



Inquiry into National Freight and Supply Chain Priorities

Submission

Local Government Association of Queensland

28 July 2017

Contents

| | | |
|----|--|----|
| 1. | Executive Summary | 2 |
| 2. | The Local Government Association of Queensland | 3 |
| 3. | LGAQ Policy | 3 |
| 4. | LGAQ Advocacy Action Plan 2017 | 3 |
| 5. | Comments in response to the Discussion Paper | 3 |
| 6. | Recommendations | 6 |
| | Appendix 1..... | 7 |
| | Appendix 2..... | 8 |
| | Appendix 3..... | 10 |
| | Appendix 4..... | 13 |
| | Appendix 5..... | 14 |

1. Executive Summary

The local government sector has responsibility for managing more than 80% of the nation's road network. Local roads connect the factory or farm gate to the broader transport system, whether it be from farm gate to silo or rail head; or from factory gate to port. These 'first and last mile' links are crucial to seamless supply chains.

An efficient transport network is critical to the productivity of the Australian economy. Poor road (and other transport) networks lead to higher freight costs which can directly impact on the price that consumers pay for goods and services.

With expected continued growth in the road-based freight task, increased pressure will be placed on the local government-controlled network. While local governments recognise their critical role in responding to the growing freight task, councils face a delicate balancing act between the need to improve productivity by increasing heavy vehicle access and their responsibility to preserve the local network for all road users all within the constraint of available funding.

While the development of a National Freight and Supply Chain Strategy is supported, the Local Government Association of Queensland believes that more leadership at the national level in relation to supporting local government capability in managing the impacts of the freight task is required. Furthermore, the case for funding programs and other measures to address first and last mile issues, as highlighted through numerous inquiries and strategies, has clearly been made. Thus, the National Freight and Supply Chain Strategy provides an opportunity for the demonstration of national leadership in the delivery of an efficient transport network that supports productivity gains in the broader economy.

The Local Government Association of Queensland recommends the National Freight and Supply Chain Strategy:

- recognises the challenges faced by local government in addressing first and last mile access issues and provides financial support to regional groupings of councils (RRTGs in Queensland) to complete first and last mile identification and analyses projects, similar to that completed on the Darling Downs, within a 1-2 year period of the Strategy's commencement. Initial estimate of funding required: \$5 million over two years, nationally.
- recognises the ongoing capability development task at the local government level and provides financial support to State/Territory local government associations to assist council capability development for four years from the commencement of the strategy. Initial estimate of funding required: \$3 million over four years, nationally.
- establishes a federally funded program dedicated to addressing first and last mile access issues on the local government road network, with preference given to projects that have been identified through regional analyses (refer to first recommendation above). In line with 2016 Election Plans (refer to Appendix 1), funding requested: \$200 million per annum nationally for five years.

2. The Local Government Association of Queensland

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association established solely to serve councils and their needs. The LGAQ has been advising, supporting and representing local councils since 1896, allowing them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

3. LGAQ Policy

The LGAQ's Policy Statement 2016¹ is a definitive statement of the collective voice of local government in Queensland. This statement identifies the position of local government in relation to a number of key issues.

The two key positions of local government as relevant to the *Inquiry into National Freight and Supply Chain Priorities* (the Inquiry), are highlighted below. Other relevant positions from LGAQ's Policy Statement are outlined in Appendix 2.

8.1.5 Freight and Heavy Vehicle Management

8.1.5.1 *Recognising that the majority of freight tasks start and finish on a local government controlled road, councils play a critical role in responding to the growing freight task.*

8.1.5.3 *Local government is committed to working with Federal and State Governments to develop strategic freight routes, and to address impediments to accessing the locally controlled network.*

4. LGAQ Advocacy Action Plan 2017

The LGAQ's *Advocacy Action Plan 2017*² places emphasis on the importance of integrated freight planning coupled with long-term funding certainty for local government through the following goals:

36 *Inclusion of council road infrastructure in the National Freight and Supply Chain Strategy, with a new federally funded program to address first and last mile constraints on the local government road network.*

38 *Permanent Roads to Recovery and Bridges Renewal Programs.*

5. Comments in response to the Discussion Paper

The LGAQ welcomes the opportunity to provide a submission to the Inquiry. While not specifically answering the questions posed in the Inquiry's Discussion Paper (many of which the LGAQ is not in a position to answer), comments are provided in relation to the following matters:

- Local governments' ability to fund transport infrastructure
- Freight strategies at State and national levels
- First and Last Mile Freight Pilot Project
- Developing local government capability

¹ Available at <http://www.lgaq.asn.au/documents/10136/48c73637-4038-46e1-91a0-535a16e367dd>

² Available at <http://lgaq.asn.au/documents/10136/fa0f0ba9-db86-41a7-b40f-2b742ae42053>

Local governments' ability to fund transport infrastructure

The freight task typically starts and ends on a local government-controlled road. While the LGAQ and Queensland councils are supportive of improving the efficiency and coordination of the freight network and strengthening and supporting access to the first and last mile links in the supply chain, the current and projected freight task poses a number of critical challenges to local government in relation to community expectations, road standards and funding.

Funding for the local road network is typically comprised of council own-source revenue, the identified road component of the Financial Assistance Grant along with other grants and subsidies from the federal and State governments (i.e. Roads to Recovery, Bridges Renewal, and Black Spot Programmes and the Transport Infrastructure Development Scheme). The 'boom and bust' cycle of funding programs administered by federal and State governments places greater pressure on local governments' ability to fund the maintenance and renewal of their road network, let alone upgrade first and last mile links in order to facilitate increased levels of High Productivity Vehicle (HPV) access. The ability for councils to raise additional funding through own-source revenue is also limited as these mechanisms are regulated, and further restricted from time-to-time (for example, State government decisions to limit developer contributions).

As noted in the discussion paper, "the increasing cost of land transport infrastructure and services raises questions about future funding models". It's in this context, considering local governments' reliance upon grants and subsidy programs from higher levels of government and balancing the need to preserve existing networks versus granting heavy vehicle access, the LGAQ has long-supported the need for a heavy vehicle pricing framework which is being progressed by the Department through the current land transport market reform and work program. The LGAQ has also called for the establishment of a dedicated first and last mile funding program at the federal level (see Appendix 1).

Freight strategies at State and national levels

Over many years, numerous strategies and plans in various forms have been developed by State and national governments. Regrettably, in LGAQ's experience, many of these strategies and plans have not fulfilled their full potential due to a lack of genuine integration across all three levels of government; a lack of traction on identified initiatives; and further, a lack of regard to local government's planning priorities and regional relationships and obligations.

While the *National Land Freight Strategy 2013* has resulted in, among other things, release of the key freight routes map, there has been a lack of progress towards the identification of key local government-controlled roads that form part of the overall supply chain. Despite numerous inquiries/plans³ reiterating the need to address first and last mile issues through the establishment of a dedicated funding program at the federal level, this action from the current strategy remains incomplete (refer to Appendix 3).

The LGAQ believes that the National Freight and Supply Chain Strategy needs to take an end to end perspective (source to market). Unless such a perspective is taken, first and last mile issues will continue to be over-looked, rendering capital improvements in one part of a network less effective due to continuing constraints elsewhere in the network. This fragmented approach often leads to criticisms that freight planning is "usually not well-integrated with other land-use, transport and strategic planning frameworks"⁴. Local governments need clarity in strategic freight priorities and corridors in order to establish appropriate land-use patterns as part of their planning obligations.

³ Productivity Commission Inquiry: Regulation of Australian Agriculture 2016; Agricultural Competitiveness White Paper, 2015; Infrastructure Australia: Infrastructure Australia Plan 2016

⁴ Philip Davies, Chief Executive Officer, Infrastructure Australia: Speech to Australian Logistics Council Forum, 8 March 2017, Melbourne.

As members of the Queensland Ministerial Freight Council, the LGAQ has directly participated in the development of the new *Queensland Freight Strategy* (QFS) being led by the Queensland Department of Transport and Main Roads (TMR). The 'line of sight' approach that has been adopted in the development of the QFS and associated action plan, coupled with the identification of first and last mile limitations as a central issue across modal challenges and opportunities is strongly supported by the LGAQ. Additionally, work to explore regional approaches to the identification and analysis of first and last mile issues has been significantly progressed under the existing *Moving Freight* strategy. This has led to the successful First and Last Mile Pilot Project being completed with the support of the Queensland Roads and Transport Alliance.

Furthermore, a clear 'line of sight' between the hierarchy of State strategies and the National Freight and Supply Chain Strategy will be required in order to avoid a potential disconnect between strategic priorities that may result in duplication and ineffective coordination.

First and Last Mile Pilot Project

The First and Last Mile Freight Pilot Project is an example of an initiative where the Toowoomba and Western Downs Regional Councils, through Regional Roads and Transport Groups (RRTGs), have successfully undertaken a joint transport planning exercise that integrated strategic freight network planning. This project integrated TMR's Heavy Vehicle Network Plan (in effect at the time) with existing / future land-use, identifying and analysing key first and last mile deficiencies on local government-controlled roads. Through this project, 34 high priority routes were assessed across the study area. The combined analysis of all routes showed estimated benefits to exceed costs, with an overall benefit-cost ratio of 1.27.

The project ultimately produced a mid to long-term strategic plan for both councils to align local freight networks with the HPV access afforded on adjacent higher order roads. It has also provided the justification and reasoning to support external funding for network investments that ultimately connect to major freight generation points, for example the funding contribution secured for the replacement of the Lemontree-Bostock Road Bridge under Round 2 of the Bridges Renewal Programme. While such investments are made at the local network level, the economic growth opportunities can generate benefits across Queensland and the nation.

Developing local government capability

In May 2016, the LGAQ and the National Heavy Vehicle Regulator (NHVR) signed a Memorandum of Understanding (MOA) to improve the safety and productivity of the local road freight network in Queensland. Under this MOA, the LGAQ has established, with funding support from the NHVR for a two year period, the position of Heavy Vehicle Access Liaison Officer (HVALO) to support Queensland councils develop capability to meet their responsibilities under the *Heavy Vehicle National Law*.

Through the Partnership Steering Committee established under the MOA, the LGAQ and NHVR jointly develop and manage the HVALO work program, which is targeted towards developing council capability in determining access to the local road network. This includes supporting councillors and council officers in understanding the use of notices, pre-approvals and other aspects of managing heavy vehicle access to the local road network.

An example of the success of this arrangement is the increased level of council participation under the *National Class 1 Special Purpose Vehicle Notice* (SPV Notice). The level of Queensland council participation under the SPV notice as at June 2016 (immediately prior to commencement of the HVALO position) compared with June 2017 is shown at Appendix 4. An interstate (eastern seaboard) comparison of council participation is shown at Appendix 5. The progress made by Queensland councils has resulted in reduced permit turnaround timeframes, with a significant volume of low-risk permit applications transitioning to pre-approvals and notices.

Recent local government elections in Queensland have seen high levels of turnover in elected members (over 50% in 2012 and 2016). This, coupled with ongoing issues with attraction and retention of qualified engineering staff results in a loss of knowledge at the local level meaning that the task of assisting councils with capability development is an ongoing exercise. While significant progress has been made in the first 12 months under the MOA and the HVALO arrangement, the LGAQ is concerned that progress may cease, or even be eroded, without dedicated support over the coming years particularly considering the next wave of reforms to be progressed by the NHVR (eg, new Chain of Responsibility legislation from mid-2018).

6. Recommendations

The LGAQ recommends the National Freight and Supply Chain Strategy:

- recognises the challenges faced by local government in addressing first and last mile access issues and provides financial support to regional groupings of councils (RRTGs in Queensland) to complete first and last mile identification and analyses projects, similar to that completed on the Darling Downs, within a 1-2 year period of the Strategy's commencement. Initial estimate of funding required: \$5 million over two years, nationally.
- recognises the ongoing capability development task at the local government level and provides financial support to State/Territory local government association's to assist council capability development for four years from the commencement of the strategy. Initial estimate of funding required: \$3 million over four years, nationally.
- establishes a federally funded program dedicated to addressing first and last mile access issues on the local government road network, with preference given to projects that have been identified through regional analyses (refer to first recommendation above). In line with 2016 Election Plans (refer to Appendix 1), funding requested: \$200 million per annum nationally for five years.

Appendix 1

Recent Election Plans

2016 LGAQ Federal Election Policy Plan

The LGAQ's 2016 *Federal Election Local Government Policy Plan* sought the following roads and transport related commitments from all political parties contesting the 2016 Federal Election:

- *Federal funding of "first and last mile" freight network studies across regional groupings of councils (ideally Regional Roads and Transport Groups), using the methodology developed on the Darling Downs.*
- *\$200 million a year nationwide for five years to address "first and last mile" access issues.*
- *Inclusion of priority "first and last mile" routes in the National Freight and Supply Chain Strategy, as recommended by Infrastructure Australia.*
- *A permanent Roads to Recovery program of at least \$700 million a year nationally, with indexing to reflect increases in road and bridge construction costs.*

2016 ALGA Federal Election Policy Plan

The Australian Local Government Association's (ALGA) 2016 Federal Election Plan – *Local Government's Plan for an Innovative and Prosperous Australia*⁵- sought the following roads and transport related commitments from all political parties contesting the 2016 Federal Election:

- *Establish a Local Government - Higher Productivity Investment Plan of \$200 million per year for five years.*
- *Permanently double the R2R program's funding.*
- *Implement a permanent Bridge Renewal program.*
- *Restore the Supplementary Roads Funding for South Australia.*

⁵ Available at

<http://alga.asn.au/site/misc/alga/downloads/publications/ALGA%20Election%20Document%202016.pdf?Menu=50,587>

Appendix 2

Relevant positions from LGAQ's Policy Statement 2016

3.1.1 Federal Funding

3.1.1.8 *The Roads to Recovery program should become permanent with annual indexing of funding to reflect increases in road and bridge construction costs.*

3.1.1.9 *A permanent Bridges to Renewal program should be introduced, including annual indexing of funding in light of the need to support greater heavy vehicle access to the local government controlled road network.*

3.1.4 Funding of Infrastructure

3.1.4.2 *Funding issues for transport infrastructure should be addressed by all spheres of government during the development of Integrated Transport Plans.*

3.1.4.4 *Federal and State Government infrastructure grants and subsidy programs should be annually indexed in recognition of the increased costs of infrastructure provision.*

6.1.2 Planning and Funding Local Government Infrastructure

6.1.2.2 *Local government supports the State Government developing comprehensive State infrastructure plans that support and inform local planning instruments and statutory regional plans.*

8.1.1 Funding assistance

8.1.1.5 *The quantum of Federal and State funds allocated to local government for roads should be increased commensurate with local governments' responsibilities as a road asset manager and maintained in real terms. Local government road networks are integral to State and national roads and provide essential linkages for the freight industry and other users.*

8.1.2 Responsibilities for roads

8.1.2.1 *Local government seeks an agreement by which the State and Federal Governments agree to substantially increase funding for the local road network where:*

- *Local roads provide for significant arterial and through traffic, or have economic significance beyond the access interests and responsibility of ratepayers;*
- *The relationship between a council's potential rate base and its road responsibility is so unbalanced that the council is unable to meet its obligations.*

8.1.3 Road Planning and Delivery

8.1.3.2 *Local government acknowledges the benefits of regional based road planning, management and delivery and continues to strive to realise these benefits.*

8.1.5 Freight and Heavy Vehicle Management

8.1.5.1 *Recognising that the majority of freight tasks start and finish on a local government controlled road, councils play a critical role in responding to the growing freight task.*

8.1.5.2 *Local government should be engaged as a legitimate partner in the Heavy Vehicle Road Reform being pursued at the national level, especially with reference to the development and negotiation of the proposed intergovernmental funding agreement.*

8.1.5.3 *Local government is committed to working with Federal and State Governments to develop strategic freight routes, and to address impediments to accessing the locally controlled network.*

- 8.1.5.4 Local government is committed to working with the National Heavy Vehicle Regulator and other regulatory agencies to ensure that heavy vehicle reforms benefit councils.*
- 8.1.5.5 Local government requires simplified, aligned and transparent heavy vehicle permit approval processes.*
- 8.1.5.6 Local government calls on the Federal and State Governments to provide funding to upgrade vulnerable assets, including bridges and culverts, in order to facilitate improved heavy vehicle access.*
- 8.1.5.8 Local government calls on the Federal and State Governments to provide adequate funding to repair damage to roads associated with heavy vehicle use, and to upgrade or construct roads to accommodate heavy vehicle access.*

Appendix 3

Comments in relation to recent policy reviews

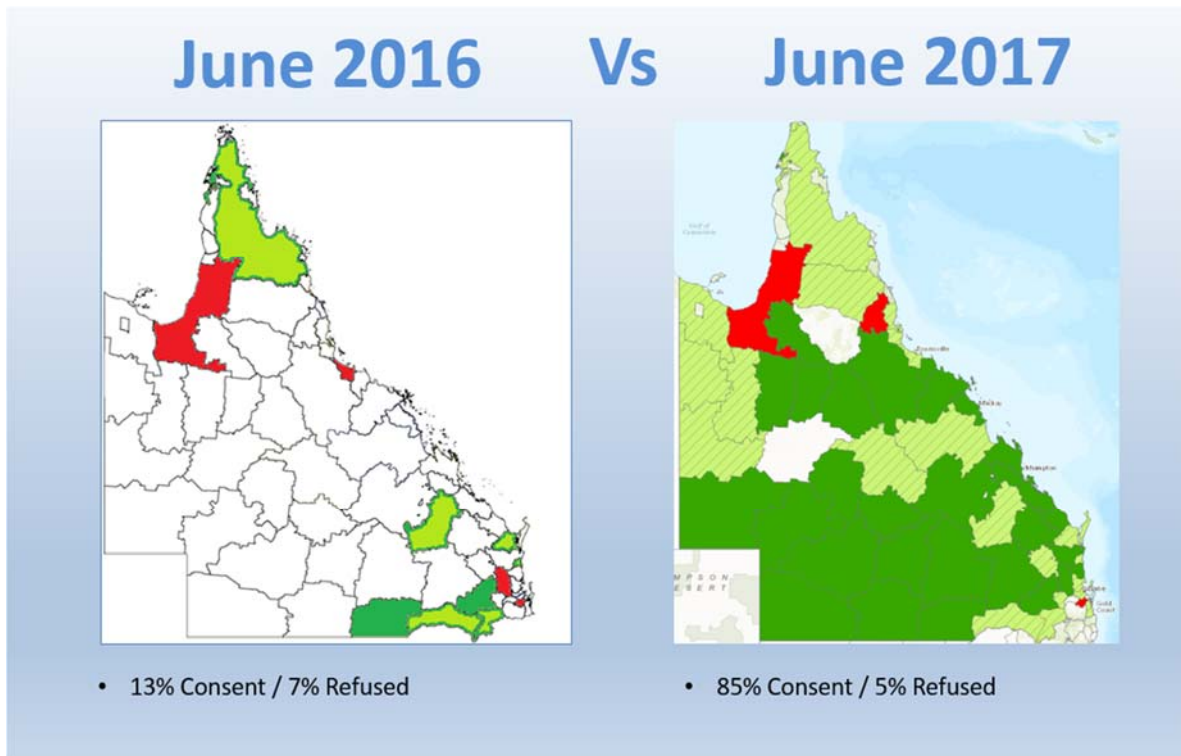
| Inquiry/Report | Key recommendation/ action/ Australian Government response | LGAQ Comment |
|---|--|---|
| <p>Productivity Commission Inquiry: Regulation of Australian Agriculture 2016</p> | <p>Increasing the number of routes gazetted for heavy vehicle access, with provision for road users to propose and assess routes for gazettal as heavy vehicle routes;</p> <p>Requiring access permits only in certain cases where there are risks to safety or infrastructure management;</p> <p>Requirements for moving oversize agricultural machinery should be proportionate to the risks involved, with greater use of exemptions and extended validity for permits.</p> | <p>LGAQ, through its partnership with the NHVR, is working Queensland councils to improve the safety and productivity of the road network. The jointly agreed work program for the HVALO is targeted towards assisting councils with pre-approvals and notices.</p> <p>As an example, the LGAQ has collaborated with NHVR, TMR and Cotton Australia to support councils in granting Pre-approval level access in cotton growing areas for use of the Collier & Miller load restraint system on Type 1 Road Trains – enabling road trains to carry an additional six round cotton modules per trip. Cotton Australia has estimated the use of the new restraint system is expected to reduce the overall number of trips by up to one-third and deliver transport cost savings to Queensland growers of \$1.4 to \$2.1 million per season.</p> |
| <p>Agricultural Competitiveness White Paper, 2015</p> | <p>The Australian Government is working with the states and territories to address first and last mile issues, including improving access for higher productivity freight vehicles.</p> | <p>Local government controls approximately 80% of Australia’s road network. First and last mile constraints typically occur on the local government-controlled network.</p> <p>The LGAQ suggests that the Department of Infrastructure and Regional Development convenes a round table to explore ways to work <u>directly</u> with local government to</p> |

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| | | <p>address first and last mile access issues. Suggested participants would include departmental officers, members of the Expert Panel established to aid the Inquiry, representatives from jurisdictional agencies and the Roads and Transport Advisory Committee (RTAC).</p> <p>The Australian Local Government Association (ALGA) serves as secretariat to RTAC – comprised of the roads/transport advisors from the State/Territory local government associations.</p> |
| <p>Infrastructure Australia: Infrastructure Australia Plan 2016</p> | <p>Deliver a National Freight and Supply Chain Strategy;</p> <p>Establish targeted investment focused on removing first and last mile constraints across the freight network.</p> | <p>LGAQ supports the development of the National Freight and Supply Chain Strategy.</p> <p>LGAQ's <i>Advocacy Action Plan 2017</i> and <i>2016 Federal Election Local Government Policy Plan</i> seek (sought) the identification of critical first and last mile issues for inclusion in the National Freight and Supply Chain Strategy.</p> <p>Both LGAQ and ALGA Election Plans for the 2016 Federal Election sought the establishment of dedicated funding to target first and last mile constraints on the local government-controlled road network (refer to Appendix 1).</p> |
| <p>National Land Freight Strategy 2013</p> | <p>Commonwealth co-funding for first and last mile projects;</p> <p>Trial the Performance Based Standards (PBS) route assessment tool to assist local government decisions on heavy vehicle access.</p> | <p>Per comments above, the LGAQ would welcome the establishment of a funding program to target first and last mile constraints on the local government-controlled road network.</p> <p>LGAQ has secured funding through the Roads and Transport Alliance to support</p> |

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| | | <p>the roll out of the route assessment tool – know known as the Restricted Access Vehicle Route Assessment Tool (RAVRAT) – to councils across Queensland.</p> <p>The long-term availability of RAVRAT to councils needs to be secured.</p> |
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Appendix 4

Queensland council comparison of SPV Notice participation: June 2016 vs June 2017.

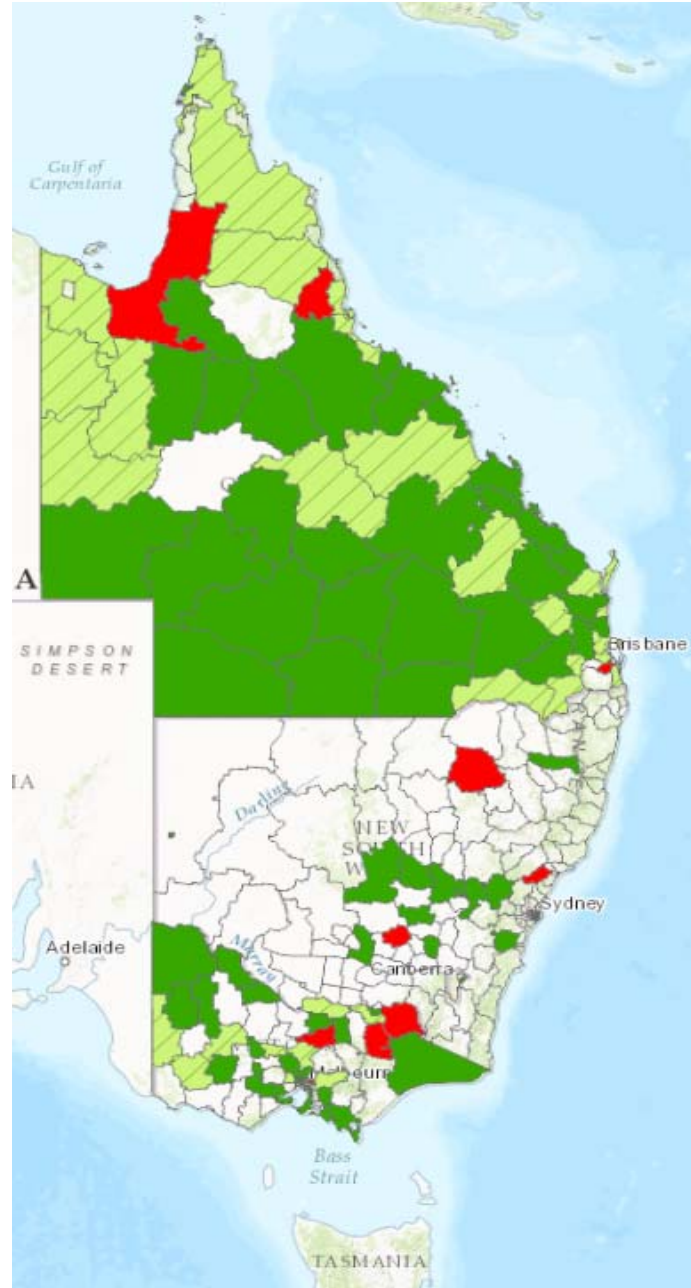


LEGEND:

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| White | No response to consent request |
| Light Green with Green Stripe | Access Granted (with Restrictions) |
| Dark Green | Access Granted (with no Restrictions) |
| Red | Access Refused – individual permit required |

Appendix 5

Interstate (eastern seaboard) comparison of SPV Notice participation as at June 2017.



LEGEND:

| | |
|-------------------------------|---|
| White | No response to consent request |
| Light Green with Green Stripe | Access Granted (with Restrictions) |
| Dark Green | Access Granted (with no Restrictions) |
| Red | Access Refused – individual permit required |