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## AUSTRALIAN ROAD FORUM

Senator the Hon W. Heffernan,  
Senate Committee on Rural and Regional  
Affairs and Transport  
Parliament House  
**CANBERRA ACT 2600**

4 April 2005

Dear Senator,

### **AusLink (National Land Transport) Bill 2004**

Thankyou for inviting the ARF to make a submission to the Committee in relation to AusLink. We commend the following submission to the Committee. It may assist if we first provide the Committee with background on ARF and the context in which the submission is made.

### **Background on the Australian Road Forum**

The Australian Road Forum is the peak body of stakeholders for the road transport sector in Australia.

The Forum (previously known as the Australian Road Federation) has represented road transport stakeholders since 1952. In August 2004 an industry task force was formed to review the Constitution of the Federation. In March 2005 the Constitution was amended to give effect to the task force recommendations. The fundamental objectives were retained but a number of structural changes were made to enable the ARF more effectively to serve as a national peak body. The Federation also changed its name in March this year to the Australian Road Forum to more accurately express its role.

In announcing these changes at an industry summit on 22 March, the Minister for Roads, the Hon Jim Lloyd MP, acknowledged the Forum as the national peak Body for road transport industry stakeholders.

As its name implies, the Forum's key role is to enable stakeholders to engage in policy exchange at peak industry level. The key mechanism for this, and the distinguishing feature of ARF, is to bring together all stakeholders with an interest in road transport, including corporate, public sector, association and research bodies.

The ARF also represents the International Road Federation in Australia and the current President of ARF, Mr Ray Fisher, serves on the World Executive Board of the IRF.

ARF members share a commitment to the well-being and advancement of Australia's road transport network. ARF does not perform an advocacy function in pursuit of sectional or political interests which arise in relation to specific sectors or stakeholder groups. However it is appropriate that ARF present the views of stakeholders in general on high level issues shared by the membership. These issues are engaged by the AusLink legislation in a number of areas, including the fundamental interests of the national road transport system which include planning, funding and industry consultation.

The ARF is governed by a National Council of key stakeholders drawn from the public and private sectors. The National Council comprises the organisations which appear in **bold** below. Members of the Task Force which advised on the ARF's Constitutional changes are listed in italics.

*Australian Trucking Association*  
**Abigroup**  
**ARRB Research**  
*Australian Constructors Association*  
**Australian Local Government Association**  
*Austroads*  
**Boulderstone Hornibrook**  
*Blake Dawson Waldron*  
**Boral**  
**BR Durham and Sons**  
**Caterpillar Asia Pacific**  
**CCAA**  
**Civil Contractors Federation Victoria**  
**Connell Wagner**  
*Department of Transport and Regional Services (observer)*  
**Emoleum**  
**GHD**  
*Kellogg, Brown and Root*  
*Linfox*  
**Macquarie Infrastructure Group**  
**Maunsell**  
**NRMA**  
**Parsons Brinckerhoff**  
**Pioneer Road Services**  
**Queensland Main Roads,**  
**Queensland Transport**  
**Readymix**  
**Reed Construction Australia**  
**RTA NSW**  
**Shell**  
**Sinclair Knight Merz**  
**Skilled**  
**Transfield Services**  
**Transport South Australia**  
**Transurban**  
**TWU**  
**Victorian Transport Association**  
**Westrac**

## Overview - General Comments on the proposed AusLink Legislation

The ARF Constitution includes the following among its objectives:

- To advance the efficiency, development and national priority of Australia's road transport system as a major national asset which underpins the social, economic and cultural fabric of the nation.
- To originate and promote improvements in the laws and regulations directly, or indirectly, affecting users of the roads in Australia.
- To encourage and promote intra-State and inter-State road transport, including the provision of well located and well designed express routes for traffic between States, and between and within cities and towns.
- To establish and maintain productive exchanges with public and private sector bodies, with a view to contributing towards the development, design and construction of roads and measures affecting road users.
- To provide an effective and responsible vehicle for contributing to the development of industry and public policy.
- To address issues of national, community and stakeholder interest in relation to road transport, including (but not limited to) infrastructure, safety, innovation, research and management.
- To seek to work with Australian Governments in a constructive relationship.
- To provide national stakeholder representation at a level consistent with peak bodies in other industries of critical national importance.

It will be evident from these objectives that ARF not only has a vital and legitimate interest in the proposed AusLink legislation, but may be expected to be strongly supportive of the aspirations behind it. The ARF's key focus areas include :

- The priority and recognition to be accorded to Australia's road transport network consistent with the part which it plays in underpinning the social, economic and cultural fabric of the nation;
- The importance of communication and co-operation between all stakeholders, including industry and government – and between governments themselves at federal, state and local levels;
- Support for research and development;
- Road Safety; and
- The need to provide an appropriately qualified and experienced workforce to meet the future needs of the industry.

The proposed legislation takes important steps in relation to most of the above ARF interests in ways which have not been seen before in Commonwealth Transport legislation. By the same token we believe there are a number of respects in which Australia can build on the positive aspects of AusLink in order to maintain the momentum of reform. In that regard the ARF believes that the proposed legislation should be viewed as a first step in a process of

policy evolution. In particular, the ARF would like to see the following as Committee recommendations for future policy development:

- A road planning, management and funding regime which achieves a unified national effort and purpose between governments at federal, state and local levels;
- Infrastructure funding based on a bi-partisan assessment of national needs – with long term planning and financial commitment which transcends year to year budget cycles;
- A transparent system of national road accounts which aggregates the road infrastructure expenditure of all levels of government;
- Within the network the Commonwealth should continue to assume responsibility for national roads until an agreed and coordinated regime can be established.
- Increased attention to the maintenance backlog on the existing network;
- Sustained, significant and bi-partisan commitment to research and road safety;
- Programs which support the industry's future workforce needs.
- Mechanisms for industry consultation

The ARF's recommendations in relation to each of these areas are elaborated below. It will be noted that, in line with the ARF's objectives, this submission focuses on "where to from here" rather than issues on which industry may have differing opinions, for example the allocation of funds between individual states.

### **The Management Regime – still a way to go**

Australia's road network is the product of a three-tiered system of government which divides responsibility for our roads both geographically and according to their perceived importance. Although the three-tiered system has advantages, in the context of roads management it has few virtues. By their very nature, roads need seamless interfaces, economies of scale and an allocation of resources based on need.

Through institutions such as COAG and ATC, Australia's governments have attempted to minimize the adverse affects. But they have never done so at the expense of their own autonomy or status. Even the most significant road programs, AusLink included, contain a significant element of misplaced proprietorship which can only act to the detriment of the national interest.

Examples appear in many guises - from roadside signs proclaiming the level of government which should receive the credit, through to more serious manifestations.

At a local level, particularly within our major cities, the problem presents itself in the policies of municipalities which seek to limit through traffic in the name of local community amenity. This may be understood within a local context, but in terms of national transport it simply adds to the growing congestion problems we already face.

Another example is the recurrent insistence that the agencies which raise the money should be able to control the agenda. The latter is also an aspect of AusLink – although the Commonwealth is by no means alone. Ultimately it is of little relevance to road users or industry which agency raises the money. Moreover, the trail of GST offsets, fuel tax rebates and a myriad of treasury trade offs make it all but impossible to point which way the rabbit went down the burrow.

We all recognise these as self-evident truths, yet Australia's governments perpetuate territorial behaviour which is scarcely in the nation's best interest. If AusLink is serious about the infrastructure itself (and clearly it is), it must be matched by an equally serious reform of the way we plan, manage and fund the nation's roads. That review needs to go to the heart of the matter by achieving a truly unified national effort and purpose between governments at federal, state and local levels. Australia may well need a fundamentally different road management structure. It is beyond the reach of this submission to canvass the options and the solutions, but all parties need to make a start.

AusLink is an ambitious and vital initiative. Yet in the final analysis it does not go significantly beyond an agenda for construction. In that role it cannot do the full job. In the meantime, the industry looks to Australia's Governments to approach the infrastructure challenge in a new spirit of co-operation and to begin a reform agenda as distinct from a funding program.

The majority of players in the roads and transport industry, including the states and territories, agree on the importance of a national approach to land transport infrastructure, but co-operation is the key. In tandem with AusLink, state-funded work on state arterials and local networks, the rail network and public transport all support and benefit the National Network. Together they all contribute to the operation of the National Transport System as a whole.

The National Land Transport Network outlined in the AusLink White Paper with its focus on freight efficiency, is part of a larger complex transport system. Multi-modal interconnectivity between the declared national, state and local networks is a critical factor. AusLink needs to be an integrated, multi-modal, strategic planning scheme built on genuine collaboration.

Collaboration is required to ensure that land use planning, development of transport networks and their inter-connections will further enhance the functionality of the entire transport system. The recently released National Guidelines for Transport System Management in Australia are a positive example of state/territory/federal/local government collaboration (released by ATC in December 2004). The Guidelines are jointly owned by all jurisdictions, and will be trialed and implemented on a without prejudice basis over the next few years.

One of the key long term objectives of AusLink, and the supporting legislation, needs to be that all parties work together to develop a strategy that:

- clearly defines the roles and responsibilities of all interested parties and their relationship with ATC and COAG, and outlines state and federal legislation;
- Establishes a National Transport Advisory Council (NTAC) as a vehicle to progress strategic roads and transport issues, providing a voice for all jurisdictions and the private sector;
- Recognises and builds upon the strengths of the earlier 1991 Intergovernmental (COAG) Road Funding Agreement on the separation of accountabilities by sphere of government;
- Promotes a program approach to planning and funding works; and
- Defines the actual responsibilities of each sphere of government and the private sector for the ownership and management of land transport infrastructure.

## **Needs-based Infrastructure Funding**

Apart from the institutional responsibility for roads management, the ARF would like to see a new approach to road funding.

Road infrastructure typically has a life expectancy of around 40 years and often more. Our road network also underpins productivity and public amenity in ways which cannot be appreciated even with a ten year horizon.

With the increasing complexity and scale of Australia's road projects, industry cannot be expected to gear up or slim down within the relatively short time frames which coincide with financial certainty. The staff and plant resources required to build Australia's roads take more years to develop than the planning horizons to which Australian Governments are prepared to commit. It is unlikely that Australia would in fact be able to call on the resources which it needs if Australian Governments were to suddenly embark on all the work which needs to be done.

The ARF is encouraged that the AusLink initiative shows an underlying appreciation of the importance of considerations such as these. Nonetheless AusLink's funding will necessarily occur within the context of traditional budgetary cycles and with a horizon which still falls well short of the life of the assets involved. The Commonwealth is, of course, by no means alone. The constraints are a product of our national institutions. Australian Governments typically fund road infrastructure with short-term appropriations supported by statements of longer term intent.

The ARF believes that, just as we need more unified management for our road infrastructure, we also need a new approach to funding. This would require significant community debate, leading towards a bi-partisan assessment of national needs – with long term planning and financial commitment which transcends year to year budget cycles. Ideally, this would occur within a bi-partisan context in which national infrastructure funding went beyond politics.

## **Transparent National Road Accounts**

The industry is hampered severely by inadequate information. Australia lacks a transparent system of national road accounts which aggregates the road infrastructure expenditure of our various levels of government. Our system is characterized by separate announcements at all levels of government with varying levels of confidence about the certainty and level of future expenditure. This is not a satisfactory system.

At least in comparative terms, this issue should be relatively easier to address than the challenges of management and funding mentioned earlier. ARF recommends that as an integral part of AusLink and the Commonwealth Government's leadership, AusLink should incorporate the establishment of an agreed national mechanism which will assist industry and the community to assess the certainty and level of national road commitments.

## **Responsibility for National Roads**

AusLink acknowledges the general dimension of the road infrastructure challenge facing Australia and is a significant step in addressing it. Yet this has coincided with withdrawing the Commonwealth's particular responsibility for funding national roads.

This change has not been to the fore in explaining the AusLink package. So it may be tempting for skeptics to assume that AusLink provides a good opportunity for other levels of Government to accept a new reality. ARF would support initiatives to create a co-ordinated pool of funds and resources, but simply asking others to share the burden would scarcely constitute this.

The change in Commonwealth policy needs to be more fully explained within the context of a co-operative national effort. Until this is in place, ARF believes it would be best not to make significant changes in the distribution of notional responsibility.

## **The Maintenance Backlog**

Infrastructure renewal is clearly a topic whose time is come and, like all abrupt realizations, it has become suddenly fashionable to criticise government for failing to see the problem before everyone else. The print media is now reporting daily on this.

Against this background, there is little need here to restate that Australian infrastructure, including our road network, faces a crisis. This is now generally-accepted wisdom. The ACID and others assert that AusLink captures less than half the funding shortfall.

ARF accords a paramount priority to the need for renewed infrastructure investment. But we are also confident that this issue is now truly on the agenda. Australian Governments are all responding and no doubt more is soon to come, hopefully including funds to be released from the sale of Telstra.

Perhaps it is therefore more important here to highlight a critical consideration as the roll-out inevitably occurs. And that is the maintenance backlog on existing infrastructure. However much Australia needs new roads and other infrastructure, the chickens are all roosting at once on the roads and bridges we built in the fifties, sixties and seventies. Most of these roads are approaching the end of their useful lives. They also make up the bulk of our national road infrastructure. Total value, good and bad - \$135bn. This is the real avalanche.

In the rush to respond to community expectations, it may be tempting to cut ribbons. Everyone loves an opening and governments are remembered for their frontiering. The ARF too would scarcely be averse to new corridors and arterials. But if there is one area which has not received sufficient attention in the AusLink package, it is back-filling what we have built before. It must not be missed in the next wave.

## Road Safety

The ARF is not a political player. Our focus is to contribute on the big questions in ways which maintain the respect of all stakeholders, including players of all persuasions.

Safety is surely one of those issues. The ARF is an official supporter of the *SaferRoads* initiative. Since its creation other parties associated with the initiative have made a good deal of noise, some of it quite political. So be it. The ARF strongly endorses the importance which *SaferRoads* ascribes to road safety in terms of national priority. The Committee will have received submissions from members of *SaferRoads* separately and ARF commends them to the Committee's attention.

Road Safety needs to be a much more important part of the road transport planning, construction and management process than it has been in the past.

## Research

The commitment to sustained and significant research in land transportation matters expressed in the AusLink White paper is whole-heartedly welcomed.

The benefits of dedicated research in land transportation were well demonstrated during the 1960s and 1970s when Australia, the United States and South Africa, to name a few, had to meet the needs of their booming post-war economies and expanding populations. Dedicated road transport research institutes were established and resulted in well developed road networks which characterize these countries' land transport systems today.

Strong funding and good co-operation between road agencies, industry and researchers continued into the early 1990's, resulting in important advances, including:

- The Accelerated Loading Facility (ALF) Program. This ran full time for over a decade and provided a B/C ratio of at least 14 with other non-quantifiable benefits.
- The development of deep-lift recycling technology for pavements reduced the cost of pavement rehabilitation (for suitable pavements) by about 40%.
- The development of a specification framework and testing protocols for Polymer Modified Binders that allowed their rational introduction to the marketplace.

A further example of the benefits of sustained research, as part of a strategic management strategy, is the reduction in road fatalities in Australia. A commitment was made in the mid 1970s to reduce the carnage and a strategy was adopted, with a significant research component. The research uncovered the major causes of road fatalities and, together with appropriate intervention strategies, not only stopped the annual increase in road deaths, but also has allowed annual deaths to return to levels not seen since the late 1940s and 1950s. Had the trend between 1950 and 1970 continued, annual fatalities today could have been between 7000 and 10 000 deaths per annum (27 per day).



Over the past decade or so both at the state and national level R&D in the road sector has received less priority. Inter-agency co-operation, especially on national projects, has substantially diminished. There appear to have been several reasons for this:-

- The downsizing of Road Agencies and the loss of experienced researchers has affected support for external research agencies and overall research capacity.
- Lack of sustainability in many aspects of road transportation.
- Economic rationalism has favoured projects of short duration and guaranteed results.
- Risk aversion and the propensity to enforce personal accountability.
- A perception that roads are low-tech and that enough knowledge exists already.
- The doctrine that if R&D is needed it can be done by industry.
- Reduced emphasis on a common, long-term vision for road transportation systems.

Today, research continues at greatly reduced levels, and is generally reactive in nature.

R&D needs to be a balance between Market Pull and Technology Push. Because of the retreat of Road Agencies (and industry) from involvement in this research, the pendulum has recently been weighted towards a more academic approach and results have take longer to implement. The ARF favours multi-disciplinary teams that include end users who become champions and utilise the results to enhance practice.

Restoring the knowledge base and research capability before they further erode must be made a national priority, and the AusLink strategy has set out to do exactly that with its commitment to sustained research. In this way, the strategy will guarantee all stakeholders receive the continuing improvements in transport safety and efficiency which they increasingly expect. The White Paper's clear commitment to significant research as a strategic investment priority is welcomed.

### **The Industry's Future Workforce Needs**

As mentioned earlier, industry faces a major problem in amassing significant resources when Governments set short horizons.

The chances are that Australia is on the brink of its most significant period of infrastructure growth and renewal since the sixties. When industry gets the message they will order the equipment. But it has been a long smoko. Experienced people to meet a significantly enhanced agenda do not exist. This not only applies to people to drive the trucks, but to the engineers, tradesmen and all of the other specialized services needed to deliver complex modern infrastructure.

The road transport industry would have a problem even if we were not about to set off on a new burst of activity. The apprenticeship system within the industry, including management apprenticeships, is virtually a thing of the past. Our industry's technical expertise, particularly in the engineering sector, resides in a workforce most of whom are about to retire.

The bottom line is that if AusLink is to set an agenda for infrastructure renewal, thought also needs to be given to gathering the team to do it within a workable time frame. This will require programs in which Government is an active participant.

## **Mechanisms for Industry Consultation**

Since the AusLink legislation does not itself address this initiative, it is not possible to provide comment in relation to specific legislative proposals. The ARF will therefore confine itself to our own vision for the industry's needs without commenting specifically on options which may yet be the subject of political debate.

The ARF is acutely conscious that, although Australia's road transport system is of critical national importance, no forum has existed until now to bring all stakeholders together. A plethora of groups are involved - engineers, motorists, local governments, road builders, researchers, and equipment suppliers, to name but a few. They represent their members effectively, but they never come together as an industry.

What's more, when they speak to government, they all sing out from different silos. And, if governments offer them seats at a table, they guard them fiercely. Against this background, it is very difficult for government to "consult with industry". After every policy announcement there is always someone who can say, "Ah! But you did not speak with us." Putting it bluntly, for an initiative that was always on a hiding to nothing, AusLink has done very well.

The problem is intensified by the way in which some government agencies hesitate to get into the boat with the stakeholders. This may stem from a fear that they could be compromised in some way. That would clearly be understandable in relation to Ministerial involvement, but the distinction between "stakeholders" and "government agencies" is past its use-by date. Government agencies, especially the road authorities and DOTARS, are surely direct participants in the industry. They are certainly "stakeholders", along with the motorists, road builders and everyone else.

ARF welcomes the way in which, as AusLink has evolved, DOTARS has shown itself to be keen to work in closer partnership with its fellow industry stakeholders.

The road transport industry can ill afford members (or governments) in different silos. It significantly diminishes the industry's effectiveness and its capacity to advance the interest of a vital national asset.

Our road transport system needs The Australian Road Forum in which all sectors, including commercial, public sector and community, can come together in one identifiable body. This will also enable participants to network with a much more diverse range of corporate, government and association representatives than is possible through existing mechanisms.

It should come as no surprise that ARF would welcome the establishment of mechanisms to consult with industry. The issue is how. And in that regard, we have a number of observations.

- **The dangers of institutionalized committees**

One of the risks associated with formal consultative committees established by government is that they can lose their credibility. Government departments usually provide secretariat services, fund their operations and provide them with offices. In the eyes of industry they are often absorbed by the very governments they are supposed to advise. The industry representatives may even be perceived as holding onto sinecures. Such committees can lose their integrity and governments may wonder why industry later rejects legislation which has been based on their recommendations.

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To minimise these risks it is best to avoid standing committee structures and to appoint representatives nominated by industry associations rather than industry leaders chosen directly by government.

- **Working with ARF**

ARF would welcome the opportunity to work with government in developing options. ARF has recently been reconstituted as a body which can function as a peak body of stakeholders. In that regard the Government is fortunate that in the road transport sector it already has a “real” stakeholder body which embraces the industry at large and which has no political agenda. ARF should be an ideal body from which to seek nominations of industry representatives to advise government. At the same time ARF recognises that it does not have the table to itself. ARF does not wish to occupy the seats of existing industry associations, key members of which are in fact members of ARF.

In short, ARF would like to see more active consultative mechanisms involving minimum standing committees. Committees should be established for specific purposes with clear sunsets. All nominations should be from industry groups, including ARF itself. Government servicing should be kept to a minimum.

## **Acknowledgements**

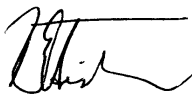
This is ARF’s first submission as the Australian Road Forum and it comes barely a week after the launch by Minister Lloyd. During the last year the National Council has grown from 11 to 31 members. Great progress has been made in achieving consensus towards a peak body and in recognising that its most important role is to put the national interest ahead of the interests of specific industry members.

We would like to thank the Secretary and staff of DOTARS for their support and encouragement in developing the peak body initiative and in assisting the task force.

Throughout the development process the ARF has received significant encouragement and support from the Commonwealth Government and Opposition. The then Shadow Minister for Transport, Mr Martin Ferguson AM MP, addressed the ARF at the Summit which gave rise to the project in 2004 and his subsequent support was very important to ARF. Both Ministers Campbell and Lloyd have supported the formation of the Forum through their active participation in ARF activities. ARF would like to record its particular appreciation to Minister Lloyd who launched the ARF as the national peak body for road transport on 22 March.

The ARF thanks the Committee for the opportunity to present this submission and would welcome the opportunity to speak at any time with Committee members about industry issues.

Yours sincerely



Ray Fisher  
**President**