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Roads to Recovery Program

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ROADS TO RECOVERY PROGRAM

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Abstract

The paper covers the review of the Commonwealth Government's \$1.2 billion *Roads to Recovery* Program. The *Roads to Recovery* Programme was designed as a single intervention by the Commonwealth to address the specific problem that much local government road infrastructure is about to reach the end of its economic life and its replacement is beyond the capacity of local government. The review found that the *Roads to Recovery* funds have generally been well used in ways consistent with the intention of the programme, namely to address the backlog of works on local roads. The paper argues the case for local government to take the initiative in developing a national database and set of performance indicators for transport assets to present and argue the case for investment in national transport infrastructure to government and the community.

Key Words: Roads to Recovery Programme, Transport Infrastructure Investment, Performance Indicators, National Database.

Introduction

In November 2000, the Federal Government announced a \$1.2 billion boost in its funding for local roads through the *Roads to Recovery* Programme. \$850 million was to be spent in rural and regional Australia. The Programme was to run from 1 January 2001 to 30 June 2005.

The *Roads to Recovery* Programme was designed as a single intervention by the Commonwealth to address the specific problem that much local government road infrastructure is about to reach the end of its economic life and its replacement is beyond the capacity of local government.

Pressure soon developed on the government to extend the programme beyond 2005. The Deputy Prime Minister, the Hon John Anderson MP, indicated that the Government would consider extending the programme after a joint review by the Australian Local Government Association (ALGA) and the Department of Transport and Regional Services (DoTaRS) to address how well the money already provided was spent.

In 2000, the Commonwealth decided to review all Commonwealth funding of

transport infrastructure. A Green Paper on the new arrangement, AusLink (DoTaRS) was issued in November 2002 for comment. The review of the *Roads to Recovery* Program was brought forward to provide input into the AusLink process.

Review of the Programme

The review of the *Roads to Recovery* Program included a number of sources including;

- Data provided by councils to the Department when registering their projects and information on payments made under the programme.
- A national survey of all councils, and
- An in-depth survey of a smaller number of councils to study what each council did with their funding and why.

279 councils responded to the national survey covering all States and the Northern Territory and all council categories.

14 regional workshops were held with 83 councils in all States and the Northern Territory to brief councils on the data required for the in-depth analysis. 48 councils

responded with additional data. Asset and financial data from 39 of these councils was used for the asset management analysis and 41 councils provided further supplementary data on 98 individual projects for the economic analysis.

Review Findings

The key finding of the review (DoTaRS and ALGA 2002) was that Roads to Recovery Funds have generally been well used in ways consistent with the intention of the programme, namely to address the backlog of works on local roads.

The works undertaken has a strong safety emphasis with transport efficient and economic development the next most common objectives. The average Benefit Cost Ratio for projects was calculated at 1.8. The program provided economic stimulation to local economies across Australia and generated employment particularly in rural and regional areas. An important issue was the widespread and growing recognition by councils of the value of good asset management.

The Roads to Recovery Programme has gone a long way towards addressing the local roads problem but many deficiencies remain both in terms of the maintenance of the existing road system and the need to upgrade and in some cases to extend it.

Councils' Views on the Programme

Councils saw three main strengths of the programmes as:

- Local decision making, which enabled them to implement their own priorities,
- Simple reporting requirements and other administrative requirements, and
- Direct funding to councils without state Government involvement.

The Backlog to be addressed

The local roads funding shortfall was estimated, prior to the *Roads to Recovery*

Programme, by the National Office of Local Government at \$630 million over the next five years (DoTaRS and ALGA 2002). This funding shortfall is expected to increase as assets age.

The problem for local government was expressed at the regional workshops as being two fold, being a shortfall in funding to:

- Extend the existing sealed road network to meet increasing community expectations, and
- Maintain and renew the existing road network.

Impact on Renewal Cycles

The review found that the level of expenditure prior to the *Roads to Recovery* program would equate to an average renewal cycle of the road asset of 55 years. The \$300 million contribution from the programme had the effect of reducing the average renewal cycle to 47 years.

Asset Management Implications

The review measured the impact of the Roads to Recovery Programme on the rate of consumption of the road asset. For the councils who responded to the regional workshops data, the change in Written Down Current Replacement Cost (WDCRC) was calculated for prior to and during the programme for sealed roads, unsealed road, bridges and for the total network.

SEALED ROADS				
Year	Asset consumption \$M	Renewal & upgrade capital exp \$M		Change in WDCRC \$M
		Normal	R2R	
99-00	-118.0	83.5		-34.5
00-01	-118.0	83.5		-35.5
01-02	-118.0	83.5	20.7	-13.8

Table A. Change in Written Down Current Replacement Cost for Sealed Roads

UNSEALED ROADS				
Year	Asset consumption \$M	Renewal & upgrade capital exp \$M		Change in WDCRC \$M
		Normal	R2R	
99-00	-48.6	13.6		-35.0
00-01	-48.6	13.6		-35.0
01-02	-48.6	13.6	5.9	-29.1

Table B. Change in Written Down Current Replacement Cost for Unsealed Roads

BRIDGES				
Year	Asset consumption \$M	Renewal & upgrade capital exp \$M		Change in WDCRC \$M
		Normal	R2R	
99-00	-4.9	3.0		-1.9
00-01	-4.9	3.0		-1.9
01-02	-4.9	3.0	3.9	+2.0

Table C. Change in Written Down Current Replacement Cost for Bridges

TOTAL ROADS AND BRIDGES				
Year	Asset consumption \$M	Renewal & upgrade capital exp \$M		Change in WDCRC \$M
		Normal	R2R	
99-00	-171.5	100.0		-71.5
00-01	-171.5	100.0		-71.5
01-02	-171.5	100.0	30.5	-40.9

Table D. Change in Written Down Current Replacement Cost for Roads and Bridges

The change in Written Down Current Replacement Cost is a measure of consumption of the asset. The *Roads to Recovery* programme reduced the rate of asset consumption for local roads and bridges from \$71.5 million annum to \$34.5 million per annum for the four years of the programme. For bridges, the decline in asset consumption was reversed, recognising the greater emphasis given by councils to renewal of bridges.

At the end of the *Roads to Recovery* programme, consumption of the asset is

forecast to revert to its pre-R2R levels of \$71.5 million per annum.

The level of service of local roads could be maintained at its current level if the Roads to Recovery programme was continued and doubled.

A Future Roads to Recovery Programme

The Roads to Recovery Programme will end on 30 June 2005. Funding for local roads, if any, will be contained within AusLink.

The Hon John Anderson MP, Deputy Prime Minister and Minister for Transport and Regional Services advised the 4th National Local Roads Congress (2003) "that the AusLink package will include special measures to support regional land transport infrastructure. This will be targeted at local transport links of regional and national economic significance. These are links that might:

- Carry out a connecting function across more than one local government area;
- Form an important part of the economic development strategies within regional areas;
- Play a critical roles for regional industries;
- Provide travel time and distance savings by connecting towns, cities and regions; or
- Provide access to export related transport networks, through railheads, higher-order regional roads, freight depots, ports or major airports."

The Commonwealth would assess projects against these objectives on a merit basis and would expect project proponents to be able to demonstrate that their proposals:

- Are consistent with regional and state level strategic planning;
- Have broad support from the relevant stakeholders; and

- Include a funding contribution consistent with the expected regional benefits of the project.”

Lessons from the Review

No National Data Knowledge Base

One of the difficulties of the review was collecting reliable data on the local road system. Councils have a large amount of data on their local road system and linkages to economic development within their council area but this knowledge is not readily available at the State and national level.

National and Local Objectives

The Commonwealth defined outcomes to be achieved under the Roads to Recovery programme including:

1. Road safety
2. Regional Economic Development
3. Achievement of asset maintenance strategy
4. Improved access for heavy vehicles
5. Promotion of tourism
6. Improvement of school bus routes
7. Access to remote communities
8. Access to intermodal facilities
9. Traffic management
10. Improved recreational opportunities
11. Amenity of nearby residents
12. Equity of access (remote areas)
13. Other

The types of projects submitted by councils under the *Roads to Recovery* Programme covered a wide and varied range of projects ranging from a \$9 million upgrading of the Gaven Way for Gold Coast City Council to providing basic all weather access for remote communities.

The varied projects indicated the wide range of priorities for roads at the local level and linkages to local strategies and objectives. Response from the regional workshops was that councils' *Roads to Recovery* projects were targeted at the highest value local objectives.

The task for a future programme will be able to demonstrate the benefits of investment in regional transport infrastructure at the national level.

National Land Transport Objectives

The Commonwealth's national objectives for an integrated land transport network are detailed in the AusLink Green Paper (2002). The Green Paper promotes national objectives for an integrated land transport network which:

- Improves national, interregional and international freight logistics,
- Enhances, national, interregional and international trade,
- Promotes national and interregional connectivity,
- Is consistent with visible long-term economic, social and safety outcomes,
- Is consistent with our obligation to current and future generations to sustain the environment,
- Is based on national and interregional corridors; links to ports, airports, production and distribution centres, connecting intermodal facilities and local links of regional significance – that are of critical importance to national and regional economic growth, development and connectivity, and
- Is planned, funded and managed efficiently, within a framework of reciprocal, responsibility by all levels of government and with the involvement of the private sector.

A National Data Base

Local roads have not been recognised as a political issue in the past. The *Roads to Recovery* program may be seen as the Government's response to emerging issues in rural and regional Australia.

It is time, local government developed a national approach on what are the long-term consequences of the local road maintenance and renewal gap and what is the effect at the national level.

The objective of any national database is to provide data to support national objectives, as outlined in the AusLink Green Paper.

Focus on Transport Outputs and Trends

Local government should develop a common set of national performance indicators for transport assets. This would enable the measurement and reporting of the consequences and trends associated with current levels of investment in transport infrastructure.

A national 'outputs focused' approach would allow individual States to develop independent detailed technical inputs that may be necessary to meet local and regional knowledge needs and be aggregated at the national level to present the case for transport infrastructure investment to government.

An example of a possible linkage between GDP growth and asset reinvestment is shown in Fig 1.

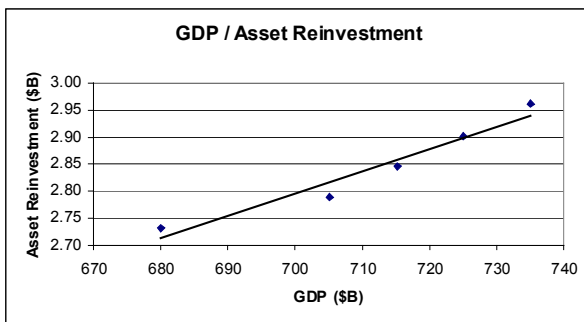


Fig 1. National GDP/Transport Asset Reinvestment (Sample data)

Fig 1 indicates a potential correlation between road asset reinvestment (renewal plus upgrade and expansion expenditure) and gross domestic product.

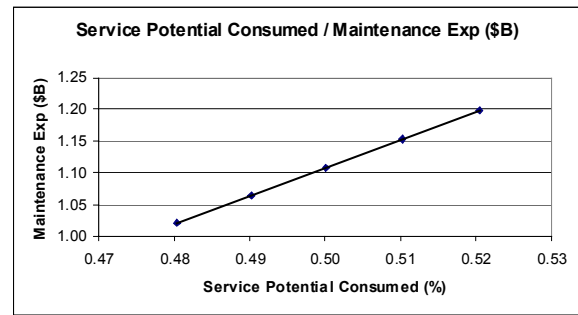


Fig 2. Road Asset Service Potential Consumed / Road Maintenance Expenditure

Fig 2 shows a potential correlation between road maintenance expenditure and the service potential consumed of the local road network (asset age). This indicates that as the local road network ages, maintenance expenditure increases.

National data, such as these two sample examples with linkages to national objectives of exports, economic growth, employment and sustainability and place local government in a better position to demonstrate the benefits of investment in transport infrastructure to government and the community.

Conclusion

The *Roads to Recovery* Programme has gone a long way towards addressing the problem of local roads. However many deficiencies remain, both in terms of maintenance and renewal of the existing road system and the need to upgrade and extend it.

The *Roads to Recovery* Programme will end on 30 June 2005. There is no guarantee that the additional funding for local roads provided by the *Roads to Recovery* Program will continue past that date. There is some indication that special measures will be provided within AusLink for local transport links of regional and national economic significance.

There is ample evidence to indicate that local roads are under-funded and the funding required will increase in the next 15 years as the assets age.

The review of the *Roads to Recovery* Programme found that the level of service of local roads could be maintained at its current level if the *Roads to Recovery* Programme was continued and doubled.

It is time for local government to take the initiative and develop a national database and a set of performance indicators for transport assets to present and argue the case for investment in national transport infrastructure to government and the community.

Without a continuing national approach to data and national performance indicators, local government faces the risk that the additional road funding and community benefits provided by the *Roads to Recovery* Programme will be lost forever.

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Author Biography



John Howard joined Jeff Roorda & Associates as Director Asset Management in July 2002. He has worked in local government in three States at up to Chief Executive Officer level. His major interest is in strategic asset management and the link between asset management and organisation's business objectives and operations.

John has qualifications in civil engineering, economics, town planning, management and emergency management. He has prepared over 50 papers to international, national and regional conferences covering technical and management issues.

John's recent projects have included a review of the Roads to Recovery Program for the Commonwealth Government and Australian Local Government Association and development of Asset Management Performance Measures for the Victorian State Government.

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