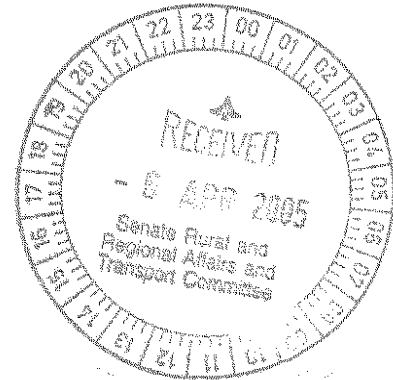




27 March 2005

Ms Maureen Weeks
Secretary
Senate Rural and Regional Affairs
and Transport Legislation Committee
Parliament House
CANBERRA ACT 2600



Dear Ms Weeks

Auslink (National Land Transport) Bill 2004 Auslink (National Land Transport - Consequential and Transitional Provisions) Bill 2004

Reference is made to your correspondence dated 2nd March inviting the LGAQ to make a submission to the Senate Rural and Regional Affairs and Transport Committee inquiry into the above bills.

The LGAQ has directly addressed the three key issues under consideration and has also taken this opportunity to provide commentary on the Auslink Strategic Regional Projects Fund.

Queensland local government consists of 125 individual shire, town and city local governments, as well as 34 aboriginal and islander community councils. The LGAQ is the peak body that represents local government in dealings with other governments, industry groups and various peak bodies and stakeholder groups.

Statewide, Queensland local government is the steward of approximately 140,000 km of local roads. This network is predominately rural and unsealed and estimated to have a replacement value of more than \$10 billion. The quality of local roads infrastructure in Queensland significantly impacts on the lifestyle of communities (metropolitan, regional, rural and remote) across the state.

Over the past decade Queensland local government has demonstrated its strategic approach to road and transport reform with a number of initiatives designed to achieve improved planning, delivery and funding arrangements between the state government and local governments.

Key among these initiatives has been the development of the Queensland Road Management and Investment Alliance (Roads Alliance). I have enclosed a brochure providing further details.

The Roads Alliance was formally established in August 2002 in recognition that both levels of government (state and local) face similar problems in managing the road network and that coordinating their operations has the potential to achieve cost savings and improved service levels for road users.

The Roads Alliance is based on Regional Road Groups managing a particular segment of the state and local road network (32,000 km) known as the Local Roads of Regional Significance.



Key Issue Number One:

"Changes to the Commonwealth Government's funding responsibility for construction and maintenance of infrastructure on what was formerly defined as the National Highway Network"

LGAQ Response:

It has been documented in many reports and studies, that the standard of Queensland's National Highway System (NHS) is the worst in Australia. A report prepared for the *Civil Engineering Construction Alliance (February 2004)* states *"Queensland's federally funded National Highway System has been recognised as being among the worst compared to other States. This significantly impacts on the competitiveness of reliant industries, especially export industries, and the safety of the community"*. The Hon John Anderson, Deputy Prime Minister and Minister for Transport and Regional Services has also publicly acknowledged this situation.

In Queensland, the poor condition of the NHS is now being compounded by rapid population growth and industry expansion.

Historically, the Commonwealth Government has had full funding responsibility for the NHS. Under Auslink, the Commonwealth Government has indicated its intent to no longer fund 100% the construction and maintenance of the NHS. This will adversely impact on the Queensland state government's road budget, its program priorities and potentially the ability of the state to maintain its funding commitments to Queensland local government. These commitments as indicated above, have been jointly developed and based on the recognition of mutual interests and shared responsibilities.

According to the Queensland Department of Main Roads (Roads Implementation Program 2004-05 to 2008-09) Queensland's *2004-05 to 2008-09 NHS Forward Strategy Report* submission which was lodged in December 2003 to the Australian Government for consideration, identified that some \$600 million per annum is required over the next five years to deliver what has been agreed at both the commonwealth and state levels as modest standards for the NHS.

Although Auslink provides a welcome increase in Australian Government funding, this extra funding does not flow until year four of the five year Auslink Plan - that is, in the term of the next Australian Government. Clearly after years of neglect, substantially more is needed for Queensland's NHS to bring it up to the same condition as New South Wales and Victoria.

Local government in Queensland is particularly concerned about the Commonwealth walking away from the 100 per cent funding of the NHS.

The 1991 Intergovernmental Road Funding Agreement provided the basis for the progressive development of the NHS. Notwithstanding improvements in other states, the NHS in Queensland is far from complete, a fact that is publicly recognised.



Key Issue Number Two:

"Establishment of a National Advisory Council with stakeholder and expert representation and input into planning"

LGAQ Response:

This question was originally posed in the Auslink Green Paper. In general terms, local government in Queensland supports the establishment of a National Advisory Council. Through such a body, it is hoped that Australia will be better positioned to embrace a more strategic and coordinated approach to road and transport infrastructure planning and development between levels of government and private industry.

In any such forum, it would be expected that local government interests be reflected and represented by the Australian Local Government Association (ALGA). Importantly, the diverse nature of local government across the nation including metropolitan, regional and rural must be recognised in the determination of any such arrangements.

At a minimum local government must have a seat at the table.

Key Issue Number Three:

"Extending the criteria for Roads to Recovery projects to include public transport, cycling, walking infrastructure and regional airport runways"

LGAQ Response:

LGAQ's response to this matter is based on the understanding that this issue relates to the Roads to Recovery Programme and not the Auslink Strategic Regional Projects Fund.

The Roads to Recovery programme has been a critical source of funding for local governments. The success of the programme has also been acknowledged by all levels of government and the private sector thanks to the review conjointly undertaken by the Australian Local government Association (ALGA) and Commonwealth Department of Transport and Regional Services (DOTARS) in February 2003.

With regard to extending the criteria, the LGAQ posed this question to a number of local governments via the Roads Alliance arrangement, as well as the LGAQ's Roads, Transport and Infrastructure Reference Group.



Although the response was mixed, the majority of local governments indicated that the criteria for the Roads to Recovery Programme should not be extended to include public transport, cycling, walking infrastructure and regional airport runways.

The reasoning behind this response is that the Roads to Recovery Programme was a hard won victory for Australian local government as part of the ALGA's National Roads Funding Campaign initiated in 2000. The aim of the Roads to Recovery programme is to assist local government address the significant maintenance backlog on local roads and consequently the programme criteria should reflect this principle into the future.

It is worth noting however, that the local governments in South East Queensland did mostly respond positively to the notion of extending the criteria. This is due to the mounting pressures on road and transport infrastructure in this part of the state and also the proviso that it would ultimately have to be the local government's decision as to where they spend their Roads to Recovery funds - local roads, public transport, cycling, walking infrastructure and regional airport runways.

This is consistent with a multi-modal approach that addresses the whole transport task rather than just one element of it. This does not abrogate the state's responsibility to provide and resource the provision of public transport infrastructure and services. Instead, this permits local government to come to the table as an equal partner where they determine their community's needs are best served by a form of transport other than roads.

In summary, the LGAQ's position in relation to this matter is that the criteria for the Roads to Recovery Programme should apply to local roads only, and not other forms of transport infrastructure.

Auslink Strategic Regional Projects Fund

In readiness for the release of the Auslink White Paper, the ALGA in collaboration with State and Territory Associations adopted the following national policy position relating to the then Roads to Recovery Strategic Funding Pool, or what is now referred to under the draft Auslink legislation as the Auslink Strategic Regional Projects Fund.

1. *Funding must be allocated equitably across states and regions - there should be no nationally competitive process,*
2. *The total strategic funding pool should initially be divided on the same individual council allocation as the core component to determine a state and then regional shares,*
3. *Groups of councils or regional groups should decide how the funds are allocated in terms of regional priorities - no centralised commonwealth decision making on project approval, and*
4. *While there could be project partners (State Government or Industry), Roads to Recovery funds must be paid directly to councils or local government regional groups.*



Unfortunately under AusLink, the Commonwealth Government is advocating that the strategic component *"be available to any local council and its project partners on a competitive basis. The Government will not allocate set amounts of funds to States or Territories, but the funds will be fairly distributed"*.

Additionally, AusLink further states *"Advisory panels would then forward their advice to the Australian Government Minister for Transport and Regional Services. The funding decisions will be made and announced by the Minister"*.

Aside from the fact that the Commonwealth Government have dismissed local governments national policy position, the LGAQ holds particular concerns about the approach described in AusLink for the following reasons;

1. **Protection of State Shares** - Although AusLink states that the funds will be "fairly distributed", unless there is a guarantee of state shares, the Commonwealth Government's proposal could result in Queensland not receiving its share of the strategic component funding pool. This equates to approximately \$22 million per annum.
2. **Complexity and Cost of Administration** - One of the advantages of the Roads to Recovery Programme was the simple application and administration process. A nationally contestable process with project proposals firstly being assessed at the state level and forwarded to the national level for further assessment and endorsement will add a greater level of complexity to the project application and approval process.

In effect, local governments will have to participate in two processes - one process for the Roads to Recovery core funding component, and one process for the Auslink Strategic Regional Projects Fund.

In addition, considerable time, effort and cost will be required in the development of submissions with unknown chances of success.

3. **Equitable and Transparent Decision Making** - If the Commonwealth Government is proposing a nationally contestable process for project funding, this raises issues about how the Commonwealth Government could credibly assess or pass judgements on the merit of projects submitted from across the States / Territories, given the diverse nature of local government, their differing regional road network requirements and the absence of credible and comparable data at the regional, state and national levels.
4. **Queensland Roads Alliance** - Over the past four years, Queensland local governments have invested considerable time and effort in the establishment and implementation of the Roads Alliance Framework.

By instituting a nationally contestable process rather than a regionally contestable process, Regional Road Groups and their member local governments will have to participate in a parallel process to the Roads Alliance on the same set of strategic roads i.e. the Local Roads of Regional Significance in Queensland.

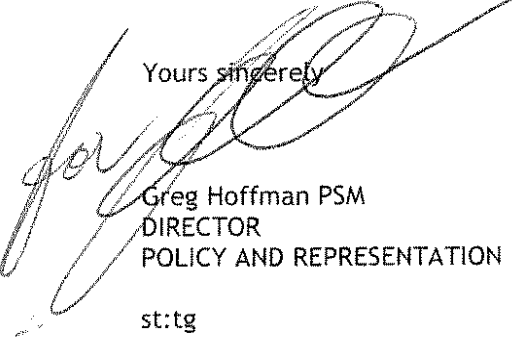


The Roads Alliance demonstrates a genuine effort by state and local governments in Queensland to respond to the Commonwealth Government's expectation that local government demonstrate its ability to maintain its road network into the future, to be strategic and regionally focused in its decision making and to provide value for money from road spending.

Unfortunately, recent actions by the Commonwealth Government in relation to funding announcements under the Auslink Strategic Regional Projects Fund raise questions about the criteria to be used to ensure transparency, consistency and equity in decision making processes for this fund. Local government in Queensland and nationally identified these requirements in response to the Auslink Green Paper as being fundamental to the success and credibility of this component of Auslink.

The LGAQ trusts these comments will be of assistance to you. I look forward to the outcomes of the inquiry and the expedition of the legislation.

Yours sincerely



Greg Hoffman PSM
DIRECTOR
POLICY AND REPRESENTATION

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