

# FNQ Regional Roads and Transport Group

## Works Program – Development and Management Process

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### ABBREVIATIONS

ATSI	Aboriginal And Torres Strait Islander
CAAP	Capability Agreement & Action Plan
FNQROC	Far North Queensland Regional Organisation Of Councils
JP&RS	Joint Purchasing & Resource Sharing
LGAQ	Local Government Association Of Queensland
LG	Local Government
LRRS	Local Roads Of Regional Significance
MOA	Roads & Transport Alliance Memorandum Of Agreement
Member	Council -Individual members of FNQRRTG – Cairns Regional Council, Cassowary Coast Regional Council, Cook Shire Council, Croydon Shire Council, Douglas Shire Council, Etheridge Shire Council, Mareeba Shire Council, Tablelands Regional Council, Wujal Wujal Aboriginal Shire Council, Yarrabah Aboriginal Shire Council And Tmr Far North Region.
NDRRA	Natural Disaster Relief and Recovery Arrangements
PPT	Project Prioritisation Tool developed for the Alliance or other Prioritisation Tool endorsed by Technical Committee.
RRTG	Regional Roads & Transport Group
RTA	Roads & Transport Alliance
RTAB	Roads & Transport Alliance Board
RTAPT	Roads & Transport Alliance Project Team
SCDF	TIDS Statewide Capability And Development Fund
SOI	Statement Of Intent for LRRS
TC	Technical Committee
TIDS	TMR'S Transport Infrastructure Development Scheme
TMR	Department of Transport and Main Roads
QTRIP	Queensland Transport and Roads Investment Program

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## **PURPOSE**

This paper outlines the process for development and management of FNQ RRTG's rolling 4 year works program for the LRRS network. The objective of this process is to ensure the integrity of the works program development process is satisfactory, and the works program is delivered on schedule and within budget – to minimize and eliminate the risk of losing TIDS funding from the FNQ RRTG.

## **SCOPE**

Works program development and management of the FNQ RRTG rolling 4 year works program refers to the whole process and includes:

- Development of SOIs for each LRRS, including a forward schedule of works.
- Concept planning and cost estimating of projects.
- Submission of projects for consideration, including all required project details.
- Prioritisation and ranking of projects.
- Allocation of funding to projects.
- Detailed design development and cost estimating of projects.
- Construction planning of projects, including scheduling and cash flow forecasting.
- Delivery of projects.
- Progress reporting on projects - program and expenditure.
- Variations to projects.
- Reallocation of funding to projects.

## **BACKGROUND**

FNQ RRTG has generally allocated projects based on priority and rank, regardless of member's road ownership ie. there is no set annual allocation to each member. Integration of TMR LRRS works program should also be included. It should be noted the same principles apply to the TMR LRRS works program as that for the LG LRRS works program.

Any nominated variations to the works program are managed using the prioritisation and ranking of projects from the Project Prioritisation Tool (PPT).

All funding allocations must meet with the TMR TIDS policy and be 100% spent in the year allocated. The Roads Alliance reserves the right to reallocate underspent funds to another RRTG.

FNQROC is the secretariat for the FNQ RRTG and provides technical coordinator services to the FNQ RRTG.

The FNQ RRTG has agreed to prioritise projects based on agreed methodology and weightings. This is currently implemented through the FNQROC Project Prioritisation Tool.

FNQ RRTG developed its first 4 year works program for the LRRS network using the PPT in March 2007 for 2007/08 to 2011/12. The PPT has been used each year since that time.

## **CONSIDERATIONS**

The following are factors that need to be taken into consideration.

- Funding allocations must adhere to TIDS Policy

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- 100% expenditure level target for TIDS Cost overruns are funded 100% by each member RRTG
  - FNQ RRTG's Planning & Design Policy – Design to be complete by the last meeting of the financial year prior to year of commencement.
  - Maximum of 20% of TIDS can be allocated to Non LRRS annually.
  - Maximum of 10% of TIDS can be allocated to State LRRS if funding is matched.

## **WORKS PROGRAM DEVELOPMENT**

The four year works program is 2 years fixed and 2 years indicative. Projects in the final two years can be replaced with higher priority projects unless the project in year 3 or 4 is part of a committed project in year 1 or 2.

TIDS policy is that funding is to be used for upgrade or improvement and is not to be used for routine maintenance (such as reseals and asphaltting). However, the opportunity for programmed maintenance of gravel re-sheets may be considered, subject to representations being made to the technical committee to clearly articulate how the proposed programmed maintenance works progresses the road toward the vision standard outlined in the Statement of Intent for the subject road. All works must be in accordance with the recommendations of one of the following standards:

- IPWEA Lower Order Road Design Guidelines
- IPWEA Supervisors handbook for the construction and maintenance of infrastructure
- ARRB Unsealed roads manual: guidelines to good practice - 3rd edition 2009

Total portfolio of programmed maintenance works within the TIDS budget capped at 20% of annual TIDS budget.

Councils may apply for TIDS funding to assist them to meet funding requirements required for other State or Federal programs on LRRS Roads. For e.g. Beef Roads 80% Federal 20% Local, Council may apply for 50% of their 20% component. This is to achieve value for money for LRRS projects.

SOIs need to be reasonably accurate, particularly in the Link Vision / Standards, Gap Analysis, Scope of Works and Projected Investment aspects. Ideally the SOI should be reviewed every 2 years for currency. The Scope of Works and Projected Investment aspects should really be looking at a projected 10 year strategy in the first instance.

To ensure cost estimates are as accurate as possible, for projects in the 4 year works program budget estimates are to be reviewed regularly, and in particular under the following circumstances:

- all project budget estimates are to be reviewed by the nominating council at the time of preparing the fixed 2-year program component of the 4-year works program;
- before nominating for a project to be brought forward to accommodate underspends, councils are to reassess the estimated budget for that project; and
- any projects that have been sitting in the forward works program for 2 years or more are to be reassessed by the nominating council.

Dates are critical to the procedure:

- TMR's QTRIP development of the new 4 year works program generally closes in early-mid March for the following financial year.
- The new 4 year works program should be submitted to TMR no later than 2 weeks prior to this ie. Mid - late February.
- The first RRTG meeting of the calendar year is generally held in early February and the last Technical Meeting of the calendar year is generally held in late November / early December.

The following table summarises a procedure for developing the 4 year works program.

### **Procedure for Development of the 4 Year Works Program**

No.	Activity	Comment / Detail	Date
1	Members review projects and develop new projects into PPT.	<ul style="list-style-type: none"> <li>• Cost estimates in present values.</li> <li>• Member indicates the earliest year they would undertake the project.</li> </ul>	
2	Member forwards project details to Technical Coordinator. details for PPT, include current SOI for projects to be considered in next 2 years, include current (<3yrs traffic count) Non LRRS not essential but preferred (lack of will be noted at moderation)	Export file from PPT	<b>6 weeks prior</b> to the Last Technical Committee meeting of the calendar year. Technical Coordinator
3	Technical Coordinator checks objective project details. If they are all correct, go to Activity No.6.	Objective project details: (Amendments by Technical Coordinator on project details presented to T Com.) <ul style="list-style-type: none"> <li>• Pre Project Details</li> <li>• Post Project Details</li> <li>• Whole of Life Cost Analysis</li> </ul>	
4	Technical Coordinator asks each member for further information or clarification on objective project details.		
5	Member provides further information or clarification on objective project details to Technical Coordinator as requested.		4 weeks prior to the Last Technical Committee meeting of the calendar year.
6	Technical Coordinator moderates all subjective project details.	Subjective project details: <ul style="list-style-type: none"> <li>• Multi Criteria Analysis</li> <li>• Risk Analysis</li> </ul>	
7	Technical Coordinator produces ranked list of projects. Further opportunity for moderation by TC	Takes into account earliest year each member would undertake the project.	2 weeks prior to the Last TC meeting of the calendar year.
8	TC considers drafts & recommends 4 year works program.		Last TC meeting of the calendar year.
9	Technical coordinator to contact council CEO's to obtain formal confirmation of the project estimate and that the respective council has the capacity and ability to deliver outstanding projects prior to the end of the respective financial year.		Prior to the end of the calendar year.
10	RRTG adopts 4 year works program - two year fixed, two year indicative		1 <sup>st</sup> RRTG meeting of the calendar year.
11	Technical Coordinator submits adopted 4 year works program to TMR Region.		1 week following the 1 <sup>st</sup> RRTG meeting of the calendar year.

### **WORKS PROGRAM VARIATIONS**

To minimise programme risk associated with under expenditure of the TIDS allocation, the following points must be observed:

- All detailed design completed prior to the start of the financial year in which the works are done.
- All RRTG member councils are to (as far as practical) adjust their internal capital works programs to bring TIDS projects forward into the first two quarters of the financial year (July-December);
- Projects scheduled for construction commencement from March to June of the current financial year are to be rolled over to the next financial year; and

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- At the end of December, the Technical Coordinator is to contact Council Chief Executive Officers to obtain formal confirmation of the project estimate, and sufficient resourcing is available to deliver outstanding projects

Where shortfalls do occur, those councils with projects over two financial years will be requested to bring forward any available expenditure to the first year, and concurrently, the TC are to nominate (prior to the end of the calendar year), any projects with a cost estimate overrun so they can be 're-prioritised' for potential funding and construction within the second half of the financial year.

However, if a project estimate needs to increase by no more than 10% the project doesn't need to be reprioritised and stays within the program. The additional 10% is intended to accommodate supply chain fluctuations only that have an impact on project delivery costs.

A number of scenarios for potential variations are shown below, along with how to manage such scenarios. It should be noted that all possible scenarios may not be covered.

### **Scenario 1**

Member determines that the project is going to cost **more** than estimated and allocated, **prior** to commencement of construction of the project. Member is not permitted to reduce scope to fit allocation.

#### Option 1

- An additional 10% funding may be available and is conditional on funding availability in the works program.

#### Option 2

- Project proceeds with cost overrun funded 100% by member.

#### Option 3

- Project is withdrawn and input into PPT with new project details and re-ranked.
  - Withdrawn project allocation is offered to highest ranked project that can be funded by any member and completed within the same FY.

### **Scenario 2**

Member determines that the project is going to cost **more** than first estimated and allocated, **after** commencement of construction of the project. Member is not permitted to reduce scope to fit allocation.

- An additional 10% funding may be available and is conditional on funding availability in the works program.
- Project proceeds with cost overrun funded 100% by member.

### **Scenario 3**

Member determines that the project is going to cost **less** than first estimated and allocated, either **prior** to, or **after** commencement of construction of the project

#### Option 1

- Project proceeds and member can increase scope of project to fit project allocation as long as the intent of the project does not alter e.g. sealing 3.5km instead of 3km of road.

#### Option 2

- Project allocation is adjusted down.
- Balance of project allocation is offered to:
  1. Current year highest ranked project running over two or more years
  2. Highest ranked project that can be funded by any member and completed within the same FY.

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(Projects at practical completion should be considered before projects in outer years come forward)

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## **Scenario 4**

Member withdraws project prior to commencement of construction of the project for reasons other than outlined in Scenario 1. Funding will be allocated in the following order:

1. To current year highest ranked project running over two or more years
2. To highest ranked project that can be funded by any member and completed within the same FY.

## **WORKS PROGRAM PROGRESS REPORTING**

Members are to submit a proposed construction schedule and forecast cash flow for the next financial year's projects at the last Technical Committee meeting of the previous financial year, which is generally mid-end of May. Members are to provide an updated construction schedule and forecast cash flow at each Technical Committee meeting.

TMR conduct budget reviews in October and February of each year.

## **TIDS CLAIMS**

Members are required to submit, to TMR district office, monthly forecast report (including accruals) by the 15th of each month.

TIDS Claims for Reimbursement are to be submitted to TMR by members on a quarterly basis as a minimum ie. at the end of August, November, February, May. This will ensure claimed expenditure is reasonably up to date.

## **PLANNING & DESIGN POLICY**

The FNQ RRTG adopted a Planning and Design Policy:

*Councils are to fully complete planning and detailed design for TIDS projects in the FY prior (eg. 12/13) to the FY they are allocated for construction (eg. 13/14). Should this not be complied with, and the RRTG TC considers it likely to present a high risk for 100% expenditure targets because of late design, the project will be withdrawn and re-inputted into PPT with new project details and re-ranked.*

This throws up a slight conundrum as members will theoretically incur planning and design costs in the financial year prior to construction being undertaken. Planning and design costs for a project that proceeds are an eligible project cost and are reimbursable through TIDS, like any construction costs. They aren't however eligible as a "stand alone" project.

In terms of claiming these costs Members absorb the planning & design cost and claim this cost early in the next financial year.

Members will also need to consider the impacts of the policy on their internal budgeting process.

## **REQUIREMENTS**

For this whole process to be effective it will require the following commitment from members.

- Accuracy in drafting and reviewing SOIs.
- Accuracy in project concept planning and cost estimating.
- Accuracy in project details input into the PPT.
- Timeliness of initial project submissions.

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- Timeliness of detailed planning and design.
  - Timeliness of project variation notification.
  - Realistic project scheduling.
  - Accuracy in cash flow forecasts.
  - Timeliness in progress reporting.
  - Timeliness of submission of TIDS Claims.

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