost will be high
	Total	335.2	115.7	

Whilst the unsealed road conditions provide a constraint on traffic movements, bridge width is also a concern on the existing sealed sections. In particular the one lane bridge over Baradine Creek 2km south of Gwabegar is a serious safety risk and needs replacement with a two lane structure.

The same could be said about the sections of narrow formation between Coonabarabran and Gwabegar, particularly those on a high embankment. The narrow formation itself creates an unsafe condition, but the consequences of an accident would be compounded by the high embankment. In this section, there is minimal shoulder width and the lane width itself is being eroded as edge breaking occurs due to the lack of a formation supporting it.

5. ROAD INVESTMENT STRATEGY

The route comprises a mixture of local, regional and state road sections which have detracted from it receiving adequate funding for its development as an important route for the local communities and regional industries.

The route has not been upgraded to meet current expectations due to priorities being left to individual Councils rather than based on regional outcomes.

The three Councils now endorse a strategy to develop the route as a regionally important road and for it to be included in the Orana and Northern Inland RDA Regional Plans.

They have identified \$46.12 million worth of works categorised into three priorities:

- Priority 1 – sealing of existing unsealed roads, widening to accommodate high productivity vehicles and urgent safety works
- Priority 2 – safety works for existing and future traffic once the Priority 1 works have been completed
- Priority 3 – rehabilitation of existing sealed sections that are showing distress and other minor works

A description of the proposed works is included in Table 2 and summed by priority in Table 3. Figure 2 shows the location of the various priority works. These works form the strategy for upgrading the route to a standard required by the local communities and regional industries.

Table 2: Description of proposed works

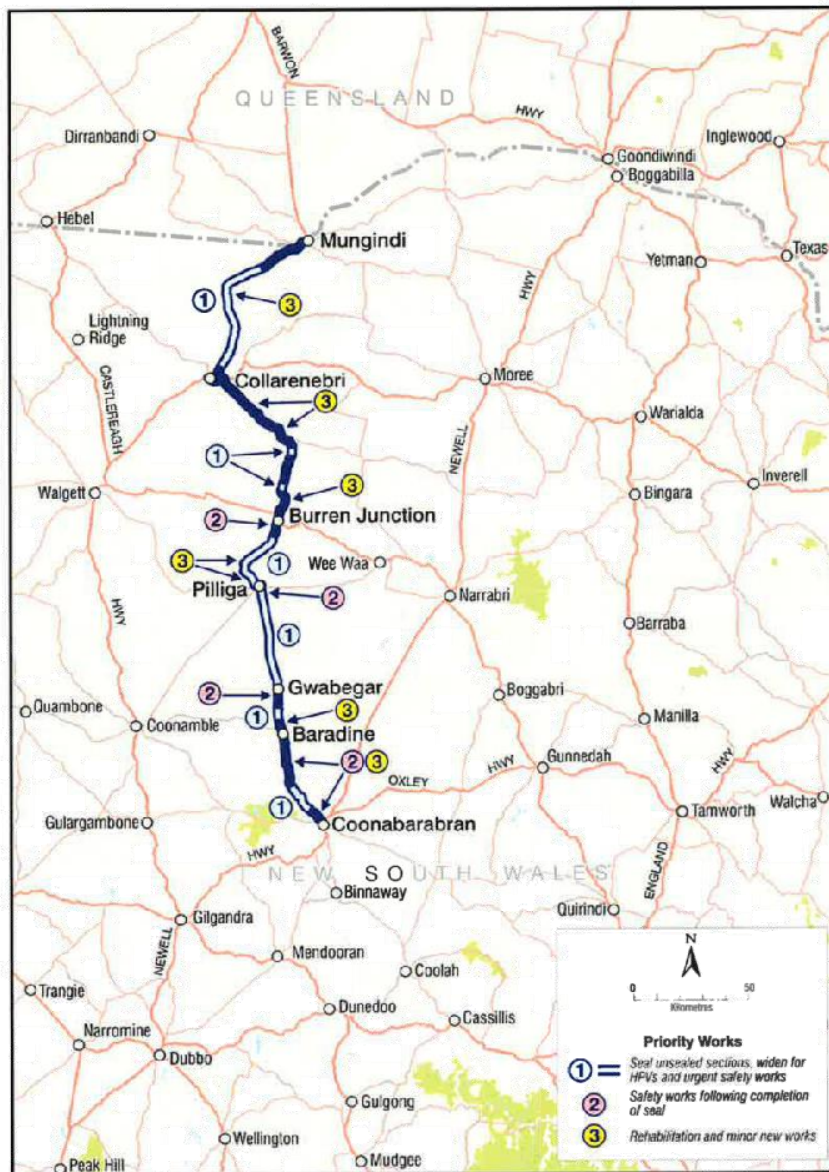
Section	Priority	Description	Cost, \$ million
Coonabarabran – Baradine	1	Widen 8km of narrow seal to accommodate high productivity vehicles	\$3.20
	2	Minor safety works including replacing 300m of chain wire fencing and repairing shoulders	\$1.73
	3	Rehabilitation of existing sealed sections	\$2.53
Baradine – Pilliga	3	Rehabilitation of existing sealed sections	\$1.04
	1	Widen 7.5km of narrow formation on a high embankment 20km north of Baradine	\$2.62
	2	Replace the existing single lane timber bridge over Baradine Creek at 38.2km north of Baradine (i.e. south of Gwabegar)	\$2.40
	1	Gravel and seal 29km of unsealed road between 41-70 km north of Baradine (i.e. Gwabegar to Pilliga)	\$8.11
	2	Minor safety works including intersection with Pilliga-Wee Waa Road	\$0.17

Section	Priority	Description	Cost, \$ million
Pilliga – Burren Junction	3	Rehabilitation of existing sealed sections	\$0.67
	1	Gravel and seal 29km of unsealed road between 2-33 km north of Pilliga	\$5.84
	2	Safety works including improvements at railway crossing, signs etc	\$0.51
Burren Junction – Collarenebri	1	Urgent safety works to replace floodway deficient guardrail and severe edge and pavement failure	\$1.10
	3	Rehabilitation of existing sealed sections	\$4.34
Collarenebri – Mungindi	1	Gravel and seal 55km of unsealed road between 26-82 km south of the NSW Border	\$11.84
	3	Reseal existing sealed sections	\$0.02
Total			\$46.12

Table 3: Summary by priority

	Priority			Total
	1	2	3	
Coonabarabran – Baradine	\$3.20	\$1.73	\$2.53	\$7.46
Baradine – Pilliga	\$10.73	\$2.57	\$1.04	\$14.34
Pilliga – Burren Junction	\$5.84	\$0.51	\$0.67	\$7.02
Burren Junction – Collarenebri	\$1.10	\$0	\$4.34	\$5.44
Collarenebri – Mungindi	\$11.84	\$0	\$0.02	\$11.87
Total	\$32.72	\$4.81	\$8.60	\$46.12

Figure 2: Location of priority works



6. SOCIAL AND REGIONAL ECONOMIC BENEFITS

Local Communities

The general consensus amongst the local communities is that the Coona-Mungindi Route has a number of deficiencies. They include:

- The road is not trafficable during and following periods of wet weather. Personal, business, educational and community activities are disrupted to vary degrees when it rains.
- Local residents on properties and towns are constantly providing assistance to motorists who 'get bogged' or 'slide off the road' when roads are wet.
- The road is easily damaged if the road is used before the road dries out following rain. The road then becomes unsafe for long periods for both local and through traffic.

Any improvement in these deficiencies will bring significant benefits to the local communities.

Farm Productivity

As a guide to potential changes in farm productivity, the impacts of sealing sections between Rowena and Burren Junction were examined. The sealing program was completed in 2009. The research indicated that there have not been any major changes in farming practices or logistics per se since the road was sealed, but there have been some indirect benefits of using the sealed section, including:

- Lower risk of bruising of finished cattle being transported to meatworks from a local cattle feedlot;
- Provision of more options for transporting farm products directly to markets or to aggregation points such as cotton gins, saleyards, and grain receival depots;
- Reduced delays and costs associated with transporting farm supplies, harvesting equipment² and farm vehicles;
- Improved access during wet weather enabling farmers to conduct business during these periods in local towns and other business centres; and
- Lower repair costs for vehicles travelling regularly on the previously unsealed sections.

These benefits would flow onto the other unsealed sections were they to be upgraded to a sealed standard.

In a submission to Walgett Shire Council prior the sealing of the Rowena to Burren Junction section, it was reported that farmers were prepared to pay a premium of

² Headers can be driven on this route. For movement along the Newell Highway, it is a requirement that they are transported on trucks.

approximately \$20 per hectare for land with a sealed road access³. This is a measure of the value that farmers place on sealed access.

In areas which are serviced by relatively long sections of unsealed road, farmers experience problems accessing trucks for contract cartage. If these sections were sealed, more trucks would become available. This would lead to small decreases in freight rates.

The Transport Industry

The northern section of the road between Collarenebri and Mungindi provides a strategic freight route for vehicles coming from the south-west and western regions of NSW and often originating from further afield such as South Australia. These vehicles currently use the road during dry weather but are unable to use it during and following rain.

Upgrading this section of the road to an all-weather standard would introduce benefits to the freight industry, including:

- Shorter routes for some interstate transport;
- Alternate route to Newell Highway for some oversize vehicles, such as those transporting mining equipment to Queensland;
- Improved access to grain silos and railheads; and
- Increased economic activity for the centres served by the route.

Tourism

The southern section of the road is part of a tourist route linking the Warrumbungle Mountains at Coonabarabran, the natural artesian bore baths at Pilliga and the Mt Kaputar Nature Reserve at Narrabri. Tourists driving normal two-wheel drive vehicles, as a general rule, do not drive significant distances on unsealed roads; the potential of this tourist loop will not be realised whilst the section between Gwabegar and Pilliga remains unsealed.

It is of note that the section between Pilliga and Wee Waa was sealed in 2009 which means that the entire length between Pilliga and Narrabri is now sealed. This leaves the 28 km unsealed section between Gwabegar and Pilliga as the only unsealed section of the tourist loop.

Tourism is also being promoted to the north of Pilliga. The 32 km unsealed section between Pilliga and Burren Junction is a constraint for tourists travelling north to Lightning Ridge and to see the rich bird life of the Gwydir Wetlands and historical sites in the Barwon and Gwydir river systems.

³ There have been very few property sales to test this proposition. One small property has been sold at a much higher premium for cropping land. Access to a sealed road was reported to be major factor.

Road Safety

Poor road conditions have created unsafe driving conditions for local communities, tourists and transport operators. However the safety of the road is not limited to the unsealed sections. Sealed sections where the formation width is narrow or the pavement deformed or where there are bridges that are too narrow, present a safety issue for all those who use the road.

Whilst the section between Coonabarabran and Gwabegar is sealed, it still contains a number of unsafe features, including:

- Narrow formation width on steep embankment 20km north of Baradine
- One lane bridge at Baradine Creek, 2 km south of Gwabegar

Improved road safety would be a major benefit from an upgraded road.

7. ROAD TRANSPORT ECONOMIC BENEFITS

The road transport economic benefits from the road investment strategy can be assessed from a cost benefit analysis of upgrading the three unsealed sections to a sealed all weather standard.

The first step in the cost benefit analysis is the estimate of the traffic following the upgrading of the route. This is presented in Appendix D. The results of the cost benefit analysis are provided in Appendix E and summarised in Table 3.

The total cost for the three projects is approximately \$25.79 million. This program would upgrade unsealed segments to a 9m sealed width pavement standard. The forecast growth in traffic following the sealing of the route was converted to transport economic benefits which were used with the capital cost in a cost benefit analysis. The benefits exceed the costs for two of the three sections and overall the total benefits exceed the total capital costs, as shown in Table 4.

Table 4: Economic results

Section	Capital Cost	Benefit Cost Ratio @ 7% Discount Rate
Baradine – Pilliga	\$8.11	0.8
Pilliga – Burren Junction	\$5.84	1.1
Collarenebri – Mungindi	\$11.84	1.2
Total/Overall	\$25.79	1.1

The overall benefit cost ratio is 1.1 when a benchmark discount rate of 7% per annum is applied, showing that the projects would be economically justified.

8. FUNDING SOURCES

There are funding sources for upgrading the route from the three levels of government. They are:

- Commonwealth Government – the recently announced \$1 billion Regional Development Australia Fund (RDAF), which will operate from 1 July 2011;
- State Government – through the proposed \$100 million Infrastructure NSW Fund and the RTA's Block Grant and REPAIR Program; and
- Council sources – the Commonwealth's Roads to Recovery allocation (R2R) and Financial Assistance Grants (FAGs) including the dedicated roads component and Council's own rate revenue.

A description of the Commonwealth RDAF and the State Infrastructure NSW fund are given in Appendix F.

The Commonwealth's dedicated roads component of the FAGs is intended as road funding for local government and is distributed by the NSW Grants Commission in accordance with a road needs assessment formula.

The Commonwealth's Road to Recovery allocation is also based on a formula similar to that developed by the NSW Grants Commission but funding is made directly to Councils and not through the State Government. In the case of the three Councils, the R2R allocation is approximately 52% of the FAGs dedicated roads funding.

These two funding sources are direct Commonwealth grants to Councils for local roads. They are effectively a Council source of funds.

The RTA's Block Grant and REPAIR Program are State funding sources aimed at assisting Councils with the maintenance and upgrading of State declared regional roads. This contrasts with the Commonwealth R2R funding which is primarily aimed at local roads but which at Council's discretion can be allocated to regional roads.

The REPAIR Program funding is based to projects prioritised at the regional level by the RTA and Councils. Councils are required to match the RTA funding.

The 2010-11 funding to each of the three Councils from the R2R, RAG Roads Component, RTA Block Grant and REPAIR Programs are shown in Table 5.

Table 5: Current funding levels

Council	Annual Funding (2010-11)			
	R2R Funding	FAG Roads Component	RTA Block Grant	REPAIR Program
Warrumbungle	\$1,095,000	\$2,095,000	\$2,307,000	\$0
Narrabri	\$1,034,000	\$1,974,000	\$1,018,000	\$0
Walgett	\$935,000	\$1,787,000	\$2,067,000	\$300,000
Total	\$3,064,000	\$5,856,000	\$5,392,000	\$300,000

The three Councils are looking to a contribution from both Commonwealth and State sources to fund the Priority 1 projects of the investment strategy (totalling \$32.72 million). In return for their contribution the Council's are prepared to provide a combined contribution of about \$1 million per year over a five year period from their own sources.

The proposed shared funding arrangements are summarised in Table 6.

Table 6: Proposed funding contributions

Funding Source	Total	%
Commonwealth	\$16,331,000	50%
State	\$11,000,000	34%
Councils	\$5,389,000	16%
Total	\$32,720,000	

The road investment strategy is therefore capable of being funded through a shared funding arrangement with the Commonwealth and State Governments.

APPENDIX A – THE THREE SHIRES

The Coona-Mungindi Route runs through the three shires of Warrumbungle in the south, Narrabri in the central area and Walgett to the north. Table A.1 provides a summary of the three Shires.

Table A.1: Summary information for three Shires

	Shire Council		
	Warrumbungle	Narrabri	Walgett
Administrative Centre	Coonabarabran	Narrabri	Walgett
Other towns on route in Shire	Baradine,	Pilliga, Gwabegar	Mungindi ^a , Collarenebri, Burren Junction
Shire Population			
2001	10,849	14,537	8,328
2009	10,323	13,693	7,209
AAGR % p.a.	-0.6%	-0.7%	-1.8%
% change 2008 to 2009	+0.8%	+0.9%	+1.2%
Land area (km ²)	12,380	13,031	22,336
Population density persons/km ²	0.8	1.1	0.3
Business function	District service centre	Regional service centre	District service centre
Community services	Self sufficient	Self sufficient	Self sufficient
Type of farming	Mainly dryland	Dryland & irrigated	Dryland & irrigated
Forestry	Significant	Minor	Minor
Mining	Minor	Gas & coal	Opals at Lightning Ridge
Tourism drivers	National Parks & Astronomy	Astronomy & National Parks	Lightning Ridge

^a Located just to the north-east of the Walgett Shire boundary in Moree Plains Shire

The main base industries of the three shires focus on cropping and livestock production. However, there are important differences between the shire economies. Warrumbungle Shire does not have significant irrigated cropping, but it has retained a forestry industry (based mainly on milling in Baradine and logging of State Forests) and is extending its tourism industry by promoting nature-based tourism in the Baradine and Pilliga Forest areas.

Narrabri Shire has the largest and most diversified economy, which includes a developing a coal and gas industry. In addition, Narrabri (together with Moree) are the main transport hubs in north-west NSW. Walgett Shire has a very similar agricultural economy to that of Narrabri Shire. It also has an historic opal mining industry at Lightning Ridge which is an important tourism asset for the region.

Both Warrumbungle Shire and Narrabri Shire are serviced by the Newell Highway which is the main inland interstate freight corridor between Melbourne and

Brisbane. Walgett Shire lies further to the north-west and is serviced by the Castlereagh, Gwydir and Kamilaroi Highways.

Road train access is an important factor for shires in north western NSW, particularly for longer distance transport of grain, cotton (raw and processed) and livestock. In contrast to the other shires, as well as Moree Plains Shire, Warrumbungle Shire has very limited road train access. Most of the section between Baradine and Coonabarabran has only B-Double access. There is no road train access into Coonabarabran on any roads in the Shire.

The three Shires have a range of health, education and recreation services. In these shires, however, Narrabri would be the only regional centre.

Each Shire has experienced population declines since 2001. This would appear to be caused in large part by poor seasonal and trading conditions in agriculture. Better conditions saw the region's population rise in 2009.

APPENDIX B – CENTRES SERVED BY THE ROUTE

There are seven main centres⁴ served by the route. Travelling in a northerly direction from the Newell Highway, they comprise Coonabarabran on the Newell Highway, then Baradine, Gwabegar, Pilliga, Burren Junction, Collarenebri and Mungindi on the Queensland border.

Coonabarabran

Coonabarabran is the administrative centre for Warrumbungle Shire and is located near the centre of the shire. The township has a population of about 2,500 residents. It has national and international recognition as an Astronomy Centre. It has well developed retail services and numerous tourism opportunities, serviced by approximately 60 accommodation facilities in Coonabarabran and surrounding villages. Coonabarabran is a destination as well as a stop-over point for long distance travellers on the Newell Highway. The landscape and national parks of the area are an important attraction. The landscape varies from extensive plains and undulating hills through to the high basaltic plateau of Coolah Tops in the east, and rugged mountain peaks of extinct volcanoes in the west.

Coonabarabran hosts a number of events, some of which are promoted to a broader audience outside the region. Specific events include the Markets on the 4th Sunday of the month, Spring racing, Science in the Pub, Coona Yabby Races, The Bok Lecture, Warrumbungle Arts & Craft, Billy Cart Derby, Veterans Touch Footy Carnival, Crooked Mountain Concert, Coonabarabran Show, North West Equestrian Expo, and the Tour de Warrumbungles Bike Ride.

The shire is an indigenous meeting place for traditional owners, custodians, and members of the Gamilaraay, Wiradjuri, Wiradjuri and Kawambarai (Werriri) peoples.

Baradine

Baradine is located approximately midway between Coonabarabran and Pilliga. At the 2006 census (2006) it had a resident population of 593.

Baradine provides a number of services including:

- Central School;
- Catholic Primary School;
- Hospital (including accident and emergency, GP and allied health services). Patients are assessed at Baradine Hospital before being sent to Dubbo Base Hospital or other hospitals as necessary;
- NSW Parks & Wildlife Service; and
- Forests NSW.

⁴ There are some very small villages also located on or near the route including Bugaldie and, Kenebri near Baradine, and Rowena and Pokataroo between Burren Junction and Collarenebri. These villages have populations of less than 50 residents.

School buses travel along the Coona-Mungindi Route, picking up children for Baradine Central School from the nearby villages of Kenebri and Gwabegar and properties. There are various school functions, carnivals, combined sports, musical and other events held in Baradine that children attend. In addition, some high school students commute to Coonabarabran from Baradine and the area by school bus.

There is also some commuting for work between Baradine and Coonabarabran.

Baradine has experienced a decline in the forestry industry for some years. There were further closures as a result of recommendations of the Brigalow Belt South Bio-Region Assessment on Natural Resources completed in 2005. There is now only one saw mill operating in Baradine processing logs from State Forests. In addition, there are some very small mills processing logs from private properties.

Baradine was also impacted by the closure of the rail service in 2003, which serviced the grain receival depot. All grain is now transported from the depot by truck.

The town is now 're-inventing itself,' by placing greater emphasis on tourism, and searching out new business opportunities for the district, including projects for value adding waste forest and processed timber materials.

Baradine is promoted as the Gateway to the Pilliga Forest, which is the largest native inland forest west of the Great Dividing Range in NSW. The Pilliga Forest Discovery Centre was opened in March 2009 by the NSW National Parks and Wildlife Service and provides important interpretive services for visitors. Visitors can take scenic drives through the forests, use various bird and wildlife watching trails and picnic facilities and see various historic and Indigenous heritage sites and sculpture displays.

The road section from Baradine to Pilliga can be used as part of an alternative route between Coonabarabran and Narrabri. This would become more of a tourism byway if it were fully sealed, and is likely to attract more vehicles towing caravans and camper trailers. Similarly, the route provides an alternative access to Lightning Ridge for tourists, via Pilliga, Burren Junction and Collarenebri, but again it would need to be fully sealed before it could be used regularly by tourists.

Gwabegar

Gwabegar is a village of about 110 residents, located within the Pilliga State Forest.

Gwabegar has a primary school, a modern and well-resourced community centre (Community Link Centre), a multipurpose sports court, a general store, post office and a 'primitive' camping ground.

Historically, Gwabegar had a well developed saw milling industry, similar in size to that in Baradine. However, by 2005, it had only one sawmill drawing logs from State Forests. This mill was closed as a result of the Brigalow Belt South Bio-Region Assessment recommendations. The only remaining forestry activity centres on a firewood business which sells processed residue timbers in the Sydney market.

The town was also impacted by the cessation of rail services between Baradine and Gwabegar in 2001. The grain receival depot was closed about the same time.

Gwabegar can be isolated during wet periods, if the road is closed or becomes difficult to navigate. High road roughness also reduces trip frequency to larger centres such as Narrabri for community events.

There have been major bushfires in the Pilliga Forest. Access for all emergency vehicles from Narrabri, Wee Waa and Coonabarabran will be improved with sealing of the road.

Gwabegar is very reliant on visiting community health services which are contingent on road access. Indigenous residents also travel to medical clinics in Pilliga.

Pilliga

Pilliga is a village of about 120 residents, located near the northern edge of the Pilliga Forest. Pilliga is situated at a five-way junction of roads connecting to Narrabri via Wee Waa (recently sealed), Gwabegar, Coonamble, and Walgett via Burren Junction and via Come-By-Chance.

Pilliga has a range of services, including a small primary school, police station, Post Office, café, pub, a store, and fuel station, and the Community Link and Rural Transaction Centre with attached multipurpose courts. Mail runs are conducted from Pilliga to outlying centres.

A high proportion of the population is Indigenous. The Walgett Aboriginal Medical Services provides a doctor and podiatrist service, as well as mental health and diabetic services to Pilliga and Gwabegar residents. Indigenous residents are resourced through the Closing the Gap program.

The services delivered from Walgett can be affected during wet weather. Also, Community Nurses from Narrabri are not permitted to travel to the area through rain affected areas for safety reasons.

There has been local employment for people working in the cotton industry. However, with the introduction of genetically modified cotton varieties and greater mechanisation, local employment opportunities are declining. As for Gwabegar, there is a need to create new employment opportunities. Pilliga has benefited from the completion of road sealing programs between Coonamble and Wee Waa, which has contributed to the re-opening of the cafe, the fuel station and the town pub.

In 2007, Creating Growth Pty Ltd facilitated the development of the Gwabegar and Pilliga Community Economic Development Strategic Plan to improve their area's economic and social health and vitality. The Plan focuses on three key themes:

- Lifestyle and Youth;
- Business and Economic Development; and
- Visitation and Marketing.

Pilliga has some tourism attractions which are 'visible' to people living outside the region.⁵ The hot artesian mineral water bore baths, for example, provide broader tourism attraction for grey nomads and others. These baths are considered by

⁵ The Pilliga Scrub can be a mysterious area and some locals speak of sightings of the Pilliga Yowie!

many to have therapeutic properties, and are being used by more tourists now that road access from Coonamble and Narrabri has been improved. The facility has been recently upgraded by Narrabri Council.

A Bore Baths tourism route is being developed by the Narrabri Tourism and Visitor Centre, which includes the facilities at Pilliga, Burren Junction, Walgett, Lightning Ridge and Moree.

There is also a lagoon between the town and the bore baths near Pilliga, which is popular for canoeing and bird-watching. The lagoon attracts a high diversity of bird species including some coastal migratory birds.

Burren Junction

Burren Junction is a village of approximately 150 persons. It is located on the rail branch line between Narrabri and Walgett, and has a Graincorp receival depot.

It has a fuel station, general store, a club, sports ground and a library deposit station. Its Junction City Hotel is a well known venue for touring bands in the Region

It has floodlit bore baths, which are popular with tourists.

The village is on the bird watching map. In 2006 the first Australian record of a Grey-headed Lapwing (a migratory bird native to Eurasia) was reported at Burren Junction.

Events in Burren Junction include the Gyrocopter Get-Together in June and the Burren Junction Flower Show in September. The Bore Rats Bachelor and Spinster Ball is held each year and draws people from outside the region.

Collarenebri

Collarenebri is at the crossroads of the Gwydir Highway from Moree, and the Baradine-Collarenebri Rd. At the 2006 census, the town had a resident population of 478.

The main services at Collarenebri include a Central School, hotel, local radio station specialising in indigenous programming, visitor information centre, and a hospital.

There are cotton gins located in the district at Collymongle Station to the east of the township and at Merrywinebone to the south. Merrywinebone also has a grain receival depot serviced by rail and a cattle feedlot.

Collarenebri has various tourism assets. The internationally renowned Gwydir Wetlands (a RAMSAR site) lies just to the east. It is the habitat for a myriad of significant local and migratory bird species, many of which are classified as threatened or vulnerable. The Barwon River passes near the town, and is known nationally for its fishing. The river also has numerous camping sites.

There are fossicking sites in the area for gemstones including topaz, agate and petrified wood.

Collarenebri has been recorded as a significant site and continues to be so for Indigenous people. There are artefact sites along the Barwon River. Also, there is an Aboriginal cemetery located outside the town which is unique to the area.

Youth services in the Shire are concentrated in Lightning Ridge and Walgett, with limited services in Collarenebri. The town can be isolated during a major flood event.

Mungindi

Mungindi is a border town situated on the Carnarvon Highway, and straddles the Barwon River. It is located at the north-west tip of Moree Plains Shire. At the 2006 census, its population comprised 626 in NSW, and 176 in Queensland.

Mungindi has two hotels, one caravan park, two fuel stations, a supermarket, a hospital, health centre, an aged care facility, a Central School and a Catholic Primary School. There are two cotton gins at Mungindi and one grain receival depot at Weemelah to the east of Mungindi.

The town is well equipped with sporting facilities including a golf club and a horse race track. There are a number of events sponsored for Mungindi including a biennial music festival.

APPENDIX C – INDUSTRIES SERVED BY THE ROUTE

The main industries serviced by the Coona-Mungindi Route are:

- Livestock – mainly sheep and cattle. Only one cattle feedlot located on the route at Merrywinebone between Burren Junction and Collarenebri;
- Grain – dryland cropping with principal crops being wheat (in winter) and sorghum (in summer);
- Cotton – mainly irrigated except in Warrumbungle Shire;
- Forestry – one regional sawmill at Baradine and logging of Cyprus Pine and Iron Bark in the Pilliga forests; and
- Tourism – mainly passive tourism from private vehicle touring. The main concentration of tourism activity is between Coonabarabran and Baradine.

The relative importance of specific road sections is summarised in Table C.1.

Table C.1: Important industries for each section

Section:	Livestock	Grain	Cotton	Forestry	Tourism
Coonabarabran to Baradine	Medium – no road train access	High – Receival depot at Baradine but no rail service	Nil	High – regional sawmill at Baradine	High – linkage between Newell Highway and Pilliga Forest areas
Baradine to Pilliga	Medium because of poor road condition	Medium – mainly local because of road condition	Nil	High – major logging route from State Forests	Low because of condition of road. Potentially part of a tourism byway off Newell Highway via Baradine & Pilliga
Pilliga to Burren Junction	Medium because of poor road condition	Medium Receival depot at Burren Junction	Medium	Minor	Minor. Not part of recognised tourism route
Burren Junction to Collarenebri	High – farm movements & feedlot at Merrywinebone	Very high. Receival depots at Burren Junction & Merrywinebone	High. Cotton gins at Merrywinebone and Collymongle	Nil	Minor. Not part of recognised tourism route
Collarenebri to Mungindi	Medium because of poor road condition	Medium because of poor road condition	Medium. Two cotton gins at Mungindi (one not operating)	Nil	Minor. Not part of recognised tourism route

Sheep and cattle

The wider region encompassing the three shire areas accounts for about 6-7% of sheep numbers and 11% of meat cattle numbers in NSW.

Regional sheep numbers fell by about 3.5% per annum from approximately 2.6 million head in 2000-01 to 2.2 million head in 2005-06. Meat cattle numbers grew marginally during the same period by 0.5% per annum from about 637,000 to 653,000 head.

Estimates were provided by the local community for dry sheep equivalent turnoff for properties between Mungindi and Collarenebri. This section is approximately 100 km in length and represents about one third of the total road length of the route. Local properties turnoff about 80,000 dry sheep equivalents per annum, which translates to approximately 400 trailer movements annually or some 8 movements per week. Local livestock movements on other sections are expected to be broadly similar on a prorated basis. Also, all sections on this route carry, to varying degrees, intra-regional and inter-regional livestock traffic servicing property, saleyard, and feedlot movements, and direct deliveries of sheep and cattle to meat processors in NSW and Queensland.

The use of saleyards by properties in the region is widely dispersed. However, the main saleyards are located along the Newell Highway (and its northern extension in Queensland) from Goondiwindi to Dubbo as well as further to the east at Tamworth and Inverell. There is also direct electronic trade in livestock that bypasses saleyards for auction, but can be used for weighing and exchange of ownership.

For centres to the north of Coonabarabran on the Newell Highway, the predominant corridors for transporting sheep and cattle are the Carnarvon, Gwydir and Kamilaroi Highways. These highways provide road train access to saleyards on the Newell Highway. Further to the south, Dubbo is a major centre for sheep sales and processing. Dubbo has road train access via the Castlereagh and Mitchell Highways, but not via the Newell Highway.

The main processing works for sheep are located at Dubbo, Tamworth and Wallangarra (in Queensland), and for cattle, at Inverell and Tamworth. Cattle are also processed in south east Queensland. Similar corridors are used as for saleyard transactions.

More livestock transport would occur on the northern section of the Coonabarabran-Mungindi Route if it were upgraded as it provides road train access between NSW and Queensland. However, the lack of road train access between Baradine and Coonabarabran and on entry points into Coonabarabran on the Newell Highway and other roads would constrain further increases in long distance livestock traffic on the southern section of the route.

There is one major cattle feedlot located on the route at Merrywinebone. It has a licensed holding capacity for 5,000 head. Management advised they aim to turnoff 600 head per week on a self-replacing schedule, giving 1,200 cattle movements per week. The cattle are transported in B-doubles. On this schedule, cattle transport would generate about 18 B-double movements per week. The cattle are mostly sourced from saleyards at Moree and Narrabri and processed at Tamworth or

Brisbane. Feed grain is sourced from adjacent farms. This feedlot uses mainly the section of the route between Burren Junction and Collarenebri.

Grain

From 2000-01 to 2005-06, total grain production in the wider region increased from 1.7 to 2.6 million tonnes or by 8.9% per annum. Production rose mainly because of a rise in productivity per hectare, and to a lesser degree because of an increase in the area cultivated for grain. In 2005-06, this region produced about 19% of total cereal grain production in NSW.

The quantities and direction of travel of grain from farms in the region are highly variable. For the same grade of grain, there are numerous factors which influence transport patterns including:

- Seasonal conditions;
- Distance from farm and accessibility to receival depot;
- Marketing agent;
- Handling charges at receival depots;
- Freight rates from receival depot to port; and
- Port costs (comparison of Newcastle and Brisbane costs).

Farmers also adopt on-farm storage strategies to optimise the timing of grain sales in various markets.

The main receival depots in use in the region are shown in Table C.2. The combined storage capacity is about 2.7 million tonnes. All depots, with the exception of Baradine, are serviced by rail.

Table C.2: Receival depot capacity: main depots, tonnes

Location of receival depots	Tonnes
Thallon (Qld)	342,000
Talwood (Qld)	307,000 ^a
Weemeloh	310,000
Merrywinebone	300,000
Burren Junction	130,000
Moree	520,000
Bellata	462,000 ^b
Narrabri	132,000
Walgett	315,000
Baradine	80,000

a Includes 92,000 t (GrainCorp) and 215,000 t (AWB GrainFlow)

b Includes 242,000 t (GrainCorp) and 220,000 t (AWB GrainFlow)

Source: GrainCorp, personal comm.

GrainCorp has provided average grain haulage estimates by road section, which are shown in Table C.3. From year to year, however, haulage varies substantially depending on seasons and direction of travel. The highest haulage is on the Burren Junction to Collarenebri section which is serviced by two receival depots with a combined storage capacity of 430,000 tonnes. Nevertheless, some large grain growers in this area transport their export grain to Bellata on the Newell Highway to take advantage of lower rail freight rates. Bellata has both GrainCorp and AWB GrainFlow terminals.

The grain transported to the feedlot at Merrywinebone is supplied by local farms. Trucks hauling this grain only cross the road section between Burren Junction and Collarenebri at various points and do not utilise significant lengths of this road section.

Table C.3: Estimates of average annual grain haulage by road section

Section	Tonnes p.a.	Semi-trailer equivalent movements per annum	Av.daily STE movements
Coonabarabran to Baradine	70,000	5,600	15
Baradine to Pilliga	20,000	1,600	4
Pilliga to Burren Junction	100,000	8,000	22
Burren Junction to Collarenebri	350,000	28,000	77
Collarenebri to Mungindi	150,000	12,000	33

STE semi trailer equivalent

Source: GrainCorp

There is relatively high haulage between Collarenebri and Mungindi despite the condition of the road. About 80% is originating from locations outside local farming areas. Local farms produce on average about 30,000 tonnes of grain per annum

Grain haulage on the Pilliga to Baradine section is generally low despite there being a receival depot at Baradine⁶. Because this receival depot is no longer serviced by rail, some grain produced in the area is hauled directly from farms to Newcastle via Coonabarabran. Grain stored at the Baradine receival depot is mostly hauled by road to Newcastle, but some grain is transported from this depot to the rail head at Burren Junction.

Export grain delivered from farms to the Merrywinebone and Burren Junction depots is largely hauled by rail to Newcastle at the present time. However, with priority being given to coal at the Newcastle Port, the number of slots allocated to grain is likely to decrease, thereby increasing the amount of road transport.

⁶ It was advised that in the current season, about 60,000 tonnes have been transported from the Baradine receival depot to the rail head at Burren Junction. A further 110,000 tonnes have been transported from an area to the west of Pilliga (served by the Come-by-Chance road) via Pilliga to Burren Junction. Thus, tonnages on the Baradine to Burren Junction sections can fluctuate to high levels in good seasons.

Some of the export grain held in bunker storage is trucked to other receival depots before dispatch for export. Inter-depot transport of grain and grain sold to domestic markets is normally transported by road.

Cotton

Regional cotton production increased by about 1% per annum from 0.89 million tonnes in 2000-01 to 0.93 million tonnes in 2005-06. Productivity increased by 7% per annum during the same period. Over 90% of the cotton (by tonnage) that is produced in the region is irrigated cotton. Very little cotton is grown in Warrumbungle Shire and no irrigated cotton was reported for this shire in the two reporting years.

Raw cotton is transported from farms to cotton gins. Pricing arrangements vary across gins and by season. Most gins have an upper processing capacity of about 100,000 to 140,000 tonnes. In good seasons, there is greater use of gins further from farms due to a lack of local processing capacity. The main gins in use by farmers are located at or near Mungindi, Boomi, Colleymongle, Merrywinebone, and Wee Waa. Cotton is also processed in Queensland at centres including Dirrinbandi and St George.

The gins that are adjacent to the route are those at Mungindi, Colleymongle and Merrywinebone. All cotton lint and cotton seed is hauled by road from these gins.

Estimates are provided in the Table C.4 for cotton haulage on specific sections of the route for the current season and the annual average over the previous five years.

The main cotton traffic is on the section between Burren Junction and Collarenebri due to movements to and from the gin at Merrywinebone. Total tonnage on this section has been estimated at 176,000 tonnes for the current season. In the previous five years, the annual average haulage was about 61,000 tonnes per annum. On other sections, there is less cotton traffic.

Table C.4: Haulage of raw cotton and processed lint and cotton seed, current season and average for previous 5 years

	Raw cotton	Processed lint	Cotton seed	Total	Semi-trailer equivalent movements pa	Av. daily STE movements
Current season (2010)						
Coonabarabran to Baradine	0	0	0	0	0	0
Barradine to Pilliga	0	0	0	0	0	0
Pilliga to Burren Junction	25,000	0	0	25,000	2,000	6
Burren Junction to Collarenebri	95,000	37,000	44,000	176,000	14,080	39
Collarenebri to Mungindi	56,000	0	0	56,000	4,480	12
Average per annum last 5 years (excl 2010 season)						
Coonabarabran to	0	0	0	0	0	0
Baradine to Pilliga	0	0	0	0	0	0
Pilliga to Burren Junction	3,000	0	0	3,000	240	1
Burren Junction to	33,000	13,000	15,000	61,000	4,880	13
Collarenebri to Mungindi	9,000	0	0	9,000	720	2

Note: all tonnages rounded to the nearest 1,000 tonnes.

Source: Cotton industry sources

Forestry

Baradine Sawmilling Company (a subsidiary of Gunnedah Timbers) operates the only major sawmill along the route at Baradine. The company harvests and mills white cyprus pine under a 20 year Wood Supply Agreement with Forests NSW. This agreement enables the harvesting of 20,000 m³ or approximately 25,000 tonnes of white cyprus pine logs per annum.

The sawmill harvests forest compartments in the Pilliga Forest areas mainly to the north of Baradine. There is also some logging in compartments near Bugaldie, between Baradine and Coonabarabran.

Forests NSW estimated that approximately 60-70% of the logs would enter the Baradine to Pilliga road section at Kenebri. A further 10-15% of log supplies would be drawn from the south east from near Bugaldie, while the remainder would enter Baradine on other roads predominantly from the north east. Approximately 10,000 to 12,000 tonnes of processed timber are transported from Baradine to the Newell Highway via Coonabarabran.

There are no sawmills remaining in Gwabegar, but an operator has a residue log contract of some 5,000 to 6,000 tonnes per annum. The residue logs are transported to Gwabegar via Kenebri on the Baradine to Pilliga section. These logs are mainly processed for firewood and sold in the Sydney market.

There are two to three very small sawmills sourcing logs from private properties in the region. These mills process about 1,000 tonnes of logs per annum.

Estimates for haulage of logs and processed timber are shown in Table C.5 by road sub-sections.

Table C.5: Log and processed timber haulage between Coonabarabran and Gwabegar

Road sub-sections:	Logs	Processed timber	Total	Semi-trailer equivalent movements per annum	Av. daily STE movements
Coonabarabran to Bugaldie		18,000	18,000	1,440	4
Bugaldie to Baradine		18,000	18,000	1,440	4
Baradine to Kenebri	17,000	6,000	23,000	1,840	5
Kenebri to Gwabegar	6,000	6,000	12,000	960	3

Source: Forests NSW

The tonnages are relatively low, ranging from about 12,000 to 23,000 tonnes per annum. The highest haulage impact is on the road sub section between Kenebri and Baradine.

Tourism

Tourism activity in the region is generated by private vehicle and coach travellers who visit the region or on overnight stopovers. The most recent statistics from Tourism Australia (Table C.6) show overnight stay visitor numbers ranging from 67,000 visitors for Walgett Shire to 122,000 visitors for Warrumbungle Shire.

Table C.6: Overnight visitors: Warrumbungle, Narrabri and Walgett Shires

Shire:	Visitors '000	Visitor nights '000	ALOS (Days)	% car travel	% Multiple stopovers
Warrumbungle	122	223	1.8	94%	63%
Narrabri	105	266	2.5	93%	59%
Walgett	67	298	4.5	81%	50%

Note: 3-4 year average to June 2007

Source: Tourism Australia

The statistics in the table show that a relatively high proportion of visitors to the shires are car travellers who engage in multiple stopovers in the region. The numbers of car groups in this category range from about 14,000 to 36,000 groups per annum.

Further information is provided in Table C.7 and Figure C.1 regarding visitor numbers to selected Visitor Information Centres (VICs). Statistics for Lightning Ridge and Brewarrina are included to provide indicators of potential numbers touring in areas to the west of the Newell Highway.

The Outback NSW Tourism Organisation advised that the numbers of visitors recorded at VICs generally represent about 25% of total visitors to their host towns. For Brewarrina, however, it was advised the VIC proportion is much higher at approximately 80% because the centre incorporates an Art Gallery display, and it is also a booking centre for tours of local indigenous attractions including the heritage listed Brewarrina Fish Traps.

In addition, Brewarrina is a natural stopover point between Lightning Ridge and Bourke. Based on these proportions, in 2009, total visitor numbers at the host towns listed in the table were about 120,000 to 130,000 per annum for the two

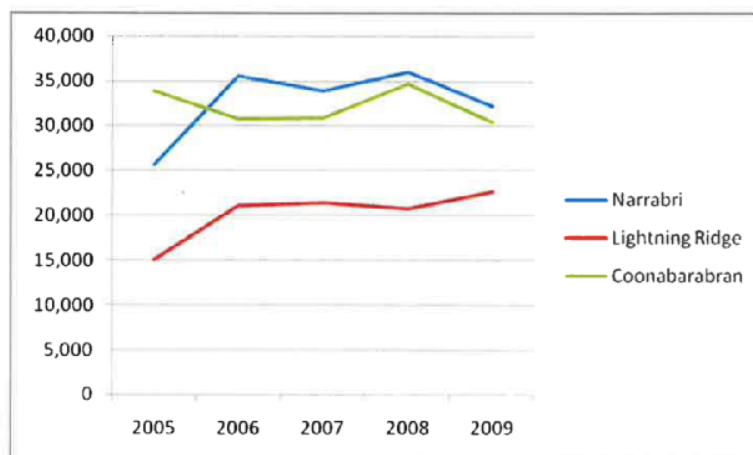
towns located on the Newell Highway, approximately 90,000 at Lightning Ridge and 45,000 further to the west at Brewarrina.

Table C.7: Visitor numbers: Visitor Information Centres

	Narrabri	Lightning Ridge	Brewarrina	Walgett	Coonabarabran
2005	25,612	15,125	N/A		33,891
2006	35,600	21,036	N/A		30,729
2007	33,926	21,469	N/A		30,932
2008	36,030	20,804	N/A		34,629
2009	32,186	22,685	36,000		30,447
AAGR % p.a.2005 to 2009	5.9%	10.7%	N/A		-2.6%
AAGR % p.a.2006 to 2009	-3.3%	2.5%	N/A		-0.3%

Source: Warrumbungle Shire Council;
Outback NSW Tourism Organisation

Figure C.1: Visitor numbers to Visitor Information Centres



At this stage, the main tourism activity at centres to the west of the Newell Highway on the route is concentrated at the southern end of the route, in the national parks near Coonabarabran, Baradine, and in the Pilliga Forest areas.

Commercial accommodation in the towns from Baradine to Mungindi is shown in Table C.8.

Table C.8: Commercial accommodation on route to the west of the Newell Highway

Commercial accommodation	Baradine	Gwabegar	Pilliga	Burren Junction	Collar-enebri	Mungindi	Total
Hotels	2	0	1	1	0	1*	5
Hotel rooms	12	0	2	0		0	14
Cabins			1*	16		9	26
Powered sites	0	0	6	5	0	0	11
Hotel/Motels	0	0	0	0	1	1	2

Commercial accommodation	Baradine	Gwabegar	Pilliga	Burren Junction	Collar-enebri	Mungindi	Total
Hotel rooms	0	0	0	0	16	0	16
Motel rooms	0	0	0	0	12	6	18
Caravan Parks	1	0**	0	0	0	1	2
Cabins	4	0	0	0	0	0	4
Bunkhouses	1	0	0	0	0	0	1
Pavilion	1						1
Powered sites	20	0	0	0	0	21	41
Function rooms	1	0	0	0	0	0	1
Capacity (seats)	150	0	0	0	0	0	150
Bed & Breakfast	1	0	0	0	0	0	1
Rooms	2	0	0	0	0	0	2
Number establishments	4	0	1	1	1	3	10

a Two Mile Hotel was destroyed by fire in 2009. Currently being rebuilt. Approximately 9 dongas remain at the rear of the hotel. The new hotel may include 2 motel style rooms. * to be built shortly. ** one caravan park in planning
Source: Economic Associates research

There are ten commercial accommodation establishments along this part of the route. Most of the commercial accommodation capacity is in Baradine at Camp Cyprus which has capacity as follows:

- 4 cabins – 96 beds;
- 1 bunkhouse – 280 beds;
- 1 pavilion – 25 double-bed bunks;
- Commercial kitchen and dining capacity for 150 people; and
- 20 powered sites and 53 acres for unpowered camping sites.

At Baradine, Camp Cyprus caters for large groups, such as school tours and conferences. The opening of the Pilliga Forest Discovery Centre in March 2009 has boosted patronage at Camp Cyprus. The centre is attracting about 4,000 visitors per year from outside the local area. Management envisages there is potential for developing additional market segments including coach tours and visiting school groups. An important complementary attraction is an indigenous and non-indigenous sculpture display at Dandry Gorge, located some 33 km to the east of Baradine. The Dandry Gorge facilities were opened in August 2010.

Further to the north, there is limited commercial accommodation capacity. There are only six commercial accommodation establishments, including three hotels, two hotel/motels, and one Caravan Park. Most travellers stay in free camping areas such as the camping area adjacent to the bore baths at Pilliga.

Visitors from the south are referred in Baradine to attractions at Pilliga, but the unsealed road sections to the north of Baradine restrict travel, particularly for travellers using light sedans or towing caravans and camper trailers. The main

attractions at Pilliga⁷ are the bore baths, a lagoon and walking trails, and the free camping area.

Completing a road sealing program between Baradine and Pilliga would create a fully sealed by-way looping from the Newell Highway at Coonabarabran and reconnecting at Narrabri via Baradine, Pilliga and Wee Waa. Promotion of this by-way would benefit local tourism businesses.

The bore baths at Pilliga are especially popular with tourists because they are open throughout the year and their water temperature, at approximately 37°C, is lower than at some other baths in the region. Unofficial estimates indicate that visitor numbers have increased from about 4,000 per year prior to the sealing of road sections between Coonamble and Wee Waa, to about 18,000 per annum since the program was completed.

Sealing sections along the Coona-Mungindi Route would also provide an access-way through Mungindi to the Queensland border⁸.

Various attractions further to the north include the following at:

- Burren Junction - bore baths, which are open for part of the year;
- Collarenebri - fishing on the Barwon River, which is promoted as one of the best inland fishing locations in Australia (the Gwydir Wetlands); and
- Mungindi: annual horse racing and camp drafting events, Mungindi Show, Mungindi Music Festival (biennial) and Mungindi Art Show (biennial).

To complement road improvement works, more tourism product and events would need to be developed and promoted to visitors to encourage them to deviate from the Newell Highway and other major road corridors in the region.

⁷ Gwabegar hosts a regular Lifeline Fun Day which attracts outside visitors. The township is also of historical interest.

⁸ Travellers could also visit Lightning Ridge via unsealed connecting shire roads between Collarenebri and Mungindi, but the main access for light traffic will remain via the Castlereagh Highway between Walgett and Dirranbandi.

APPENDIX D – TRAFFIC FORECASTS

Current Traffic

The traffic data comes from several sources. One source is the NSW Roads and Traffic Authority who have estimated the 2004 AADT for those roads that form part of their regional road system. These estimates are based on traffic counts across the entire year for a number of years prior to 2004 and estimating the 2004 traffic count using the historical trend line.

The other source is the short-term traffic counts undertaken by Walgett Shire Council in 2005 and 2009. These counts have not been adjusted for monthly variations over the year but are more recent than the RTA figures. The combined table of traffic counts is summarised in Table D.1.

Table D.1: Current traffic counts

Section No	Location	Date of Count/Year of Estimated AADT	Average AADT (double axles)
1	1.5 km north of Newell Highway	2004*	980
	9.5 km north of Newell Highway	2004*	810
	24 km north of Newell Highway	2004*	560
2	1 km north of Baradine	2004*	285
	37.4 km north of Baradine	2004*	210
	South of Pilliga – Wee Waa Road	2004*	135
3	North of Pilliga towards Bugilbone	Oct 2009	[105]
4	4 km north of Burren Junction	2004*	120
	South of Rowena T/O	Oct 2005	[65]
	South of Moomin T/O	Sept/Oct 2009	[85]
	South of Gwydir Highway near Pokataroo	2004*	145
5	0.5 km North of the T/O to Lightning Ridge	2004*	440
	8 km North to Lightning Ridge T/O	2004*	45
	North of Lightning Ridge T/O	Aug 2009	[55]

* Counts estimated by RTA

Shire counts are estimates of vehicles per day rounded to nearest 5 VPD.

[] Shire counts are estimates of vehicles per day (VPD) rounded to nearest 5 VPD.

The Council vehicle counts also provided information on the type of vehicles using the road. The vehicle classification data is summarised in Table D.2.

Table D.2: Vehicle classification data

Section No	Location	Cars	Rigid Trucks	Semi trailers	Multi articulated
3	North of Pilliga towards Bugilbone	81%	9%	5%	5%
4	South of Rowena T/O	69%	21%	5%	5%
	South of Moomin T/O	83%	12%	5%	5%
5	North of Lightning Ridge T/O	69%	7%	13%	11%

Note: %'s rounded

2010 base estimates for average vehicles per day

Estimates of average vehicles per day were compiled by analysing two-axle count statistics from the NSW RTA, together with NSW RTA vehicle count estimates where available, and vehicle count data provided by the Shire Councils. Base estimates for 2010 are provided in Table D.3.

Table D.3: 2010 base estimates for average vehicles per day by vehicle type

Section	Total	Cars	Rigid trucks	Semi trailers	Multi-articulated
Coonabarabran - Baradine ^a	500	438	30	30	2
Baradine-Pilliga ^b	115	97	10	4	4
Pilliga – Burren Junction ^c	105	85	10	5	5
Burren Junction – Collarenebri ^c	85	66	11	4	4
Collarenebri – Mungindi ^b	55	38	4	7	6

Notes:

(a) NSW RTA vehicle count estimates

(b) derived from NSW RTA two-axle count statistics

(c) Council vehicle counts

The NSW RTA statistics indicate growth rates in the last 5 years of broadly 0.5% per annum.

Traffic impact of road improvements

Sealing the rough and often impassable sections between Baradine and Burren Junction and also between Collarenebri and Mungindi would contribute to various network effects on traffic volumes, which, initially, would lead to some stepwise increases in traffic. A higher overall growth rate is also expected to follow the road

improvements in the longer term. Upgrading the route, particularly fully sealing the route, will allow it to become more integrated into a long distance travel network.

Impacts are expected to vary along the route. Between Coonabarabran and Baradine, it is not anticipated that there would be any major traffic changes initially because the road is already fully sealed. Also, there are no plans at this stage to allow road trains to operate on this section. However, there would be traffic safety benefits if narrow, high curvature segments were widened.

Between Baradine and Pilliga, there is potential for more recreational travel, because 'grey nomads' visit both Baradine and Pilliga, but are discouraged from travelling between the two centres because of the condition of the road. Once this section is fully sealed, promotion of a tourism byway or loop between Coonabarabran and Narrabri via Baradine and Pilliga would assist to stimulate recreational traffic. The traffic between Wee Waa and Pilliga is approximately 140 vehicles per day. It is anticipated that traffic would rise initially on the Baradine to Pilliga section to approximately the same level.

The section between Pilliga and Burren Junction has subsections which are unsealed. It would attract more heavy vehicle traffic to access the rail head and the grain receival depot at Burren Junction. More recreational travel could also use this section. A small initial rise to 120 vehicles per day is possible.

Between Burren Junction and Collarenebri the section is fully sealed. It caters mainly for local farms and intra-regional transport for agri-business facilities at Merrywinebone (cattle feedlot, cotton gin and grain receival depot). More long distance traffic would be attracted to this section if the sections to the north of Collarenebri and to the south of Burren Junction were sealed. The network impact should raise traffic to about 120 vehicles per day.

The most significant initial percentage traffic impact of full sealing is likely on the Collarenebri – Mungindi section. Currently, due to the condition of the road it caters mainly for local traffic and only for opportunistic long distance traffic when the road is in reasonably good condition. The highway traffic that traverses this route at Mungindi to the north and Collarenebri to the south is approximately 400 vehicles per day. More road train traffic would use this section as part of a western route between NSW and Queensland. This would include long distance traffic passing between the Mitchell Highway to the south of Warren and Mungindi on the Queensland border.

There would also be more traffic between the north-west region in NSW and Queensland. If this section were fully sealed it would provide a network link between the Gwydir and Carnarvon Highways. Traffic should rise initially to a level similar to the traffic on the section between Pilliga and Wee Waa of approximately 140 vehicles per day.

Traffic growth on the Newell Highway and other highways traversing the region are generally in the order of 2% per annum. Traffic diversion to the Coona-Mungindi Route should lead to an increase in the underlying growth rate. A long run average growth rate of about 1.5% per annum appears possible. It has been assumed that

the underlying growth rate would remain at about 0.5% per annum without any substantial road improvements.

The initial impact of the road works and the subsequent traffic growth used in the cost benefit analysis is summarised in Table D.4.

Table D.4: Initial and longer term traffic impacts of proposed road improvements

Section	Initial impact	Traffic growth p.a.	Comment
Coonabarabran – Baradine	No change	1.5%	Road is fully sealed
Baradine – Pilliga	140	1.5%	Benefit from sealing works. Promotion of tourism loop between Coonabarabran and Narrabri via Baradine and Pilliga is possible
Pilliga – Burren Junction	120	1.5%	Benefit from sealing works. Improved access to Walgett and Lightning Ridge
Burren Junction – Collarenebri	120	1.5%	Section already fully sealed, but pavement is deteriorating.
Collarenebri – Mungindi	140	1.5%	Fully sealing this section would integrate it with the road network on both sides of the Queensland border.

APPENDIX E – ECONOMIC ANALYSIS

A cost benefit analysis on the three unsealed sections was undertaken by comparing project cases (with improvement) with their base cases (no major improvement).

The main benefits comprise reductions in vehicle operating costs due to less wear and tear on vehicles, lower travel time costs (passenger and freight) because the proposed road improvements will allow higher safe travel speeds and lower vehicle accident costs.

The underlying assumptions of the analysis are set out in Tables E.1 and E.2.

Table E.1: General assumptions

Project life (incl construction period)	30 years
Residual value at end of project life	40% of capital cost
Period of construction	3 years
S curve for construction cost	
Year 1	20%
Year 2	60%
Year 3	20%
Full benefits to commence in:	Year 4
Real discount rate % p.a.	7% (4% & 10%)

Note: (4% & 10%): outer bound real discount rates for sensitivity testing

Table E.2: Specific assumptions for road subsections

Sections	Collarenebri to Mungindi		Pilliga to Burren Junction		Baradine to Pilliga
Existing pavement type	Gravel	Earth	Gravel	Earth	Gravel
Width (m)	> 4.5m	> 4.5m	> 4.5m	> 4.5m	> 4.5m
Terrain	Flat	Flat	Flat	Flat	Flat
Curvature	Straight	Straight	Straight	Straight	Straight
Proposed change	PG to GS	E to GS	PG to GS	E to GS	PG to GS
Vehicles per day (2010)	55	55	105	105	115
% HV	31%	31%	19%	19%	16%
Traffic composition					
Private car	49%	49%	56%	56%	59%
Business car	20%	20%	25%	25%	25%
Heavy commercial	20%	20%	14%	14%	12%
Road Train	11%	11%	5%	5%	4%
Total	100%	100%	100%	100%	100%
Growth rate					
Base case	0.5%	0.5%	0.5%	0.5%	0.5%
Project case (after initial impact)	1.5%	1.5%	1.5%	1.5%	1.5%
Traffic after improvement (VPD)	140	140	120	120	140
Safe free speed (kph)					

Sections	Collarenebri to Mungindi		Pilliga to Burren Junction		Baradine to Pilliga
Base case	60	80	60	80	60
Project case	100	100	100	100	100

Note: E = earth; PG = poor gravel; PS = poor seal; GS = good seal

The results of the cost benefit analysis for the three unsealed sections are shown in Table E.3. The highest benefit cost ratio is for the section between Collarenebri and Mungindi and lowest between Baradine and Pilliga. However, traffic benefits of these sub projects are dependent to a degree on completing the sealing program throughout the length of the route. A greater project benefit would be obtained if the subprojects were completed within the first three years of the pavement improvement program.

Table E.3: Results of Cost Benefit Analysis

Road sections	Capital cost \$m	Existing surface	Length (km)	Present values at 7% p.a. real rate of discount
Baradine to Pilliga	\$8.110	Gravel	28.8	
Discounted capital costs \$m*				\$6.664
Discounted benefits \$m				\$5.431
Net present value \$m				-\$1.233
Benefit cost ratio				0.8
Pilliga to Burren Junction	\$5.840	Gravel	29.2	
Discounted capital costs \$m*				\$4.799
Discounted benefits \$m				\$5.448
Net present value \$m				\$0.650
Benefit cost ratio				1.1
Collarenebri to Mungindi	\$11.844	Gravel	55.2	
Discounted capital costs \$m*				\$9.732
Discounted benefits \$m				\$11.569
Net present value \$m				\$1.837
Benefit cost ratio				1.2
Entire Route	\$25.794	Gravel	109.1	
Discounted net capital costs \$m*				\$21.195
Discounted benefits \$m				\$22.448
Net present value \$m				\$1.253
Benefit cost ratio				1.1

Note: Net capital costs allow for netting out the residual value at the end of the project period. G = gravel; E = earth

The project was subject to sensitivity analysis by testing for adverse changes in capital costs and benefits and applying real discount rates of 4%, 7% and 10% per annum. The results are set out in Table E.4.

At the benchmark real rate of discount of 7% per annum, the project shows a benefit cost ratio of unity when the capital costs are increased by 10% or when the economic benefits are reduced by 10%, which indicates the project is reasonably robust. With the combined impacts of the higher capital costs and lower economic benefits, the benefit cost ratio decreases to about 0.9.

At the lower discount rate of 4% per annum, the project shows a benefit cost ratio greater than unity when the adverse changes to capital costs and revenues are combined.

At the higher discount rate of 10% per annum, the project would not be economically viable under any scenarios. Capital costs would need to be reduced by at least 20% before the project would be viable under normal assumptions.

The proposed road improvements could generate a higher traffic response, which would raise benefits and the economic viability of the project. In particular, greater traffic diversion from neighbouring highways to the Mungindi to Collarenebri section would generate higher traffic benefits. The analysis also does not capture potential benefits from providing an alternative north-south road freight route for the Newell Highway during periods when traffic is disrupted by floods and bushfires.

Table E.4: Results of sensitivity analysis

Road sections	Real discount rate		
	4%	7%	10%
Baradine to Pilliga			
Benefit cost ratio			
(1) No change in assumptions	1.4	0.9	0.6
(2) 10% increase in capital costs	1.1	0.7	0.5
(3) 10% decrease in benefits	1.1	0.7	0.5
(4) 2 & 3 combined	1.0	0.7	0.5
Pilliga to Burren Junction			
Benefit cost ratio			
(1) No change in assumptions	1.8	1.1	0.8
(2) 10% increase in capital costs	1.6	1.0	0.7
(3) 10% decrease in benefits	1.6	1.0	0.7
(4) 2 & 3 combined	1.4	0.9	0.7
Collarenebri to Mungindi			
Benefit cost ratio			
(1) No change in assumptions	1.9	1.2	0.8
(2) 10% increase in capital costs	1.7	1.1	0.8
(3) 10% decrease in benefits	1.7	1.1	0.8
(4) 2 & 3 combined	1.5	1.0	0.7
Total			
Benefit cost ratio			
(1) No change in assumptions	1.6	1.1	0.8
(2) 10% increase in capital costs	1.5	1.0	0.7
(3) 10% decrease in benefits	1.5	1.0	0.7
(4) 2 & 3 combined	1.3	0.9	0.6

APPENDIX F – POTENTIAL FUNDING SOURCES

Regional Development Australia

The Commonwealth has allocated \$1 billion to its Regional Development Australia Fund (RDAF). Guidelines for applications to the fund can be found on the Department of Regional Australia, Regional Development and Local Government website⁹.

These guidelines indicate that \$100 million of Commonwealth funding will be allocated in a first tranche to approved projects. Applications for the first tranche closed on 13 May 2011. There will be a second tranche of projects with applications invited later in 2011.

Projects must have the backing of the local Regional Development Australia committee, which for the Coonabarabran – Mungindi Route is the Orana NSW RDA committee based in Dubbo and the Northern Inland NSW RDA committee based in Armidale. Therefore all project proposals must align with the RDA Regional Plans, which in turn must be endorsed by the local Councils.

RDAF will provide funds from between \$500,000 to a maximum of \$25 million for projects. However the total funding for a project must include sources other than the Commonwealth except in extenuating circumstances. For those projects over \$5 million, matching funding from other sources is a requirement.

The aims of the RDAF are as follows:

- Support local identified needs,
- Delivery of sustained economic and social development in regional towns,
- Remove barriers or provide incentive for investment in regional Australia,
- Integrate programs and investment from the three levels of government,
- Provide opportunities for involving the private sector, and
- Address specific areas of disadvantage in regional Australia.

Councils are eligible to apply for funding either in their own right or as part of a consortium.

Funding is available for projects which are predominantly capital in nature, such as new infrastructure and upgrades to existing infrastructure.

Applications can only be made for projects that are “investment ready” that is ready to proceed within 6 months of signing a funding agreement with the Commonwealth.

The Commonwealth component of the funding must be completed within a 3 year period over the 2011-12 to 2013-14 financial years.

⁹ <http://www.regional.gov.au/regional/programs/files/RDAFguidelines11march.pdf>

The guidelines outline four assessment criteria for funding applications:

1. Extent to which the project leverages funding from a variety of sources
2. Extent to which the project will contribute to and sustain regional economic growth and/or extent to which the project will provide community benefit
3. Sustainability and ongoing viability
4. Demonstrated capacity to implement and maintain the project

Any application for funding must be supported by a strong business case that addresses the four assessment criteria.

Infrastructure NSW Fund

In the lead up to the recent State election, the then opposition leader announced that they would establish a professional and independently chaired body called Infrastructure NSW to improve the identification, prioritisation and delivery of critical public infrastructure across the State¹⁰.

This body would develop a 20-year strategy detailing major infrastructure projects costing over \$100 million and a detailed 5-year Infrastructure Plan to underpin the 20-year strategy.

Regional groups of Councils could package their regional road needs into a project exceeding \$100 million, which could be used to provide funding for projects such as the Coona–Mungindi Route. Ideally the Councils should align their projects with those in the relevant RDA Regional Plan so that it complements any funding from the RDAF.

The focus for this fund is to introduce efficiencies into the delivery of projects by bulking them up to increase their critical mass. This process may in fact leverage contributions from the private sector.

One of the roles of Infrastructure NSW will be to liaise with Infrastructure Australia and presumably with Regional Development Australia.

¹⁰ http://www.barryofarrell.com.au/index.php?option=com_k2&view=item&task=download&id=55