

23 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

Thank you for your letter of 2 March 2005 inviting the Australian Local Government Association (ALGA) to make a submission to your Committee's inquiry into the abovementioned bills.

ALGA is a federation of state and territory local government associations which provides the national voice of local government, representing 673 councils across Australia.

Key activities include representation of local government on national bodies and ministerial councils, providing submissions to government and parliamentary inquiries, raising the profile and concerns of local government at the national level and providing forums for local government to guide the development of national local government policies. As one of Australia's three spheres of government, local government is represented by ALGA on the Council of Australian Governments.

ALGA is generally satisfied with the principles and provisions of the AusLink legislation and consider it meets the main needs of local government. ALGA would however, like to comment on the two parts of the *AusLink (National Land Transport) Bill 2004* which most directly affect local government.

'Roads to Recovery' (R2R)

Australia's local road network consists of around 680,000 km of road - nearly 85% of the total road network - and related infrastructure, such as bridges, earthworks and road signage. Local roads are the capillaries which feed the nation's arterial roads and national highways. They link homes to schools and shops, they take commuters to arterial roads and national highways. In regional areas, they also link entire communities. The economic importance of local roads cannot be underestimated, with 73% of all freight trips beginning or ending on a local road.

Local roads are owned and maintained by local government. The cost of this maintenance is immense and is met from rates and funding from state and federal governments. Over the years, the amount of funding available to local government has not kept pace with the cost of maintaining local roads to acceptable standards. Much local road infrastructure is now reaching the end of its economic life and its replacement cost cannot be met by local government alone. It is a \$75bn asset, much of which is in need of repair or upgrading - and indeed the Australian Government estimated an additional \$630m a year was needed if local road maintenance needs are to be adequately addressed. (*R2R Review pp.6-7*).

The R2R program has a strong rural and regional focus, with \$850m to be spent in these areas. This much needed funding has helped local government begin to address the backlog of local road maintenance, improving safety, transport efficiency and stimulating economic development across the country. R2R provides around \$300m a year to local government, augmenting local road spending of around \$2.7bn a year.

In 2002, the Federal Government agreed to consider the future of R2R beyond 2005 and established a review of the program with the Australian Local Government Association. The R2R Review, released in May 2003, found R2R had made the roads safer, improved the ease with which goods and people can use them, enhanced economic development and improved the amenity of living in many places.

The Review concluded: "The R2R program reduced the rate of decline in the condition of local roads. To maintain the asset at its current level of service the R2R funding would need to be not only continued but twice its current level. Local roads will revert to their pre-R2R rate of decline at the end of the program in 2005 if the program is not continued." (*R2R Review p.42*).

It also found:

- R2R met a need for additional local road funds but has not eliminated the backlog of works on local roads.
- Most of the expenditure was on existing roads, split about equally between renewal and upgrading capital expenditure.
- The program had strong employment benefits.
- The program maximised the available funding for road works.

The Appendix to this submission gives details of a wide range of R2R projects, their diversity of scope and location and the significant benefits provided.

Analysis by the Department of Transport and Regional Services estimated the shortfall in funding at \$630 million using the findings of local government studies in four states, as per the following table.

Gap Between Local Road Renewal Needs and Expenditure, \$m for Next 5Years

<i>State</i>	<i>% length of the national local road network</i>	<i>Estimated annual local road renewal shortfall, \$m</i>
NSW	22.3	\$156
Vic	20.0	\$176
WA	19.0	\$61
SA	11.6	\$66
Total	72.9	\$459
Australia (estimated)	100	\$630

The National Office of Local Government also estimated the value of the local road assets at \$75 billion, once again from State sources, as shown in the following table.

Value of Local Roads (replacement cost)

<i>State</i>	<i>% road length</i>	<i>Value of the asset, \$ billion</i>
NSW	22.3	30.8
Vic	20.0	14.4
Qld	22.6	10.0
WA	19.0	10.9
SA	11.6	4.8
Tas	2.2	2.0
Total	97.3	72.9
Australia (estimated)	100	75

The maintenance expenditure is essentially an operating expense for the road asset, while the renewal and a significant proportion of the upgrade expenditure offsets the deterioration (or consumption) of the asset due to traffic loading over time. Approximately 50% of the total expenditure would be a reasonable estimate of the total funding allocated to the renewal of the existing asset.

The level of expenditure prior to the R2R program would equate to an average renewal cycle of the road asset of 55 years. The R2R review showed that most of the R2R funding was spent on the existing asset, with approximately half being allocated to renewal, and the other half to upgrading existing roads to a higher standard.

This would increase the BTRE estimate of total council annual spending to \$3.0 billion (i.e. the \$2.7 billion plus the \$300 million annual R2R funding) and the total expenditure on renewal to approximately \$1.6 billion. This has the effect of reducing the average renewal cycle required of the local road asset to 47 years. While this may be still too high for many councils it shows that the R2R program has for its first four years made a significant contribution to assist councils manage their assets in a long term sustainable way.

The Australian Government's 2004 decision to renew R2R for a further four years was thus very strongly welcomed by local government and R2R is seen as an excellent example of productive partnership between the two levels of government.

The R2R provisions of the AusLink legislation seem to provide for the continuation of the simple and efficient arrangements used in the previous R2R program. It is however, essential that R2R funding is clearly and effectively quarantined for use by local government, for projects selected by local councils.

ALGA is anxious that the AusLink legislation be passed as quickly as possible to ensure a seamless transition into the 'new' R2R program and give councils certainty of funding in their 2005/06 roadworks budgets. R2R is providing vital financial assistance to address the massive backlog in road maintenance faced by Australian councils.

It has been suggested that R2R project criteria should be extended to include non-roadworks items. ALGA considers the prime purpose of R2R is to reduce the local roads maintenance backlog and thus suggests that any such wider funding should essentially be limited to the current provisions for cycling and walking facilities, where these are proposed by a council.

However, with the increasing pressures on public transport, there is growing justification for federal involvement in a new dedicated public transport program.

The AusLink Strategic Regional Component (SRC)

ALGA recognises the SRC as an additional and separate element to R2R of AusLink, aimed at achieving national objectives at a regional level. The SRC should provide valuable opportunities for local government to engage in productive partnerships to enhance regional transport networks in a way which maximises both local and national benefits.

While the principles and objectives for the SRC as outlined in the legislation seem reasonable, ALGA is concerned that many of the guidelines and processes for the operation of the SRC are yet to be released. It is important that the SRC administrative arrangements are simple, efficient and transparent and should clearly specify how SRC projects are selected in terms of criteria, priority and timing.

ALGA would favour some flexibility in the type of projects eligible for SRC funding. For example, a limited share of the total SRC pool (say 10%) could be available for 'soft infrastructure' projects, like data collection and asset management. Such initiatives could provide valuable synergies with the R2R program, allowing optimal use of both R2R and SRC resources.

Other Issues

The issue of changes to the Commonwealth's responsibility for full funding of what was the National Highway Network is of considerable concern to ALGA, in that if the states and NT have to find extra funds to maintain national highways, this could lead to reduction of already low state expenditure on lower category roads and subsequent cost-shifting to local government.

ALGA has consistently supported the establishment of an independent body to provide advice on strategic transport resource allocation and planning issues. The National Transport Advisory Council as envisaged under AusLink, or the National Infrastructure Advisory Council advocated by the Opposition would both seem appropriate in this regard.

I trust these observations will assist the Committee's deliberations and help achieve a quick and harmonious passage of this important legislation.

If you need any further information or clarification of the above information, please contact Mr Robin Anderson, Director, Transport Policy at ALGA, ph (02) 6122 9432 or e-mail robin.anderson@alga.asn.au

Yours sincerely

Ian Chalmers
Chief Executive

APPENDIX

R2R CASE STUDIES (Source: R2R Review Report, 2003)

No	Council	Description
1	Mt Remarkable Rural SA	Sealing road improved safety and enhanced opportunities for regional tourism by improving access to National Park.
2	Central Highlands Rural Tasmania	Road improvements supported the local logging industry and improved safety, including for school buses.
3	Hurstville Urban NSW	Shared funding arrangements with RTA to widen bridge over railway to eliminate a bad bottleneck. Improved transport efficiency and safety.
4	Herberton Rural Queensland	Improved access for the Innot Hot Springs community by building a causeway over the Herbert River. Previously cut off for months at a time.
5	Melton Urban fringe Victoria	Widen seal on road built for much lower traffic volumes but which had become an important through route. Improve safety and transport efficiency.
6	Barossa Urban fringe SA	Accelerated sealing of connector road. Improved safety and eliminated dust nuisance.
7	Light Rural SA	Replaced three tonne load limited bridge to accommodate higher mass vehicles including B-doubles to service rural industry.
8	Campbelltown Urban SA	Constructed roundabouts and turning lanes on urban through road to reduce speeding and improve road safety.
9	Brisbane Urban Queensland	Constructed road to improve access to the Centenary Village retirement home, including cycle and pedestrian access. Upgrading nearby through route had hampered access.
10	Armadale Urban WA	Council upgraded a road and bridge in response to the fast tracking by the State of the extension of the Tonkin Highway. Improved and safer access to an industrial park. Substantial long term savings by constructing one major project instead of by stages.
11	Local Government Association of NT Remote NT	Built a formed gravel road across 15km of black soil to improve access to remote community by two months a year. \$ for \$ funding with ACCAP (ATSIC Army Community Assistance Programme).

12	Marnngmarr Remote NT	Build 3km gravel road with drainage to reduce dust (reduces eye and respiratory problems) and upgrade access in wet season. Shared funding with NT Government and ATSIC.
13	Tara Rural Queensland	Seal road to upgrade through route for heavy traffic serving local industry eg beef, sheep and cotton. Improve safety and local access. Saved jobs of three or four people.
14	Northern Midland Rural Tasmania	Road had previously been a service road for farms but had become a logging route. Road was upgraded to carry the much heavier traffic ie avoided having to impose a load limit to protect the asset.
15	Balranald Rural NSW	Sealed 38km and regravelled 15km to improve safety (school bus routes) and heavy traffic routes.
16	Blacktown Urban NSW	Constructed two roundabouts to improve safety.
17	Darebin Urban Victoria	Reconstruction of very old (1929) road on timeframe that avoided protracted impact on residents.
18	Brimbank Urban Victoria	Allowed Council to fund rehabilitation works, which were identified as high safety risks before road failed, savings were considerable.
19	Bourke Rural NSW	The worst sections of the Paka Tank–Tilpa Rd were upgraded to a gravel standard to improve accessibility in wet weather for locals and the cotton industry. Previously impassable in wet.
20	Cairns Regional Queensland	Upgrade and widen local tourist and recreation road (previously one lane seal) to improve safety an enhance opportunities for regional tourism access to Josephine Falls).
21	Copmanhurst Rural NSW	Replaced a high maintenance timber bridge which had a five tonne load limit with a concrete structure to improve safety and access for heavy vehicles. Heavy traffic previously subject to 80km detour.
22	Junee Rural NSW	Seal, widen and straighten major shire road to improve safety and efficiency. Previously winding and single lane. Reduced grades.
23	Warrnambool Regional Victoria	Reconstruct through route in town to improve safety and access.
24	Wyndham Urban fringe Victoria	Reconstruct major through road to improve efficiency and safety.

25	Winton Rural Queensland	Seal town bypass to improve access to unloading zone for cattle. Eliminate serious dust problem in town arising from heavy vehicle movements and improve safety by upgrading cattle loading area.
26	Yarrowlumla Rural NSW	Upgrade road to improve access and safety. Shared funding <i>Roads to Recovery</i> -council-landholders.
27	Frankston Urban Victoria	Rehabilitation of major urban through road to improve safety.
28	Golden Plains Rural Victoria	Widening and straightening of road serving rural residential development. Was possible with <i>Roads to Recovery</i> funds to do the whole project more cheaply than would have been possible had it been done piecemeal with council funds alone.
29	Hepburn Rural Victoria	Install a culvert over a river, which previously had to be crossed at a ford which was dangerous and often impassable after heavy rain.
30	Lower Eyre Peninsula Rural SA	Sealing what had been a rough and dangerous road catering for a large volume of heavy traffic, mainly grain, and tourists. Eliminate a dust nuisance for residents.
31	Mareeba Rural Queensland	Construction of a culvert to provide all weather access on a crossing normally impassable for four months a year and under water by 200mm for much of the rest of the year. Route serves grazing properties in lower Cape York Peninsula and is a tourist route up the Cape.
32	Playford Rural SA	Elimination of dust is critical to production and transport of export vegetables and cut flowers. Council is gradually sealing roads in the growing areas. <i>Roads to Recovery</i> has greatly accelerated the programme.
33	Marion Urban SA	Resealing of old urban road to improve safety.
34	Greater Bendigo Regional Victoria	Upgrading road to be used for haulage of ore from reopened gold mine. Economic and safety issues.
35	Brome Regional/rural WA	Sealing the access road to rubbish disposal facility to provide all weather access and reduce dust nuisance.
36	Wanneroo Urban fringe Perth	Upgrade a road from rural to urban standard as city spreads