

LOCAL PLANNING POLICY

POLICY NO:	LPP.7
POLICY SUBJECT:	EXTRACTIVE INDUSTRIES – ROAD CONTRIBUTIONS
ADOPTION DATE:	16 April 2009
LAST REVIEW	28 October 2014 (Council Resolution 320/10/14)

STATEMENT OF INTENT

This policy provides a framework for contributions by Extractive Industries to help the Shire to recover the additional costs incurred from road use that will result from that land use.

The contributions consist of two components:

- Construction and Rehabilitation. Under the authority of State Planning Policy 3.6 Appendix 1 the Shire of Toodyay may charge for the cost of upgrading any road or roads to be used by the Extractive Industry to ensure it is fit for purpose. The Shire will also charge a rehabilitation cost calculated on the rate of consumption of that road asset.
- Repairs and Maintenance. Under the authority of the *Road Traffic Act 1974* the Shire of Toodyay will recover the cost of repairs and maintenance of any road or roads used by the extractive industry. The contribution will be based on a formula adopted by the Shire of Toodyay as part of its annual adoption of fees and charges.

BACKGROUND

The WA government has mandated requirements for Local Governments in WA to develop Asset Management Plans which accurately identify the whole of life costs of its assets and plan for their eventual replacement. This process has demonstrated the need to identify and attribute the cost of consumption of assets.

A road with a 30 year design life will in all probability have to be replaced after 15 years if you double the amount of traffic notwithstanding the regular intervention through repairs and maintenance. Significant increases in traffic have proven to reduce the life of the road and bring forward the time at which it will need to be rehabilitated. This policy provides the framework for recovering this cost from the highest impact users.

Road Maintenance contributions are a direct cost attribution. Funds collected may only be used for work directly attributable to the damage caused on the affected road. Road maintenance costs are not consistent over time on a particular road and can vary considerably from year to year. The policy

smooths the contributions over the life of the freight task and allows for an additional charge or refund at the conclusion of the project.

OBJECTIVES

- To ensure those portions of Shire of Toodyay controlled roads affected by the activities relating to Extractive Industries are maintained to acceptable standard at no extra burden of cost to Council.
- To prescribe an annual road maintenance contribution, applicable to all Extractive Industries within the Shire of Toodyay, for recovery of expenses towards maintenance and repair of roads due to heavy and/or extraordinary traffic associated with the operation of an Extractive Industry, in keeping with Sections 84 and 85 of the *Road Traffic Act 1974*.
- To ensure that the prescribed road maintenance contribution correlates with activity and usage of the Shire of Toodyay road network.
- To ensure that sufficient funds are collected to fund the reduced life of Shire roads resulting from extraordinary use by an extractive industry.

DEFINITIONS

'Equivalent Standard Axle' is a measure developed by the national transport Commission to accurately attribute the damage to roads to particular vehicle classes by equating this damage to multiples of the damage caused by a single axle of standard dimensions and characteristics. A standard axle is defined as a single axle with two sets of dual tyres (SADT) carrying a total load of 80 KN (8.2 tonnes). Every vehicle combination may be expressed as a number of ESAs.

'Extractive Industry' means an industry which involves the extraction, quarrying or removal of sand, gravel, clay, hard rock, stone or similar material from the land and includes the treatment and storage of those materials, or the manufacture of products from those materials on, or adjacent to, the land from which the materials are extracted, but does not include industry – mining;

Note: Definition is consistent with that of "Industry – Extractive" under the Shire of Toodyay Local Planning Scheme No. 4.

'Extraordinary Use' means any road use by a single project that constitutes more than 10% of the total use of that road calculated on Equivalent Standard Axles.

'Road' means any highway, road or street open to, or used by, the public and includes every carriageway, footway, reservation, median strip and traffic island thereon;

Note: Definition is consistent with Road Traffic Act 1974.

'License' means a license issued under the Shire of Toodyay Extractive Industries Local Law as amended;

'Licensee' means the person named in the license as the licensee.

STATUTORY POWER

This Local Planning Policy has been prepared in accordance with Clause 2.2 of the Shire of Toodyay Local Planning Scheme No. 4.

State Planning Policy 3.6, developed under the authority of Section 26 of the *Planning and Development Act 2005*, provides authority for the collection of developer contributions for roads or infrastructure.

Section 85 (2) of the *Road Traffic Act 1974* provides authority for road owners to recover expenses of damage for extraordinary traffic.

The *Shire of Toodyay Extractive Industry Local Law 1999*, adopted under the authority of the *Local Government Act 1995* provides for the imposition of conditions on Extractive Industry licenses.

POLICY STATEMENT

1 Application of Policy

- 1.1 This policy applies to all Extractive Industry operations within the Shire of Toodyay.

2 Construction

- 2.1 When determining a planning application for a new extractive industry the Shire will identify the most appropriate route from the site to a state controlled road suitable for the transport of the material.
- 2.2 The most suitable route may not be entirely within the Shire of Toodyay and may require further permissions from a neighbouring Local Government.
- 2.3 The Extractive Industry will be required to have the route assessed by a suitably qualified transport engineer to determine what improvements (if any) are required to make the route suitable for the freight task associated with the Extractive Industry. If the Extractive Industry proposes to use Restricted Access Vehicles further assessment by main Roads WA will be required.
- 2.4 The full cost of any identified improvements will be required to be met by the Extractive Industry.
- 2.5 The identified works may be completed by the Shire and charged to the Extractive Industry or completed by contractors appointed by the

Extractive Industry provided the work is completed to the satisfaction of the Shire of Toodyay.

- 2.6 Any further Extractive Industry subsequently using a newly improved road within 10 years of the upgrade funded under this policy will be charged a proportion of the cost of the road upgrade.
- 2.7 The cost of any improvements will be inflated to current value, and then discounted on a pro rata basis for the portion of the 10 years remaining, the proposed level of usage and the length of the road to be used.
- 2.8 This additional charge will be repaid to the Extractive Industry that funded the upgrade.

3 Road Rehabilitation

- 3.1 Each year any extractive industry operating on a Shire of Toodyay road will pay a road rehabilitation contribution to recover the reduction in road life attributable to that project.
- 3.2 The road rehabilitation contribution will be reviewed by Council each year based on contemporary road construction costs for roads of that standard, the design life of the road and the asset life consumed by the Extractive Industry
- 3.3 Reduction in the life of roads occurs at the end of the road life and may not be visible immediately.
- 3.4 Funds collected by this measure will be placed in the Shire of Toodyay Road Reserve, but may only be expended on the road for which the contribution is made.
- 3.5 A road construction charge (as a condition precedent to planning approval) and any road rehabilitation contributions are not mutually exclusive and may co-exist. A road once developed becomes a shire responsibility and liability and will eventually need to be replaced to a new standard.

4 Road Maintenance

Note: These provisions are in addition to the requirements of the Shire of Toodyay Extractive Industry Local Law as amended. All applications are still required to satisfy the requirements of the Shire of Toodyay Extractive Industry Local Law as amended.

- 4.1 Those portions of Shire of Toodyay controlled roads affected by the activities relating to an Extractive Industry site shall be maintained to a standard acceptable to the Shire of Toodyay at the licensee's cost to the extent of any damage or wear and tear attributable to the extractive industry.

- 4.2 To achieve this, the licensee shall pay an annual road maintenance contribution determined at the time the Extractive Industry License is issued.
- 4.3 The rate charged will be the rate specified in the Shire of Toodyay's Annual Schedule of Fees and Charges for the first year, inflated by the Perth CPI for each subsequent year of license period. The CEO may negotiate a flat rate for the life of the project based on the net present value of the projected contributions.
- 4.4 The road maintenance contribution shall be calculated based on the volume of material transported on the road expressed as equivalent standard axles (ESAs). This will be used to calculate a cost per tonne specific to that project and that license.
- 4.5 The road maintenance contribution shall be made annually for the lifetime of the facility, the conclusion of which will be marked by the completion of all rehabilitation works to the satisfaction of the Shire of Toodyay.
- 4.6 Payment of the road maintenance contribution shall be made in advance, with the first payment due upon the commencement of operations. Thereafter, payment may be made on a quarterly basis.
- 4.7 A report detailing all activities and tonnages of material transported to and from the Extractive Industry site for the financial year period ending 30th June is to be submitted to the Shire of Toodyay by 31st July each year.

All road maintenance contributions shall be held in reserve and drawn down as specific maintenance activities are undertaken. At the conclusion of the extractive industry the balance of funds will be retained for deferred maintenance activities such as reseal and reconstruction.

5 Cumulative Upgrade Requirements

- 5.1 Each project and extractive industry is assessed in isolation from other projects. There will be occasions when the cumulative effect of multiple projects using the same road or route may create the need for an upgrade to the road. This could include for example installation of a passing or slip lane, or upgrade to an intersection.
- 5.2 The Shire of Toodyay will quantify the cost of any required upgrades and identify any funding available to contribute to the upgrade including Main Roads contributions, black spot funding or other roads funding. The balance of the cost of the project will be charged to individual extractive industries based on the proportionate impact of the traffic from each project. Such

contributions will be additional to other contributions by the extractive industry except that any part of the project that could be characterised as Road rehabilitation as set out in section 3 may be funded in part from these contributions, again in proportion to the impact of traffic from each project

- 5.3 All decisions in relation to the allocation of rehabilitation contributions will be at the discretion of the CEO of the Shire of Toodyay.

6 CEO Authority to Negotiate

- 6.1 The CEO is authorised to negotiate with the proponent of the Extractive Industry to determine alternative contribution arrangements provided that the CEO is satisfied that any alternative arrangements provide equivalent or better value to the Shire of Toodyay.

**Reviewed Council Meeting 21 May 2009
Reviewed Council Meeting 13 May 2010
Review Council Meeting 28 October 2014**

Appendix One:

ROAD REHABILITATION CONTRIBUTION (CAPITAL)

Contributions will be calculated as follows:

Re-Seal of Road (occurs every 15 years)	\$30,000 per km (a)
Reconstruction of road every forty years	\$110,000 per km (b)
Total Whole of Life Road Works per km	\$170,000 per km (c)
Annual cost per kilometre	\$4,250 per km (c / 40)

The proponent's contribution per kilometre will be apportioned according to the percentage of road wear attributable to the proponent's road use.

Examples of the completed calculation for two recent projects are set out below:

ITEM	Company A - Morangup Rd	Company B - Chitty Rd
Annual cost per Km	\$4,250.00	\$4,250.00
Haulage as a proportion of Total Road use	0.4	0.3
Haul Distance	10	8.5
Annual Charge	\$17,000.00	\$10,837.50
Per Tonne Equivalent	\$0.05	\$0.03

Appendix Two:

ROAD MAINTENANCE CONTRIBUTION (OPERATING)

The maintenance cost attributable to a particular activity can be calculated empirically based on measurable factors and industry standard information. The references detailed at the end of this appendix provide the necessary background information.

The information required to undertake the calculation is as follows:

- The marginal cost of road maintenance calculated as dollars per equivalent standard axle (ESA) per kilometre. For Shire of Toodyay rural collector roads this figure is \$0.080 (8 cents) per ESA / Km (WALGA, 2014). This figure would be adjusted for CPI annually.
- The configuration of the vehicles to be used for the freight task expressed as a number of ESAs. The typical configuration for clay trucks is an eight wheel truck with a 5 axle dog trailer which has an ESA equivalent of 7.59. When the unloaded return journey is taken into account the figure is 8.74 ESAs (ATA, 2010)
- The number of trips required to complete the freight task;
- The haulage distance on Shire of Toodyay local roads.

The required road contribution would then be calculated as Marginal Cost X Vehicle ESA X Trips X Haul Distance. This figure can then be converted to a charge per tonne, but the charge would vary from project to project depending on the haul distance.

Examples of the completed calculation for two recent projects are set out below:

ITEM	Company A - Morangup Rd	Company B - Chitty Rd
Marginal \$/ESA-km	\$0.080	\$0.080
Truck ESA	8.74	8.74
Number of Loads (Total Freight Task / payload)	8500	2380
Haul Distance	10	8.5
Annual Charge	\$59,432.00	\$14,144.82
Per Tonne Equivalent	\$0.17	\$0.14

References

Australian Trucking Association (2010), *Truck Impact Chart*, Forrest, ACT, Australia.

Austroads (2012), *Preliminary Methodology for Estimating Cost Implications of Incremental Loads on Road Pavements*, AP-R402-12, Austroads, Sydney, New South Wales.

WALGA (2014), *Calculating the Cost of Road Wear on Local Roads*, WALGA, Perth, WA