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Submission to the National Land Freight Strategy

The Local Government Association of NSW and Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government. We thank you for the opportunity to comment on issues relating to the Australian Government's National Land Freight Strategy from the NSW Local Government perspective.

Together, the Local Government Association and the Shires Association represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community.

(1) Introductory Comments

Local Government has complex accountability responsibilities. Each council is democratically elected and its representatives are independent and accountable through basic democratic processes to their communities. In NSW each council is also accountable to the State Government through the *Local Government Act 1993*, and through their more recently implemented Integrated Planning & Reporting Framework (IPR). This requires councils in NSW to develop and implement Community Strategic Plans, Delivery Programs, Operational Plans and Annual Reporting over short, medium and longer term timeframes.

Local Government's primary interest in freight comes from its responsibilities for local roads. The maintenance of the local road system is one of Councils' major tasks and in most councils it is the single largest item of expenditure. The local road system is a significant component of the national and state transport system totalling in NSW some 164,000 km, or about 90% by length of all roads in the state.

Other than through this huge local road management task, Local Government generally plays no direct role in the provision of other forms of freight such as rail and ports infrastructure. Nonetheless, councils maintain a keen interest in these broader transport outcomes either through their role in local and regional land-use planning or as a general advocate for local and regional economic development issues.

Local Government acknowledges the importance of freight transport for productivity and economic development in national, regional and local contexts. The identification of a defined and integrated national land freight network will assist all levels of government in their ongoing strategic planning, investment and infrastructure programs. Councils in particular are looking for guidance from other levels of government to better inform their own asset management and infrastructure investment priorities, especially given the limited funding currently available for these programs.

(2) Funding & Asset Management Issues

Currently on average only 35% of funding for NSW council road assets is sourced from Commonwealth and State Government grants, mainly Commonwealth Financial Assistance and Roads to Recovery grants along with NSW State Government Regional Road Block grants. The remaining 65% is left to councils to source through their own revenue means, mainly land rates. The ability to increase this proportion is exacerbated in NSW where rates are formally pegged by the State Government.

Funding is one of the key issues in Local Government's attitude to the increasing freight task and its impact on local road networks. Councils need new funding mechanisms to be able to share in the productivity improvements accruing to the heavy vehicle and logistics industries generally through the use of higher-productivity vehicles and other transport efficiency gains, which otherwise do not provide Local Government with any direct financial benefit. This would provide councils with a mechanism to address the road upgrades that these vehicles require to use our roads and to redress the huge infrastructure funding backlog facing councils around the state and nation.

There are presently insufficient funds available to Local Government to maintain the local road network even in its current condition. This applies to the entire existing local road network, irrespective of issues specifically related to any new operations of certain types of heavy vehicles. NSW councils face an annual funding shortfall of \$600m to address existing maintenance needs of local roads, according to research by the Institute of Public Works Engineering Australia. Across the nation, the Australian Local Government Association (ALGA) estimates the figure at least \$1.2 billion per year. So while Councils are looking for financial incentives to open up local road networks, i.e. grants, access charges, mass/distance charges etc, any additional funding opportunities must firstly fit within councils existing financial and asset management framework. These mechanisms are already stretched (both financially and through other resource limitations) to accommodate routine infrastructure maintenance and upgrades to existing local road networks, let alone any additions or enhancements to those networks identified within a national freight strategy.

As stated in (1) above, councils in NSW will need to consider any freight strategy investment program in the context of the State Government's new Integrated Planning & Reporting Framework (IPR). This requires councils in NSW to develop and implement Community Strategic Plans, Delivery Programs, Operational Plans and Annual Reporting over short, medium and longer term timeframes. With these planning frameworks in mind, councils will need robust and consistent information from the Freight Strategy process to include in their planning and investment programs.

Also, any new funding mechanism developed to assist implement a National Freight Strategy on local roads must be clearly separated from and additional to existing Commonwealth, State Government and Local Government road funding sources. This is the only way that councils will be able to fund the additional costs of opening up their local road networks for example to more heavy vehicles, on top of their existing road maintenance funding commitments.

For the vast majority of councils there is no direct incentive to invest proactively for heavy vehicle traffic since there is no direct link between heavy vehicle usage and income for road improvements and

maintenance. Nevertheless, most council's are motivated to do what they are able to encourage improved productivity and increased economic growth (or to avoid negative growth). Many councils are involved in regional transport groups or Regional Organisations of Councils (ROCs) which are interested in working to improve economic and employment outcomes for their respective regions. The Associations are comfortable with a model that may deliver a more substantial level of funding, linked to the Freight Strategy in some way, to councils via a strategic regional type arrangement. This could be achieved in NSW for example through the existing ROCs or NSW Roads and Traffic Authority Regional Road groupings, rather than through small amounts of money flowing to individual councils, but in insufficient amounts to allow for any meaningful infrastructure improvement. This is provided that any new funding arrangements are:

- administratively simple and transparent for road authorities and operators alike;
- based on a clearly articulated and agreed freight strategy; and
- available to all affected councils over time.

It will also need to include provision for transiting traffic, i.e. traffic not originating or destined for a particular Local Government Area but nonetheless travelling through that area and making use of their local road network.

(3) Community Concerns about Freight

Improving freight efficiency, while a sound macro-economic policy, does not always provide optimum outcomes for local communities, both from infrastructure impact and road safety/amenity perspectives. Many local communities, especially in urban contexts, have concerns at the affect of increased numbers and mass of heavy vehicles, especially local road safety and amenity issues. This may reflect general community attitudes to heavy vehicles, or a general lack of understanding of the benefits of higher productivity vehicles. It is vital therefore, that a freight strategy include consideration of these other community impacts, attitudes and perceptions surrounding the various transport modes within the strategy.

(4) Rail Transport

In many regional areas of the state rail branch line closures have forced additional heavy vehicle movements onto adjacent local road networks. Councils feel that rail transport must be explored as an alternative to road transport where possible, through use of existing under-utilised rail lines, through the development of new trunk routes such as the North-South Inland Rail project, and through the use of appropriate financial pricing signals to encourage where possible a greater degree of competition between rail and road modes of transport. Neither is this issue restricted to rural and regional areas of the state. Councils in metropolitan areas are facing increasing levels of heavy vehicle traffic on already congested local roads, for example in areas located near or affected by access to Port Botany in Sydney. Initiatives to greatly increase the rail modal share of this traffic must be addressed through this Strategy.

A freight issue of particular concern to councils in the grain growing regions of NSW is the condition and the closure of rail lines with primary role of transporting grain. The running down and closure of these lines means that grain is being carried increasing distances by road, often on local roads. This is placing increased pressure on these roads without any direct recompense to the council for the extra damage to local roads by the increased traffic.

The use of higher productivity vehicles to cart grain greater distance in some cases places increased pressure to upgrade the roads and bridges to cater for these vehicles, and at the same time further decreases the relative competitiveness of any rail modal option. Local Government perceives this creeping transfer of grain haulage from rail to road as a direct cost shift from state owned rail systems to council owned and managed roads without proper analysis and regard to achieving the best overall transport economic outcome.

The Associations participated in and acknowledge the work done by the 2009 NSW Grain Freight Review, and calls upon the Commonwealth and State Governments to consider and implement the recommendations of that report as part of the development of the National Freight Strategy.

(5) Planning Issues

Local Government acknowledges that effective local planning and the protection of key routes and corridors will be a very worthwhile initiative within the Freight Strategy, and will guide appropriate investment in key local and regional freight links. However, this may be difficult to achieve without thorough and effective co-ordination between the Commonwealth Government and state and regional planning instruments and policies, where these exist. Councils in NSW recognise the importance of an overarching Strategic Freight Strategy to inform these decisions, but this must be developed in conjunction with related state and regional transport and land-use planning mechanisms. As previously stated, funding for Local Government transport infrastructure is extremely limited and in many cases already over-committed, so councils are looking for a strategic framework on which to base decisions as to where these limited funds are best spent.

(6) Data Collection

Local Government supports the implementation of improved data collection. Most councils have road use and condition data and asset management plans to help determine maintenance and new works programs, and there are numerous data and asset management initiatives being undertaken by the Australian Local Government Association, state and territory associations and professional engineering and transport organisations, to trial new technologies and systems to optimise roadworks and other infrastructure investment programs. We would be supportive of a framework which for example improved accountability of Local Government asset management programs and data collection/provision as a pre-requisite for enhanced funding outcomes to support a national freight network, provided as previously stated, that this additional funding was in addition to existing Local Government funding sources.

(7) Jurisdictional Issues

The NSW Roads and Traffic Authority have been working with the road transport industry and Local Government in seeking improved general “last mile” access on council-controlled local road networks for various heavy vehicle categories. We therefore feel that whatever new freight initiatives developed at the national level must be progressed in NSW in a full and open way making use of existing mechanisms involving all stakeholders and especially making use of the extensive working relationship Local Government has developed with our respective state road and/or transport authorities. This would be far more effective than piecemeal bilateral arrangements that may bypass one or more of the levels of government and industry.

Thank you again for the opportunity to contribute to your considerations on this matter, and we look forward to your ongoing involvement with Local Government as the Government and Infrastructure Australia further develops the national land Freight Strategy.

Yours sincerely

Noel Baum
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