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**“Roads and Transport Infrastructure - Who Plays, Who Pays?”  
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Introduction

This paper focuses on two key issues confronting Local Government in Queensland today. They are future funding arrangements for road and transport infrastructure in this State and a new approach to regional cooperation between councils and the Main Roads Department.

The significance of the road and transport sector to Queensland Local Government is demonstrated by the fact that councils spend in aggregate one third of their total outlays on this responsibility.

As many of you would appreciate, Local Government is setting the agenda rather than responding to other levels of government. Through two initiatives I will expand on in a moment, we are exploring how we practically and realistically deal with the biggest issue now bedeviling us - how to close the gap between demand for decent roads and public transport and the money available to do the job. As is often the case, the answer is in two parts, that is, raise more money and become more efficient and effective in how we spend it – attack the problem from both ends.

The Layton Inquiry

In January 2002 the Local Government Association of Queensland (LGAQ) launched its third Public Inquiry. Chaired by Professor Allan Layton, Head of the School of Economics and Finance at QUT, the key objectives set for the Inquiry were to:

1. Identify funding alternatives to satisfy Queensland’s road and transport infrastructure needs over the next 20 years, and
2. Determine, by way of research and community consultation, the most suitable means of obtaining the necessary funds.

The intention of the LGAQ in commissioning this Inquiry was to provide government decision makers with a comprehensive range of funding alternatives, hopefully as a valuable input to its infrastructure funding decision making process.

### *The Transport System*

To put the Inquiry into perspective, the following information is a useful starting point. Queensland transport infrastructure includes roads, rail, airports, sea ports as well as other public transport infrastructure. According to Queensland Department of Transport publications, the system includes: -

- 174,000 km of road network;
- over 9,400 km of rail track;
- over 130 airports;
- 2 of Australia's largest international airports;
- 14 trading ports and 2 community ports.

The users of the system are:-

- 2.5 million licensed drivers;
- 2.4 million registered vehicles;
- over 157,000 registered recreational vessels;
- over 5,000 registered commercial vessels;
- 6,400 accredited transport operators;
- 32,500 authorised drivers of public transport.

Each year in Queensland:-

- approximately 440 million tonnes of freight is moved by road, sea, rail and air;
- vehicles travel 34.7 billion kilometers;
- 1.3 million passengers arrive at Queensland's international airport;
- an estimated 185 million tonnes of goods pass through Queensland ports;
- over 6,400 ships visit Queensland ports.

On an average week day in south-east Queensland, an estimated:-

- 9 million trips are made for all purposes;
- 593,000 passenger trips are made on public transport.

The road system is the most significant element of transport infrastructure. The Bureau of Transport Economics (BTE) has estimated that around 93% of passenger transport in urban areas is by road vehicle. Around 65% of total domestic freight is carried by road transport.

The road network in Queensland is some 174,000 kilometres in length. Local Government is responsible for 140,000 kilometres or 80 percent, carrying 20 percent of the traffic. The State is responsible for 34,000 kilometres or 20 percent, carrying 80 percent of the traffic. The State-controlled network is estimated to have a replacement value of more than \$23 billion<sup>1</sup>. The Local Government controlled network is estimated to have a replacement value of more than \$10 billion.

### *The Funding Gap*

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<sup>1</sup> Queensland Public Works Committee, Report No. 64, March 2000, p.3

Before focusing on the findings of the Inquiry it is worth spending a few moments on the magnitude of the problem confronted by governments. There is no comprehensive documentation of the overall funding requirements necessary to provide Queensland with an efficient and effective transportation system over the next 20 years. However, there are a number of sources that highlight what we are confronting.

Integrated Regional Transport Plans (IRTPs) which are now being prepared in a number of regions in Queensland are attempting to document the overall investment needs.

The SEQ IRTP<sup>2</sup> notes that “... *to maintain the current levels of access and mobility, up to \$31 billion will be needed for system improvements, operating costs and maintenance over the next 25 years, and \$19 billion for capacity enhancement for roads, rail, and other public transport.*”

The IRTP estimated that the shortfall between likely available funding and the need for investment to expand the transport system was in the range of \$10-\$12 billion over the next 25 years. It also estimated that the cost of not implementing the IRTP would be of the order of \$12 billion per year, a result of increased congestion arising, for example, from an estimated doubling of road use over a 20 year period.

Research by the Bureau of Transport Economics<sup>3</sup> reveals that Brisbane faces the most significant increase in the cost of congestion of all State capitals over the next fifteen years. Congestion costs in Brisbane are estimated to rise from \$2.6 billion per year in 1995 to \$9.3 billion by 2015, almost a 260% increase.

The State Infrastructure Plan 2001 prepared by the Queensland Government identifies a \$4.8 billion backlog of rehabilitation and maintenance works on State controlled roads alone. The report<sup>4</sup> notes that the road freight task has more than doubled in the last decade and states “... *road damage caused by increased industry and freight usage leads to increased running costs of vehicles, longer traveling times, deterioration in the quality of perishable goods carried and reduced access for tourists and communities. These factors raise industry costs and lead to declining efficiency and competitiveness.*” While this Plan recognises that funding is the most significant issue to be resolved, no specific funding mechanisms are suggested.

The Queensland Government<sup>5</sup> identified an additional capital funding need of \$130 million per annum for 10 years for the National Highway System (NHS) in the State. This is 100% above existing capital allocations. In its submission to the Inquiry, the Queensland Government notes “... *Queensland’s federally funded NHS has been recognized as being among the worst compared to other states. This significantly*

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<sup>2</sup> Integrated Regional Transport Plan for South East Queensland, 1997, p.(xvi).

<sup>3</sup> Urban Transport – Looking Ahead, Information Sheet 14, BTE 1999

<sup>4</sup> State Infrastructure Plan, Strategic Directions 2001, p.131-132.

<sup>5</sup> Queensland Government Submission to Review of Federal Road Funding, January 1997, p.(i).

*impacts on the competitiveness of reliant industries, especially export industries, and the safety of the community”.*

While the Inquiry was not concerned with the precise quantum of the funding gap, the above information points to a need for something of the order of an additional \$1 billion of transport funding each year. To put this in perspective, it is appropriate to note that, in 2000/01, around \$1.1 billion was spent on State-controlled roads annually, with a further \$700 million spent on local roads. Using these figures, an increase in funding of the order of 50% to 60% is indicated if an additional \$1 billion is required.

The key point is that the gap is large and one that cannot be bridged with 5% to 10% increases in budgets of the Commonwealth, State or Local Governments. This implies that the funding shortfall is outside current financing mechanisms which rely on government priorities for investment in transport infrastructure relative to priorities for other essential community services such as health and education.

### *Funding Options*

The Inquiry was informed by the comprehensive community consultation process adopted, including Public Hearings, submissions, stakeholder meetings, and a state-wide sample survey.

Some of the financing options raised for consideration by the Inquiry included:-

- Continuing pressure on the Commonwealth Government to allocate a greater proportion of Federal fuel taxes to roads and transport;
- Elimination of the Queensland Fuel Subsidy Scheme, in whole or part, to bring Queensland generally in line with fuel pricing in all other States/Territories;
- Greater private sector involvement in infrastructure provision;
- Greater use of user pays mechanisms (particularly tolls, congestion pricing and parking charges), including use of “smart” technology;
- Increased public sector borrowing;
- Development impact fees; and
- Other financing methods (tax incentives, accelerated depreciation, infrastructure bonds).

Whatever funding options are adopted, the reality is that the community must pay if it is to achieve the desired quantity and quality of transport infrastructure. A key concern, of course, must be the equitable spread of these additional costs across the community.

The following sections summarise some of the key findings of the Inquiry, and provide details of the recommendations:

## **1. Commonwealth Funding**

The Inquiry stated that pressure must be maintained on the Commonwealth Government to give motorists a better deal in terms of returning a greater share of fuel tax revenue to roads and transport. The Inquiry did however, recognize that hypothecation of a substantial portion of fuel taxes to roads and transport is unlikely, unless the community is willing to accept increased taxation in other areas in order to fund the lost general revenue source.

The Roads to Recovery Program has been well received by councils because it targets local roads, which have generally been ignored by the Commonwealth in its focus on National Highways and Roads of National Importance.

Continuation of the Roads to Recovery Program beyond 2004, with similar funding levels to the current program, should be an achievable target for the Commonwealth Government.

**Recommendation 1.**

- **Local Government to continue to lobby the Commonwealth Government to achieve an extension of *Roads to Recovery* funding.**
- **The Commonwealth to allocate a minimum of 16% of fuel taxes to roads and urban public transport initiatives, increasing to 20% by 2008.**

## **2. Queensland Fuel Subsidy Scheme**

The Inquiry received strong submissions arguing for the elimination of the current State Government subsidy of 8 cents per litre on fuel prices in Queensland. The surveys also indicated that there is not strong opposition in the community to removal of the subsidy provided there is some relief to the cost of registration, along with hypothecation of the balance to road and transport improvements.

This subsidy is now costing the Queensland Government an estimated \$480 million per annum, and is quite costly to administer. The removal of this subsidy has the potential to raise such a significant amount of new funding that it cannot be dismissed lightly. While motorists may be expected to be concerned about increases in the cost of fuel, they are also increasingly frustrated by the economic, social and environmental consequences of sub-standard roads throughout the state.

The Inquiry found that significant net benefits will accrue to Queensland by the elimination of the subsidy, and that it is essential for the State Government and Opposition to provide bipartisan leadership on this issue by promoting a full and informed public debate on the matter.

While the Inquiry believed that the greatest overall benefit would be obtained by removal of the subsidy state-wide, the more negative attitude of the rural population, currently expressed to this approach, is a concern. It would be feasible to have a staged process,

with the first stage of fuel subsidy withdrawal being in SEQ. However, if the rural population prefers maintenance of the subsidy, then they must also accept that very little of the funding obtained from subsidy removal in SEQ could reasonably be allocated to rural localities.

Another option could be removal of the full 8 cents per litre subsidy in SEQ (and possibly in other coastal areas), but only partial subsidy reduction (say 4 cents per litre) in the balance of the State outside major urban centers. This approach would provide some relief for rural communities but would still result in a substantial saving (around \$400 million) to be dedicated to road and transport improvements. Such an approach is feasible as the administrative costs would be substantially reduced by subsidy elimination in the populated urban areas.

The LGAQ's Executive, when it considered the Report identified that the abolition of the subsidy could be phased in over a number of years to lessen the impact on fuel prices.

**Recommendation 2:**

- **The State Government to eliminate the QFSS, with all revenue saved as a result being dedicated to providing additional funding for roads and public transport infrastructure across the State and to reducing vehicle registration charges to a level, on average, similar to that elsewhere in Australia.**
- **Funding from this new pool should be allocated on a needs basis across the State, including funding of local roads.**
- **If elimination of the subsidy in rural locations is not accepted, then either of the following options should be considered as a first stage: (a) the subsidy should be withdrawn in SEQ with all revenue retained dedicated to providing additional funding for roads and transport infrastructure in SEQ; or (b) the subsidy should be fully withdrawn in SEQ and coastal localities while in the rural balance of the state a 4 cents per litre subsidy should be retained. All revenue retained should be dedicated to providing additional funding for roads and public transport infrastructure across the State and to reducing vehicle registration charges to a level, on average, similar to that elsewhere in Australia.**
- **If the QFSS is eliminated, roads and public transport spending, in real terms per capita, should increase over existing budget allocations by the full extent of this additional funding.**

### 3. Private Sector Involvement

In recent times, the concept of Public Private Partnerships (PPPs) has been raised as a way of delivering required services sooner, at reduced cost to the community.

It was apparent to the Inquiry that there will be a number of road and transport projects in the State that are best suited to a PPP type arrangement. Predominantly these projects will be within SEQ where high volumes of traffic exist, and congestion on existing routes

will make alternative toll facilities able to pay their way. There are strong arguments in relation to risk sharing, along with private sector capacity for innovation in design, construction and maintenance which can provide infrastructure at a lower cost.

Notwithstanding this, the Inquiry did not see the implementation of PPPs as a major factor in increasing funding for roads and transport infrastructure in the State. However, at the margin, PPPs will represent a useful way forward for a number of important projects.

**Recommendation 3:**

- **PPPs should be encouraged by the State Government as one mechanism to accelerate the provision of key elements of the road and transport system, particularly in SEQ. Risks of ownership should be suitably transferred, and the need to maintain appropriate levels of service on alternative facilities or services taken into account under agreements.**

#### **4. Toll Roads**

Toll roads are one option in providing improved levels of service, but are usually only of relevance where there are substantial traffic volumes likely to use the facility. Community reaction against some previous toll projects has made this option unattractive to many politicians in Queensland.

It was nevertheless an option that has been suggested to, and considered by the Inquiry. Electronic tolling provides new opportunities to implement user-pays approaches without the inconvenience of stopping at toll booths.

The community surveys indicated that toll roads would be accepted by the community provided reasonable untolled routes are still available. Given that toll roads are likely to offer a premium service, particularly in travel time savings, it seems reasonable to expect that an alternative route should be available for those who do not place a high value on their time, or may not have the resources to pay the premium charge.

This principle should also be seen in the context of the view of many motorists that they are already paying for road use through fuel taxes. Motorists using the non-tolled route also receive a benefit from the introduction of the toll road as a consequence of traffic diverting from the non-tolled route, and subsequent reduced congestion.

**Recommendation 4:**

- **Toll roads should be regarded as an appropriate mechanism for provision of premium road infrastructure, with costs recovered directly from users by electronic tolling methods.**
- **Any new roads funded by tolls should maintain an alternate route for traffic not wishing to pay for the premium service.**

## 5. Cordon Pricing

An extension of the user-pays concept includes the concept of cordon pricing, where, for example, all vehicles entering the congested CBD area would be charged a fee.

With electronic systems, cordon pricing can be quite flexible. For example, the charges could only apply in designated peak hour periods, providing an incentive to modify travel behaviour or work patterns.

One issue to consider is how the revenue collected from such systems is used given that the charge is not related to a specific piece of infrastructure. Greater public acceptance is likely where funds are channeled back into infrastructure that can reduce the need to use the cordon routes at peak periods. This would include public transport and ring roads which provide alternatives for those not wishing to go through the congested area.

The Inquiry recognized that cordon pricing has limited application, and is most applicable to the Brisbane CBD area.

### **Recommendation 5:**

- **Electronic tolling approaches including cordon tolls and other network tolling approaches should be supported as longer term future options to better target user charges according to costs imposed and benefits obtained from road network use.**
- **Implementation of such systems should be accompanied by transparent dedication of funds to relevant system upgrades including public transport.**

## 6. Parking Levies

A further extension of the user pays theme relates to proposals regarding an annual levy to be applied to car parking space. This approach is only likely to have merit in major urban areas where there is potential to increase utilization of public transport for trips to the CBD.

In Brisbane for example, private parking operators actively promote peak hour travel by offering lower charges for commuters (early bird rates) than for casual users such as shoppers who typically travel in off peak periods. This charging approach is aimed at maximizing profits, but takes no account of the impacts on the wider road network. Ideally, peak hour travellers should pay higher charges than off peak travellers, as the road space requirements are determined by peak conditions.

The Inquiry believed that the ability to levy such an annual parking charge should be available. The revenue obtained from such a levy should be hypothecated to public transport and related infrastructure required to improve access and mobility in the levied area. While the levy is of greatest relevance to Brisbane City, there will be other localities, eg Surfers Paradise, where such a levy could be relevant.

**Recommendation 6:**

- **Local Governments should have the power to levy an annual parking space levy to assist in the capture of road user costs imposed on congested central city areas, and to encourage greater use of public transport. All revenue from such a levy should be required to be used to improve public transport and related infrastructure which will improve access and mobility in the levied area.**

## 7. Public Sector Borrowing

Public sector borrowing is a mechanism which tends to shift the tax burden of infrastructure provision across generations - often referred to as 'intergenerational equity'. Until recently, the Queensland Government policy has generally been based on use of debt to fund capital projects that provide an economic rate of return sufficient to fund the repayment of principal and interest. This approach had the potential to result in under-investment in what could be termed 'social' infrastructure, including roads and public transport.

However, in 2001 the Government introduced a new fiscal charter which now allows borrowing for capital investment provided the servicing of the debt can be met from operating surpluses. Given this new charter, the Inquiry strongly encouraged the State Government to consider using its borrowing capacity and excellent credit rating for financing roads and public transport capital projects.

Many Councils have also been reluctant to utilize borrowing capacity with a significant number of small rural Councils having negligible debt. Around 40% of Queensland councils have a debt servicing ratio less than 5%, which would be regarded as a very conservative use of borrowing capacity.

There would be quite a number of occasions where upgraded road infrastructure in rural communities would bring economic benefits, and where payment of some of the capital costs by future generations is appropriate. If upgraded roads are to be provided from current revenue, then this implies that the funding burden will be carried entirely by the existing population.

If roads are not upgraded because of unwillingness to use some borrowing capacity, then there are inevitable social and economic costs to both current and future road users, including delays in getting products to market and residents not being able to access services in times of road closure.

**Recommendation 7:**

- **Increased use of public debt should be considered by both the State Government and individual Councils, to assist in spreading the costs of infrastructure provision over a number of generations, as well as to provide social and economic benefits to the existing population.**
- **The LGAQ could usefully consider providing support to Councils on this issue in the form of educational seminars for members to enable a better understanding to be developed of opportunities for the appropriate use of borrowing capacity.**

**8. Impact Fees**

The proposed amendments to the Integrated Planning Act will extend road headworks charges to State-owned local roads as well as covering council local roads. However, this does not capture the costs imposed by new fringe development on the wider transport system. There is an argument that a more transport friendly form of development would be achieved if the costs imposed on the transport system were met by developers.

**Recommendation 8:**

**The State Government should further review IPA to ensure that new development pays the full costs imposed on the wider regional road and public transport system.**

*Feedback on Report Recommendations*

The Inquiry released an Interim Report in early May 2002, presenting proposed recommendations. This provided an opportunity for all interested parties to provide feedback and comment. Most comments related to Recommendation 2 on the fuel subsidy removal, with a number of organizations rejecting the removal of the fuel subsidy because of what they perceived as an additional cost burden on Queensland road users.

The Inquiry was surprised that these organizations had not considered the additional benefits that would flow if significant additional funding is available for roads and public transport across the State. Improved roads can reduce costs of congestion in the metropolitan area for both passenger and freight vehicles as well as reducing fuel consumption and vehicle wear and tear and the cost of accidents in other locations.

In addition, there are many private motorists who do not drive significant distances and who would benefit from a \$40 reduction in the cost of registration. The Inquiry estimated that a typical private motorist would be unlikely to face an immediate cost increase of more than \$1.75 per week. This is quite a small up-front immediate cost when compared to the very considerable potential benefits which would ensue from the increased road investment.

For example, the cost of congestion in the Brisbane metropolitan area is currently forecast to increase dramatically in coming years resulting in Brisbane having a forecast

congestion cost per capita more than 2.5 times that for Sydney by 2015. If the cost per capita of congestion anticipated in Brisbane in 2015 was able to be kept to the level forecast for Sydney and Melbourne, the average benefit per person would be more than \$2000 per year.

It is also worth noting that fuel consumption per vehicle under congested traffic conditions is approximately twice that under free-flow conditions, so many metropolitan motorists are currently wasting significant amounts in their daily travel. A further argument sometimes advanced is that Queenslanders need the subsidy because of the greater distances they travel. However, BTE figures indicate Queenslanders apparently travel less distance per capita than the residents of all other States.

As has been outlined in the Report, a not at all unrealistic outcome of the implementation of Recommendation 2 is that a substantial portion of Queensland motorists will, in the medium term, be considerably better off.

#### *Comment*

As a number of submissions to the Inquiry pointed out, ultimately the public must be prepared to pay the price to obtain a road and transport system which meets its needs. Whether funding comes from public sector revenues, from private funds, or from user charges, it is ultimately the community that pays.

While many submissions saw hypothecation of the Federal fuel excise tax to roads and transport as the most appropriate way of obtaining new funds, little comment was made on what Federal programs must be cut to divert this revenue source to roads, or what additional taxation measures they favour to fill the general revenue gap. The reality is that the size of the cake must grow if all needs are to be accommodated. The Inquiry attempted to identify measures which could be adopted by the State and Local Government. These measures were seen as realistic and achievable, and in line with community perspectives.

At the Local Government Association of Queensland's Annual Conference in August 2002, a resolution was strongly supported which recognized the measures recommended by the Inquiry as being the most realistic means by which the funding gap could be bridged. Notwithstanding the possible implications for fuel prices from the abolition of the Queensland Fuel Subsidy Scheme, Local Government in Queensland demonstrated community leadership by not closing its mind to this option given that it contains the best chance of sourcing the quantum of funds required to make a start on the road and transport backlog which exists in the State.

Ultimately, of course, Queenslanders do have a choice. They can choose to maintain the lowest taxes, fuel prices and per capita debt in Australia. However, they must also be prepared to accept that a consequence of this choice may then be an inadequate road and transport system with a relatively poor safety record, higher vehicle operating costs through wear and tear, lack of access in periods of wet weather, low levels of service, increasing congestion and lengthy travel times. The alternative is that they can choose to

support the financing of major road and transport infrastructure upgrade programs across the State using some suitable combination of measures such as those canvassed by the Inquiry.

### The Alliance

At the LGAQ's Annual Conference held in Maryborough in August, Association President Cr Noel Playford OAM and Minister for Transport and Minister for Main Roads Hon Steve Bredhauer, signed a Memorandum of Agreement (MOA) creating the Main Roads and Local Government Road Management and Investment Alliance.

This Alliance is at the cutting edge of intergovernmental relations in Queensland. It builds on the long standing partnership between Councils and the Main Roads Department and creates a regionally based approach to the planning, funding and delivery of the state's road network.

### *The Concept*

Effective management of Queensland's road network is becoming progressively critical due to increased passenger and freight mobility, heavier loads and aging roads with needs exceeding current funding levels. It is worth noting here that if the Association is successful in increasing funds available for road and transport infrastructure through adoption of the Inquiry recommendations, there will still be a shortfall in the funding required. The abolition of the Queensland Fuel Subsidy Scheme will generate some \$400 million per annum which will only go part the way towards the identified \$1 billion per annum funding gap.

In managing the 170,000 kilometres of the State's total network, State Government has responsibility for roads of national and state significance and Local Government has responsibility for local area roads. However, there are lengths of roads owned by both that are regionally significant and would benefit from a collaborative approach to investment at a regional level.

Reforms from the early 1990's demonstrated a collaborative approach between Main Roads and Local government could deliver improved productivity, efficiency and best practice outcomes at a local level. The new Alliance will build on these achievements by taking a regional focus towards the issues of asset management, investment planning, service delivery and commercial operations.

The Alliance will contribute to:

- road investment strategies that focus on improving Queensland's road network
- maximizing the economic development of Queensland's regions
- improved coordination and planning of road projects
- increased efficiency in the delivery of road construction and maintenance

- maintaining employment levels within Queensland regions, particularly vulnerable areas
- avoiding duplication of resources and
- substantiating the case for increased road funding.

Other states have already adopted the Alliance approach to manage their road system. Western Australia has developed their cooperative approach through a system of regional groups of councils working with WA Main Roads. In South Australia, groups of Councils have also formed to make regional investment decisions.

The adoption of the Alliance will have linkages to the national agenda. The Roads and Transport Forum, in May 2001, heard speeches from Hon. John Anderson, Federal Minister for Transport and Regional Services and Martin Ferguson, the Shadow Minister. Both identified the importance of working on a regional basis and the need to ensure that Local Governments have the capacity to show the benefits of road funding.

Earlier in March 2001, at the Australian Local Government's Rural Roads Congress in Mildura, Local Government delegates from around Australia endorsed the report of a committee chaired by Ted Butcher. This report called for more regional approaches to road management fostered through greater technical capability, and preparation of Regional Asset Management Plans. Martin Ferguson again emphasized the need for a regional approach when he addressed this year's ALGA National Roads Congress in Toowoomba in August.

There are some recurring themes with a joint management approach. Local Government and Main Roads both:

- have the same issues;
- have limited resources;
- need to look at resource sharing;
- should consider the regional implications of their investment decisions;
- can develop similar asset management systems;
- should have shared priorities for the total road network;
- can jointly improve capability; and
- can benefit from increased economies of scale, scope and longer timeframes.

To address these issues it stands to reason that there needs to be a stronger partnership between Local Governments and the State Government that builds on current strong relations and past successes.

To ensure that the most appropriate model was adopted to suit the Queensland conditions, investigations emphasised the importance of satisfying the needs of the Queensland's Local Governments and the Main Roads Department in joint management and decision-making. A number of options were explored and refined and

are reflected in the MOA and Operational Guidelines signed at this year's LGAQ Annual Conference.

### *Investigations*

Prior to the adoption of the Alliance concept the Association, in conjunction with the Main Roads Department, undertook the most extensive investigation and consultation process for any new policy initiative. Development of the concept took almost two years involving six months from February to August 2002 of intense consultation with Local Government representatives and Main Roads staff prior to finally signing the Alliance into existence.

This involved the formation of Reference Groups for both Main Roads involving senior staff from head office and the regions and for Local Government involving councillors and staff from across the State involving geographically dispersed and different sized councils. These groups managed the investigation and consultation processes from both perspectives. An Asset Management Committee was formed to oversee the development of road asset management system which had been identified by councils at the commencement of the investigations as the most significant potential benefit presented by the Alliance.

Working Papers were produced about the key elements of the Alliance and provided the basis for the consultation program. These documents have now been developed into the Operational Guidelines which provide the blue print for the Alliance structure and implementation.

Four Pilot Groups were formed of Council and Main Roads representatives to ground test the concept and the key elements contained in the Working Papers. These groups were chosen to cover the diverse nature of situations across the state.

Regional Consultations involving councillors and staff and Main Roads officers were conducted in 17 centres providing the opportunity for wide ranging input and debate about the strengths and weaknesses of the concept and what was required to enable it to operate effectively across the state.

Finally, the program at the Association's Annual Roads and Transport Forum in May 2002 was devoted to the Alliance and a straw poll of attendees gave the concept a vote of approval.

### *The Structure*

The Alliance will be built on a statewide network of 10 to 15 Regional Road Groups (RRGs) across the state consisting of councillors and a Main Roads officer. These groups, will be supported by Technical Committees comprising engineering staff from the councils in the regional group whose task it is to advise the RRGs.

The RRGs will be the decision making bodies responsible for the planning, funding, and delivery of construction and maintenance works on a set of roads known as Local Roads of Regional Significance (LRRS).

The LRRS network will consist of roads which perform similar functions selected in accordance with established criteria from the lower order State-Controlled District Roads set and the upper order Local Roads network. Across the state some \$200 million per annum is currently spent on these roads demonstrating the potential for economic and social benefits to flow from the Alliance.

Through the adoption of improved asset management systems providing essential road system data and the implementation of a works development process involving regional planning studies identifying road needs, shared funding arrangements and project prioritization guidelines, works programs with better network outcomes will be developed. Joint purchasing and resource sharing opportunities will increase program delivery savings and provide the basis for ongoing capability development.

### *Implementation*

Implementation of the Alliance concept starting with formation of the Regional Road Groups commences in October. Formation of the 10 to 15 RRGs is anticipated by December with the implementation of the full suite of Alliance elements taking up to two years to finalise across the state. Some regions will move quicker than others were there a history of regional cooperation on road or other issues. This process will be facilitated by the LGAQ and Main Roads with the State Government committing \$2 million per annum to assist with implementation with the initial priority being focussed on Road and Bridge Asset Management systems.

The significance of the priority being given to the introduction of Road and Bridge Asset Management Systems is found in the benefits to flow not only from the improved decision making that can be made at the local and regional levels but also from the aggregation of core road system data at the state and national levels. This information is essential to the case for additional road funding through identifying the needs and quantifying the amount required for the preservation and further development of the national road network.

### *Comment*

Whilst the Alliance is primarily about roads it is as much about relationships and their importance to achieving outcomes of mutual benefit. The Alliance concept is built upon the long standing partnership between councils and Main Roads. To date this has been a bilateral relationship, one on one between each council and a Main Roads District. It will now be a multilateral relationship firstly, amongst a regional group of councils and secondly, that group with the relevant Main Roads District office for the region.

Promoting the concept was not without its risks. Councils do not always see eye to eye with one another and support for regionally based priorities does not necessarily sit comfortably with mayors and councilors who will remind proponents of regionalism that they get elected locally not regionally. There are also those who are skeptical about the motives of Main Roads and see the Alliance as a take over.

The extended consultation process involved in the development of the Alliance was as much about dealing with those concerns and putting in place checks and balances to address them as it was with the complexities of the arrangements necessary to make it work.

### Conclusion

On the Funding Inquiry and the Alliance, the Local Government Association of Queensland did as it so often does – it took the lead on issues of strategic importance to Local Government as our member councils have regularly asked the Association to do through member attitude surveys.

Through consultations with its members and negotiations with the Main Roads Department the Alliance is now a reality. This LGAQ initiative will in time see significant advances in the investment and management decisions of councils and Main Roads in relation to the local and regional road infrastructure of the State – to the mutual benefit of both and, in particular for the road users of the state as a whole.

The Funding Inquiry has identified funding alternatives that will go a long way towards satisfying Queensland's road and transport infrastructure needs over the next 20 years. It has also, by way of research and community consultation, determined the most suitable means of obtaining the necessary funds.

The objective of the LGAQ in commissioning the Inquiry was to provide government decision makers with a comprehensive range of funding alternatives, hopefully as a valuable input to its infrastructure funding decision making process. The Inquiry has done just that.

The response of the State government to immediately dismiss the abolition of the Fuel Subsidy Scheme as an option is disappointing but not surprising. The mantra of “no new taxes” has just about run its course as the State will soon bankrupt itself with the continuation of this policy. Public sector pay rises will bring this to an end let alone the need to invest in the state's road and transport network. The so called economic advantage resulting from the low tax state will inevitably become the State's albatross as the economic and social costs of doing nothing overtake whatever advantage remains.

The LGAQ and Local Government in general can take credit for opening the public debate that is now emerging on the issue of state taxes and infrastructure needs. Local Government has taken the lead on the road and transport front by identifying what needs to be done, working out how much it will cost and how to overcome the

obstacles. On this score Brisbane City Council is to be congratulated on its visionary Transport Plan 2002 – 2016. It is to be hoped the State Government can bring itself to show the political leadership, indeed political courage, needed to return Queensland to the preeminence it once held in terms of its economic infrastructure.