

Ms Maureen Weeks
Committee Secretary
Senate Rural and Regional Affairs and Transport Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Ms Weeks

I refer to recent newspaper advertisements inviting submissions to the Senate Rural and Regional Affairs and Transport Committee on the *Auslink (National Land Transport) Bill 2004*.

Monto Shire is located 157 kilometres (by road) south-west of Gladstone, Queensland. The Shire covers an area of 4,295 square kilometres and has a population of approximately 2,500 persons.

The Gladstone-Monto Road is the most direct link from Monto to Gladstone, being 57 kms (27%) shorter distance than the sealed route via Biloela. Much of the unsealed road section in the Boyne Valley, Dawes Range area and further south is characterised by sharp curves, steep gradients, inadequate sight distances, floodways and narrow formation width.

The road accesses the Nagoorin, Ubobo, Builyan and Many Peaks communities in the Boyne Valley and the closer settlements in Monto Shire and the broader north Burnett region. Importantly, the road provides for the movement of children from the Boyne Valley communities to schools in Monto.

When the portion of Calliope Shire traversed by the Gladstone-Monto Road is included, the road's situation appears to be similar to the Tasmanian Central Highlands Council example cited on page 78 of the *Auslink* White Paper. As in Tasmania, forestry is a significant employer and economic generator in our area, with timber laden heavy vehicles traversing the road from Kalpowar to Gladstone constantly.

If it was fully sealed, the Gladstone-Monto Road would represent a catalyst for tourism and the further development of the considerable agricultural, coal and mineral resources of the Monto area. Clearly the development of these resources and social and economic development in our area will be advantaged by the provision of improved transport access.

The Queensland Government has already made a sizeable contribution to the Gladstone – Monto Road; however, approximately 36 kilometres of the Gladstone-Monto Road remains unsealed.

Within this context Monto Shire Council has examined the *Auslink (National Land Transport) Bill 2004* to determine the possibility of Commonwealth Government funding for the upgrade of this State-controlled road.

As a result of this examination, Monto Shire Council wishes to draw the Committee's attention to the following:

- funding of roads in rural areas; and
- certainty of future funding for rural communities.

Funding of roads in rural areas

The Gladstone-Monto Road may be eligible for funding in two of the six categories of projects in the *Bill*, namely Auslink Strategic Regional Projects and Black Spot Projects.

In the context of the Strategic Regional Projects category, the Ministerial considerations at clause 55 of the *Bill* appear weighted to cost-benefit assessment. This perception is reinforced in the *Auslink White Paper*, with its emphasis on cost-benefit analysis in the Project Assessment Methodology. Prevailing practices in government transport agencies suggest that such assessments will be biased to proposed road projects where high traffic volumes or significant delays dominate all other considerations. As such, it is unlikely a strategic project in a rural area will out-rank a project in an outer urban area or in a major regional centre.

Given that clause 71 of the *Bill* prevents projects on the National Land Transport Network from being funded under the Black Spot category, it could be considered that there is a greater likelihood of a rural road being funded under this category. However, the Ministerial considerations at clause 72 of the *Bill* also provide for an assessment of costs and benefits. Again a lightly trafficked rural road such as the Gladstone-Monto Road will not normally out-rank a road with high traffic volumes. This situation is exacerbated by the relatively small size of the Black Spots Project category, which is less than 1% of the total funding announced in the *Auslink White Paper*¹.

The emphasis at clauses 55 and 72 on the “leveraging” of funding support from local governments would also suggest that rural roads are unlikely to be funded by the Commonwealth Government under the provisions of the *Auslink Bill*. Clearly, a rural local government that relies on Commonwealth Financial Assistance Grants may not have the capacity to make a contribution to a Strategic Regional or Black Spot project.

Certainty of future funding for rural communities

In essence the *Auslink (National Land Transport) Bill 2004* provides for the on-going identification of projects to be funded by the Commonwealth Government. It is assumed

¹ Page xi of the *Auslink White Paper* indicates that the Auslink program comprises \$9.2 billion funding over five years, of which \$90 million is designated for Black Spot projects. (A further \$2.6 billion is provided in Financial Assistance Grants.)

that road infrastructure projects will comprise the bulk of this funding. Roads are long-life assets, which Monto Shire Council is endeavouring to maintain in accordance with the asset management principles espoused by the Australian National Audit Office (ANAO) in its *Asset Management Handbook, 1996*, including:

- asset management decisions are to be integrated with strategic planning;
- asset planning decisions are to be based on the assessment of alternatives, with consideration of life cycle benefits, costs and risks; and
- accountability is to be established for asset condition, use and performance.

In effect, the ANAO advocates the incorporation of asset management strategies in operational plans and budgets. In regard to asset maintenance the ANAO advises:

..“A planned approach to maintenance will ensure the delivery of maintenance services, such as routine inspections and servicing, are undertaken in a manner which minimizes disruption to the users of the asset, and ensures maintenance resources are used in the most cost-efficient manner”..

In an economic sense the optimal form of maintenance planning, for a pre-determined service standard, involves the minimization of the present value cost of future maintenance. For example, the sealing of a road provides substantial protection of the road formation and will result in lower on-going maintenance costs. In effect, an inability to provide full and continuous funding of optimized maintenance schedules will result in increased net present value costs.

Clause 54 of the *Auslink Bill* provide for maintenance projects to be considered in the Strategic Regional Project category only if the project is in an unincorporated area, where there is no responsible local government authority. In addition, the sunset provisions on the Roads to Recovery category suggest that future recipients of project funding in this category may be faced with sub-optimal maintenance decisions if a post 2009 source of funding for local roads is not identified.

Way Forward

The *Auslink (National Land Transport Bill) 2004* represents a rational and reasoned approach to transport funding, wherein priorities are determined on largely economic grounds. For road projects, high cost benefit ratios will be underpinned largely by high traffic volumes.

Given this approach and contrary to recent media reports, it can be anticipated that rural areas will not gain relative benefit from the Commonwealth Government. Such a situation seems the antithesis of the Commonwealth’s historical role in support of rural areas.

Although the first grant for non-urban roads was provided by the Commonwealth Government in 1923, Council has noted that rural communities were not considered to be relatively disadvantaged until 1937. The then Curtin Opposition argued that, despite the payment of fuel excise by rural communities, rural roads were not included in the *Federal Aid Road and Works Act 1937*. A decade later the *Commonwealth Roads and Works Act 1947* provided additional grants for the construction of roads through sparsely settled areas and for roads of strategic importance.

The emphasis in the *Auslink Bill* and the White Paper on cost-benefit analysis suggests that sparsely settled areas will not compete successfully for funding today. Similarly it is doubtful that the “Beef Road” funding first provided in 1949 and continued from 1961 to 1977 would satisfy today’s requirements of the “Strategic Merit Test” and proceed to a full “Project Assessment”, as advocated in the Auslink White Paper.

Monto Shire Council considers that further upgrading of the Gladstone-Monto Road is necessary if the Monto and North Burnett region is to compete in and contribute to the national and global marketplace. It remains uncertain whether the road works necessary to address this economic need and the social connectivity and sustainability needs of Monto Shire can be funded fully by the Commonwealth Government under a provision of the *Auslink (National Land Transport) Bill*.

Accordingly, it is respectfully suggested that the Committee consider the following changes to the Bill:

- *Part 6, Clauses 54 and 55:* Removal of the restriction on Strategic Regional maintenance projects being eligible for funding only if such projects are in unincorporated areas. Sound asset management warrants the inclusion of Strategic Regional maintenance projects regardless of jurisdiction. It would seem that such an amendment would also provide for a more consistent approach to maintenance across funding categories, noting that clause 10 provides for maintenance projects on the national network.
- *Part 6, Clause 55:* Amendment of the list of matters the Minister may consider in relation to Strategic Regional projects, to include social considerations and the results of multi-criteria analysis. When considering strategic regional projects in sparsely populated rural areas, social factors such as access and equity are as important as economic issues.
- *Part 7, Clause 72:* Amendment of the list of matters the Minister may consider in relation to Black Spot projects, to include an equal emphasis on accident history and the likelihood of accidents, wherein accidents and potential accidents as a proportion of total traffic are included in assessments. These amendments of clause 72 are intended to provide a linkage to the “accident likelihood” provisions of clause 71 and ensure that black spots on lightly trafficked roads continue to be funded.

- *Part 8*: Removal of the sunset provision in *Part 8* of the *Auslink Bill* to provide for continuity of the *Roads to Recovery* program beyond 1 July 2009. Continuity of funding to local governments is essential in ensuring sound asset management practices are adopted.

I would welcome the opportunity to brief the Committee further on the matters raised in this submission.

Yours sincerely

W.W. McLachlan
Mayor