The COAG Road Reform Plan Feasibility Study and Local Government Consultation Paper

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Introduction

Thank you for giving the Local Government Association of Tasmania (LGAT) and member councils the opportunity to provide feedback on the *COAG Road Reform Plan Feasibility Study and Local Government Consultation Paper*.

The Local Government Association of Tasmania (LGAT) is the representative body of Local Government in Tasmania. Established in 1911, the LGAT is incorporated under the *Local Government Act 1993* with membership comprising 28 of the 29 Tasmanian councils.

The objectives of the Association are:-

- To promote the efficient administration and operation of Local Government in the State of Tasmania;
- To watch over and protect the interests, rights and privileges of municipal Councils in the State of Tasmania;
- To foster and promote relationships between Local Government in the State of Tasmania with both the Government of Tasmania and the Government of the Commonwealth of Australia;
- To represent the interests of the members of the Association generally, and in such particular matters as may be referred to the Association by its members; and
- To provide such support services to the members of the Association as the Association may by resolution in meeting determine.
General Comments

LGAT has sought feedback from councils in relation to the issues raised in the paper, and has incorporated those comments into a representative submission. Comments relate to both the general content of the CRRP Consultation Paper and also to specific issues and questions raised within the Paper that are particularly applicable to the Tasmanian situation.

The Tasmanian Road Network

Tasmania has a publicly accessible road network covering approximately 18,023 kilometres. In addition it has approximately 6,000 km of forestry roads. Local Government is responsible for the management of approximately 79% of the publicly accessible network; the State Government is responsible for the management of the remaining 21%. The distribution is as follows:

- 14,323 km of Council-managed local roads
- 3,700 km of State-managed roads (including 561 km of the National Network)

Tasmania's local roads play a vital role in the larger transport network. The dispersed nature of the State’s resource and rural industries dictates that while State and Australian road networks are the preferred travel routes for many carriers, the source of much of the produce and product being carried is invariably adjacent to the local road network. The fact is that in order to access those routes where the infrastructure standard is capable of increased volume and load limits, the local road network must first be utilised. In general the rural road network is not constructed to cater for unrestricted access by high mass vehicles, and thus in numerous cases there arises a need to restrict heavy vehicle access to defined routes.

Increased activity in the mining, forestry, aquaculture industries in particular have seen significant shifts in travel patterns and access points for carriers. There is little recognition of the cost of maintaining the road asset to provide access to these resources. The changing face of the rural landscape has also contributed to increased activity with heavier loads delivering and collecting product and produce from the farm gate. Roads and bridges that were never intended to carry these loads are being placed under stress by these freight movements.

Funding Sources

Funding for the local road network is derived from a variety of sources, as indicated in Appendix 1 on p.14 of the CRRP Consultation Paper. In relation to State flows to Local Government, whilst it is true to state that the Tasmanian State government directly invests an amount of heavy vehicle registration revenue into local roads, it must be pointed out that the current road charging regime for heavy vehicles remains a contentious issue for Tasmanian councils. Not only is the present share of registration fees provided by the State Government to Local Government considered inadequate - $1.5m shared between 29 council bodies - but the “averaging” arrangement that is in place draws criticism from a number of councils who would prefer to see a more equitable distribution based on actual heavy vehicle use. The share of the heavy vehicle licence fees presently paid to Local Government in Tasmania represents 15% of the base 1996 registration pool. This figure has not been indexed nor has there been any review since its inception of the basis of the initial allocation. It has been submitted on numerous occasions that due to a lack of adjustment the quantum of funds does not reflect changes in licensing receipts and
as a result there is a disproportionate amount of registration that is paid by heavy vehicles that does not find its way to funding council roads.

Local Government is concerned about the cost to communities in municipalities that receive no direct economic benefit from allowing heavy vehicles to use roads in that area. The instigation of a pricing system that links freight with road funding is welcomed in principle. The concern is in regards to how this is balanced in the greater context as it is recognized that placing an additional cost onto freight ultimately means that the cost is then passed onto the consumer. This issue has been raised specifically in regards to food miles and how the pricing will affect local producers and manufacturers in their ability to compete on both the national and international stage.
Specific Comments to Issues Raised in Consultation Paper

2 Pricing

- *What are the key issues with heavy vehicle use of local roads in your local government area?*

As a general comment, the single most difficult issue facing governments at all levels around the country and overseas is the life-cycle costs of its assets. Governments have constantly responded to constituent wants and needs over long periods without specific analysis of the impact of adding new roads to the asset stock. This has resulted in arrangements where governments at all levels are responding to the maintenance task in a less than optimum manner and are faced with demands well beyond their capabilities.

For the larger metropolitan councils a key issue is the damage done to local roads, not only the damage inflicted on major arterials by freight vehicles but also the impact on residential streets by buses that are part of the public passenger transport network.

Some councils have agreements with the State Government in relation to the funding of repairs and maintenance for certain local roads. For example, in Hobart the majority of heavy freight vehicles moving within the Hobart municipal area move along Hobart City Council’s major arterial roads for which the State has assumed a 50% funding responsibility. Irrespective of any changes to heavy vehicle pricing and funding that flow from consultations such as the present, it is important from the perspective of Local Government to ensure that such funding arrangements as described above remain in place, or indeed that councils receive a greater level of assistance for funding works on these types of major arterial roads in the future.

In regional areas across Tasmania the traffic and heavy vehicle usage that emanates from Forestry, Aquaculture, Primary Industry and Tourism activities have implications on road and bridge infrastructure and requisite upgrades, as well as maintenance and safety issues.

Many of the complaints received by the community are a result of safety concerns due to frequent use of heavy vehicles on narrow roads. Examples were provided of substantial rutting on highways caused by heavy vehicles. During any rain event there is real concern to motorists in regards to the risk of aquaplaning. Similarly across many areas of the state the roads are rough and there are substantial pavement failures that are fixed by patching and resurfacing. The intrusion of heavy vehicles into local residential areas can be seen as a significant issue for councils.
3 Funding

3.1 Information to support decision making

- To what extent is lack of information an impediment to decisions to spend on roads to improve access for heavy vehicles by your local government?

This issue varies between councils depending on the impact of heavy vehicle usage and the asset management resources available to individual councils.

Generally councils are aware of which roads are predominantly utilised by heavy vehicle traffic, and are able to plan maintenance and repair with this in mind. That said, future short-term usage can be an issue in relation to intermittent concentrated forestry operations on private land, or for specific new development activity. In these sorts of situations, the re-routing of traffic may occur when alternatives are available however such alternatives do not always exist. Due to many roads being “No Through Roads”, councils can suffer from a lack of information on changes in vehicular profiles, which may impact adversely on roads.

There is a call from some councils to define asset costs to maintain the road network to cater for unrestricted use by high mass vehicles, in circumstances where regulated high mass routes are not to be provided for.

- What factors currently influence your decisions about upgrade and maintenance of roads?

Factor will be influenced by the municipal characteristics of the Council. As a broad indicator, matters that are taken into account by various councils, as applicable, include:

- the current condition of road pavement;
- traffic volumes and traffic control;
- the aggregate load on the road, including heavy vehicle traffic;
- residential amenity;
- school bus routes;
- road safety;
- agricultural routes and priority rural resources;
- tourist routes; and
- the availability of funding

- Are heavy vehicle needs specifically considered when making decisions about investment and maintenance of roads?

This varies across the Local Government sector according to the impact that heavy vehicles have on the local road network within municipal boundaries. However it is true to a point that, as the movements of heavy vehicles are a major cause of road damage, and as it is usually the most damaged roads that get priority for maintenance or renewal, then often heavy vehicles do directly benefit, along with other vehicles, when particular roads are renewed or receive heavy maintenance.

- How relevant are heavy vehicle needs, versus the needs of light vehicle users, in your decision making about road spending?

Generally the total volumes of traffic on a certain road are more relevant than the particular class of traffic in deciding where road funds are allocated. Councils do not always have detailed information concerning vehicle movements. In general,
spending decisions depend on the routes and whether or not the roads are used for example for loaded traffic or lightweight return runs.

- To what extent are amenity issues (e.g., noise, community concern about heavy vehicle use) a key factor in your decisions about allowing access to roads and to what extent do these issues take precedence over factors such as promoting efficient freight movement?

Feedback from our member councils indicates that within regional areas this can be an issue for shorter-term activity, particularly with forestry related transport which is intense in terms of those short span uses.

In metropolitan areas, heavy vehicle traffic is usually confined to existing arterial roads and does not impact unreasonably on residential areas in most cases.

Where the impact of high mass vehicle operations through towns within a municipality poses a considerable issue, there is usually a need to provide high mass vehicle bypasses, which obviously imposes further funding and management responsibilities on the local road owner.

- What specialist expertise, skills and equipment does your local government require to support future spending decisions on roads? Which of these skills are not currently available to you?

All councils would require at least one engineer with pavement management experience and design skills or access to a consultant with these skills. Larger councils have the resources to ensure that these skills are contained in-house; such councils may also from time to time engage specialist consultants engineers to assist in larger or more specialised projects. Smaller councils do not always have the ability to fund such in-house expertise. Such councils rely on resource sharing with larger councils and also require assistance in lobbying for funding. In such circumstances, both the early notification of funding opportunities, and support for the writing of grant applications, become important.

- What arrangements to support investment decisions by local government need to be improved or modified in order to realise the potential benefits identified by CRRP?

In general, good asset management knowledge, practices, processes and procedures, along with more readily available data on the impact of heavy vehicle use on roads.

3.2 Flow through of revenue from heavy vehicle pricing

- Does Appendix 1 of this document accurately describe funding arrangements for local government? If not what is the correct description?

In broad terms, Appendix 1 is correct. However in relation to the Roads to Recovery funds it is considered that in practice councils do have relative discretion regarding use of such monies.
• What spending decisions, if any, made by your local government are connected with revenue from heavy vehicle charges under the current arrangements?

Whilst there is in place a heavy vehicle registration fee which is shared between State and Local Government in Tasmania (85% for the State and 15% for Local Government) the initial distribution was based on fees collected at 1996 levels. The quantum of funds in the pool has not been adjusted to reflect changes in license receipts over the ensuing years. As a result the amount of funds received by councils annually is considered to be too small to make any significant difference to spending decisions.

There is currently no provision under councils’ rating systems to collect a contribution from heavy vehicle transport generators toward the cost of the road asset upgrade to provide for high mass vehicle use.

• How can revenue already recovered by your local government for spending linked to heavy vehicle use of local roads be identified (e.g. developer contributions)?

State Government funding through heavy vehicle licence/registration fees

• What issues does your local government see as arising from potentially linking road use charges to expenditure that improves heavy vehicle productivity?

Councils would not see this as a major issue if such expenditure was the result of increased funding to councils over and above the existing allocations for road works received from State and Federal Governments.

There would be concern if existing programmes had additional conditions imposed such as stipulating where and how such funding was to be spent.

• What strategies does your local government currently use to address any issues which arise from the size of the road network they are responsible for and limited revenue raising capacity?

In general councils have in place asset management systems that aid in securing road funding from within Council, and allocating priorities for its expenditure. Strategies take into account a variety of factors including school bus routes, heavy vehicle use, tourism etc.

3.3 Accountability Frameworks

3.3.1 Service Definition

• What road service standards and accountability frameworks does your local government use and why?

Measures include identified, planned maintenance to agreed service level standards, resulting in fewer un-costed or non-budgeted remedial actions.
What costs and benefits does your local government see in applying agreed service level standards to local roads?

This is a very complex area. It is submitted that achieving common service levels across Local Government would be extremely difficult, beyond perhaps the realisation of a simple framework approach. Communities make decisions about levels of service in relation to respective priorities and willingness to pay in rates. Consultation which considers levels of service may form part of Strategic Planning, but more importantly it is a signal of asset management maturity and is part of developing strategic asset management plans. The Local Government Reform Funding will improve consistency of asset management practice, including consultation and setting levels of service and this may prove more important from the perspective of Local Government than a standardised level of service on roads.

The previous comments notwithstanding, it is indeed an issue of concern that a substantial amount of funding goes into building new infrastructure while existing infrastructure is not maintained. Agreed levels of service in regards to roughness and other maintenance standards would provide a greater emphasis on the full rehabilitation of the roads and maintaining them in a smoother and thus safer condition. The responsibilities surrounding maintenance and the issue of who pays i.e. user, government or council, needs to be addressed.

What costs and benefits does your local government see in adopting a common accountability framework?

In general the benefits would be likely to include streamlining of processes, networking, and possible resource sharing.

3.3.2 Expenditure Accountability

What expenditure reporting requirements currently apply to your local government?

The usual requirements that the Federal Government would be aware of, imposed by the State and Federal Governments for special project allocations under the various funding programmes. In addition Local Government in Tasmania has reporting requirements in terms of funding provided through the State Grants Commission. At the State level annual financial reporting is signed off by the Auditor General.

Local Government is a strong advocate of initiatives such as the Roads to Recovery Program, not only because of the strong financial impetus it has provided for infrastructure maintenance across the country but also because of the direct distribution and minimal administration associated with the grant funding.

What costs and benefits can be identified in changing reporting requirements for your local government?

A response to this question would largely depend on what the changes were, in particular the extent of any proposed change in reporting requirements and also on the content and detail required. In theory there may be a possible improvement in efficiency of resource usage if processes are streamlined.
Jurisdictional Oversight

- *What jurisdictional oversight, if any, currently applies to your Local Government?*

Oversight is provided where appropriate by the State Government Department of Infrastructure, Energy and Resources in relation to works.

- *What changes to jurisdictional oversight does your Local Government consider would improve the provision of an economically efficient road network?*

It has been submitted by some member councils that no further oversight is required, nor would such oversight prove efficient if introduced. Proper Council asset management planning requires a Council to meet community needs. In order to achieve this objective, autonomy of a Council to manage its assets without unnecessary restriction from external bodies is necessary. The emphasis should be placed on internal justification rather than forcing Councils to focus on justifying decisions to an external overseer lacking the proximate relationship with the community to which the relevant Local Government body is answerable to.

The funding decisions made by Councils are based on a combination of all council resources, not just roads, and the weighing up of such priorities serves to ensure that funding is allocated to the areas of highest need.

Independent Oversight

- *What costs and what benefits does your local government see in establishing independent oversight of heavy vehicle road expenditure decisions?*

Some member councils have indicated strongly that proposals for the establishment of independent oversight are particularly not supported, not in the least part because they will in all likelihood establish another layer of administration over and above current processes. Further, if the cost of the oversight will reduce the pool of funding that is provided to Local Government, such a measure is unlikely to be supported.

While councils would be reluctant to accept any additional costs brought about by changes to oversight there may be greater acceptance if the expenditure decisions involved additional funding to that now received under current programmes.

4 Community Service Obligations/distributional issues

- *What aspects of current road investment does your local government consider could be defined as a CSO?*

In Tasmania, whilst there are few genuine CSO investments, there are broader community outcomes that can be achieved through well placed, well maintained roads.
5 Incentives

- What incentives currently exist for local governments to proactively invest efficiently for heavy vehicle traffic and in particular to resolving last mile access issues?

Local employment opportunities, primary industry development, tourism and safety are all matters that can impact on proactive and efficient investment. Other factors will also play a role where relevant. For specific example, many arterial roads in Tasmania are fronted with at least some historic stone buildings or residential properties and these can suffer from vibrations caused by heavy vehicle movement. The most effective way to deal with such issues is to maintain the road surface to a high standard of smoothness.

- What incentives could be provided to local government to encourage more efficient investment in response to forecast demand from heavy vehicles?

Improved data/tracking tools may assist such considerations.

There is an acknowledgement that if more money is allocated for roads maintenance and repair, then councils may be prepared to readily accept tighter control over how it was spent.

Concluding Comments

Local roads are the lifeblood of local communities and imperative to their economic viability and development. Sustainable regions depend upon appropriate and adequate levels of infrastructure and logistical support for economic and social wellbeing.

A framework that ensures that regions are achieving the maximum benefit from expenditure on roads, based on locally identified priorities and their links with the regional and national priorities is supported.

It appears from the discussion paper that the Federal Government may be seeking to have greater control over where certain Federal monies allocated to a Council’s local roads are spent, and perhaps even how they are spent. It is not clear from the consultation paper how the change of the current funding model will have an impact on existing council road budgets; however Local Government in Tasmania does not support a model that will result in reduced funding for maintenance of council roads.

It may be that Local Government would have lesser objection to greater control by State and Federal Governments over where and how monies are spent, if additional funding were supplied to maintain and improve the road network; however responses would likely differ between councils based upon individual circumstances.

LGAT appreciates the opportunity to provide feedback and welcomes the opportunity to continue to work with the CRRP project team in relation to this matter. If you have any further questions then please contact Melanie Brown, Policy Officer, Local Government Association on 03 6233 5962 or melanie.brown@lgat.tas.gov.au.