



Reference: 2.13.10  
Contact: Anthony McMahon

14 September 2015

The Director  
General Purpose Standing Committee No. 6  
Parliament House  
Macquarie St  
Sydney NSW 2000

Dear Sir/Madam

I am writing in follow up to the Wagga Wagga public hearing conducted on 17 August 2015 as part of the General Purpose Standing Committee No 6 Inquiry into Local Government in NSW.

At the hearing I took a question on notice relating to regional roads income received by Boorowa Council from the NSW Government and the adequacy of that income to meet corresponding expenditure requirements on regional roads within the Boorowa Local Government Area.

Firstly I can confirm that Boorowa has a total length of 112.64km of regional roads which are all sealed. In addition there are a total of 18 bridges and major culvert structures on these roads.

Council assigns a useful life of 15 years to the wearing surface or seals on its regional roads which is slightly longer than recognised industry standards. This corresponds to an annual depreciation of \$235,161 for seals which means Council should be spending \$235,161 on resealing.

In addition, Council assumes a useful life for its road pavements of 70 years which is again slightly longer than recognised industry standards and corresponds to annual depreciation expense of \$246,220. This means Council should be spending \$246,220 per year rebuilding road pavements.

The annual depreciation expense on Councils 18 bridges and major culverts is \$102,000 which means Council should be allocating \$102,000 per year towards replacement of bridges.

In the 2014/15 financial year Council spent \$341,561 on regional road maintenance which is typical of annual maintenance expenditure on regional roads. Council also typically spends approximately \$10,000 annually on regional bridge maintenance.

Compared to the combined maintenance and annual depreciation expenditure of \$934,942 Council receives income from the NSW Government to fund regional roads of \$843,891 including regional road block grant and regional road repair program (for the 2014/15 financial year). This imbalance of income and required expenditure represents an annual shortfall of approximately \$100,000 or 11% which I imagine would be fairly typical of the magnitude of the shortfall for Councils across Regional NSW.

Although \$100,000 shortfall may not seem significant on face value, this figure effectively represents not resealing 3km of road each year which means over time seals break down more than they should, allowing water to enter the pavement and subsequently pavements failing well before the 70 year expected life.

The consequence of this has and continues to be that Councils regional road network is deteriorating far more rapidly than it should and hence becoming more dangerous.

Further to the information provided on Boorowa Councils regional roads, I also indicated at the hearing the Institute of Public Works Engineers Australasia (IPWEA) had undertaken research into increases in local government construction costs.

I have separately arranged for copies of their publication on construction cost indexation to be delivered to the Standing Committees Secretariat.

I would like to take the opportunity to thank the Committee for their time in hearing from Mayor Wendy Tuckerman and myself at the hearing and would be willing to provide any further information should it be required.

Yours faithfully

Anthony McMahon  
General Manager