

# AUSTRALIAN RURAL ROAD GROUP

## NEWSLETTER NO.7

### MAY 2014



The past year has seen great progress for the Australian Rural Road Group Inc. (ARRG) with the launch of the nationally significant accord between Infrastructure Australia and the Australian Rural Road Group (ARRG) known as The Bingara Accord. This endorsement provides a major breakthrough in support of the ARRG approach of asset management in road funding.

## ANNUAL GENERAL MEETING

### JOIN US FOR LUNCH DURING THE ALGA NATIONAL CONFERENCE

The next Annual General Meeting (AGM) of the ARRG will be held at the National Convention Centre Canberra on 17 June 2014 at 12.30pm to coincide with the National General Assembly. If you would like to attend the meeting please contact Kellie Gill on (02) 6724 2021 or [kgill@gwydir.nsw.gov.au](mailto:kgill@gwydir.nsw.gov.au) to RSVP.

Once again, your continued support for the ARRG endeavours will ensure that better outcomes for our roads are achieved. If your council is not a member and would like to become one, a membership form and further information can be obtained by emailing [kgill@gwydir.nsw.gov.au](mailto:kgill@gwydir.nsw.gov.au)

## ARRG CD

The group have produced a Compact Disk (CD) which contains all the reports published by the Australian Rural Road Group Inc. including the National Road Asset Reporting Pilot report. A copy of this CD will be posted to all rural Council's in June.

## NATIONAL ROAD ASSET REPORTING PILOT

Throughout the year, the ARRG has worked closely with Infrastructure Australia and seven local councils in New South Wales and Queensland to prove that accurate and international standard condition reports of every road could be easily generated – so that funding over time could go towards addressing the real problems of the road network.

The results of this research were recently launched by Infrastructure in their report the National Road Asset Reporting Pilot. This significant pilot report has demonstrated that once again, the ARRG, in partnership with Infrastructure Australia, is at the leading edge of road reform nationally. The report has validated that it is possible to monitor and report the true condition of all roads in Australia, thereby allowing the nation's collective road budget of \$19 billion to be distributed towards areas of greatest concern for productivity and safety. As Infrastructure Australia agrees, this would certainly see an improvement in the nation's roads over successive budget cycles.

The *National Road Asset Reporting Pilot* report achieved two very important things:  
It proved beyond doubt that governments could monitor and report accurately on the condition of the nation's roads and start to allocate funds based on need and

The ARRG is a non-partisan alliance of all rural-based local governments across Australia concerned about the lack of planning and management of our road infrastructure and tired of the lost productivity and lost and damaged lives that result. To see the group's policy publications including Australia's Road Infrastructure Is In Crisis (But For Once, The Answer Isn't More Money) visit [www.austwideruralroadsgroup.com](http://www.austwideruralroadsgroup.com)

opportunity, not on blind formulas and pork barrelling. It suggested that the private sector could be encouraged to invest in key rural and regional freight roads for productive returns – or at the very least that the asset reports gave local governments a much better basis for engaging with freight operators and producers to identify the most efficient investments.

This report has not only assisted in highlighting the problem; it has also offered a practical solution. As the next step the ARRG is developing a submission to Infrastructure Australia for consideration by the Federal Government for a pilot funded project. The submission will involve the same seven councils involved in the collation of local road data for the standard condition reports.

This submission should aim to produce a business case for high-priority, high-efficiency road upgrades and improved freight access across the road network of the participating LGAs, with a view to bundling individual or linked road projects into a \$100 million-plus overall project for consideration by Infrastructure Australia as a project of national significance.

The submission aims to be recognised by Infrastructure Australia as nationally significant due to its innovative approach; it will be the first road plan anywhere in Australia to bring together:

1. Acknowledged best practice in road asset condition reporting – with clear and consistent asset condition reports across the network informing the submission
2. Present priorities and service level trade-offs across the asset as a counterbalance to proposed upgrades, built on contemporary asset condition assessments
3. Show how market-led road infrastructure planning and investments which work with rail and ports and investors can deliver better, less-cost freight paths to market
4. The first local government road plan to work directly with rail and port and capital investors on road solutions that complement the entire freight task to and from port
5. Consideration of private sector user-pays investments in commercially-attractive parts of the road network to augment limited public funds

If successful, the project guidelines will act as a template for other groupings of councils to consider working together to develop a business case for a substantial upgrade to the local road network, supported by a business case detailing the potential productivity improvements that may be gained, supported by the relevant data.

## ROADS TO RECOVERY

Over the months of June and July 2013, the ARRG requested member councils to participate in an online survey. Amongst other rural road related issues, the questions in the survey asked for input specifically related to the Roads to Recovery Program.

It appears from the online survey results that the Roads to Recovery Program funding is, on the whole, being directed to local rural roads by the rural councils surveyed. Although this is an objective of the Roads to Recovery Program, the anecdotal evidence is that councils have become reliant on this funding to remain sustainable from both an infrastructure renewal perspective and to enable the council to maintain their present staffing levels.

Improving accessibility to the Roads to Recovery Program, particularly to increased funding of local roads, has been a platform of the ARRG since its inception. Provision of all-weather access roads has become a critical part of providing support to the Australian agricultural economy.

# ARRG RECOGNITION

The following article was published in the Australian on 21 May 2014. It was an opinion piece written by The Hon. Anthony Albanese MP, the opposition spokesman for Infrastructure, Transport and Tourism. Members of the ARRG Executive met with Mr Albanese during his period as the relevant Minister and it was due to his encouragement that the ARRG undertook further research.

The article was headed 'Data a key driver of road infrastructure strategy' and read:

**'BEFORE making important decisions about spending money, most Australians are smart enough to do their research.'**

When you decide, for example, that you want to buy a new house, you check out the market to make sure you get the best value for money.

## Evidence is everything.

The same rigour should apply to governments as they assess their spending priorities.

However, many Australians would be surprised to know that when it comes to literally billions of dollars spent a year on local roads, evidence to guide decision-making is scarce.

Australians have no way of knowing whether the road outside their home is being resealed to deliver productivity gains or whether it just happens to run past the house of the local mayor.

We can do better. And the good news is that we have a template for reform that could significantly improve the quality of decision-making and the productivity of local communities, particularly those in rural and regional areas.

In 2008, the former Labor government created Infrastructure Australia (IA) to work with states to audit

and rank major infrastructure projects according to their ability to contribute to productivity gains and jobs growth. Based on its recommendations, Labor funded 15 out of 15 of the IA's most highly rated projects as part of an investment program that is boosting national productivity.

This nation-building program propelled Australia from 20th to first among OECD nations when it comes to infrastructure spending as a proportion of gross domestic product.

But while the big-ticket investments gained most of the public attention, IA was also fulfilling its task of driving policy reform.

Last year IA conducted a trial project that has proven that the same evidence-based decision making was possible with regard to local roads.

IA worked with eight local councils clustered around the Queensland-NSW border and assessed their importance to economic activity, amenity and safety.

These councils, including Balonne, Goondiwindi, Moree Plains and Narrabri, produce more than \$2 billion in agricultural production.

Despite warnings from bureaucrats that such an approach was impossible, it took council inspectors and workers only three months to assemble reliable comparative data on the condition of more than 2,200 local roads covering more than 13,000km.

Under the Bingara Accord, the member councils agreed to use this information to focus their road-funding decisions on driving economic prosperity, adopting the same evidence-based approach to roads as to every other class of infrastructure investment.

This makes sense. It is an approach that could be further developed across the nation.

Achieving value for the expenditure of public money must continue to be a core policy objective, especially

when you consider that collectively the governments in this country spend \$20bn a year on building and maintaining roads.

The Bingara approach, championed by more than 100 rural and regional councils that are part of the Australian Rural Road Group, equips councils to invest in projects that will have the greatest potential to boost economic prosperity in their region.

The ARRG believes the data can open the door to harnessing private capital to help fund road works, just as IA developed innovative new private funding models for big national infrastructure projects.

For example, if several dozen grain producers living along a pothole-ridden country road all contributed to upgrading the roads, it is possible the productivity gains delivered by upgrading the road would boost their profits by an amount greater than they contributed to its repair. But to make such judgments, you need data, data that should always be made public to give citizens the ability to assess the quality of decision-making.

Regrettably, legislative changes before the Senate would allow the commonwealth government the discretion to ban the publication of IA research. That's a backward step and hopefully not an indication

that the government does not believe in evidence-based decision-making.

In any event, there's a genuine appetite for reform within Australia's local government community. The ARRG remains an enthusiastic supporter of the Bingara approach.

Its chairman, Gwydir Shire mayor John Coulton, said earlier this year that better decision-making would allow councils to lift the productivity of the agricultural sector. "A greater efficiency return of 5 per cent to 10 per cent on the national road expenditure of \$19bn annually will give a performance improvement of around \$1.9bn," Coulton told the Moree Champion earlier this year. He went on to urge decision makers to ignore "nay-sayers" and commit to an evidence-based policy approach.

Under the IA approach, Australians can have greater confidence than ever that investment is being directed to projects that add to amenity but also boost economic productivity.

Applying the same model to local road funding should be seen as unfinished business that will secure real productivity gains for the entire nation.'

## NATIONAL LOCAL ROADS AND TRANSPORT CONGRESS HELD AT THE ALICE SPRINGS CONVENTION CENTRE ALICE SPRINGS, NORTHERN TERRITORY 12 - 14 NOVEMBER 2013

Executive members of the ARRG were present at the National Local Roads and Transport Congress held at the Alice Springs Convention Centre in Alice Springs, Northern Territory from 12 - 14 November 2013.

The theme and focus for the Congress was 'Sustaining our Roads – Good business, Good governance, Good bottom line'. The ARRG Treasurer Cr Sue Price (Moree Plains SC) gave an engaging presentation to strengthen the ARRG's case for an asset management approach to road funding with much support shown from the various councils attending from around the country.