

Submission to:

Heavy Vehicle Road Reform consultation

Department of Infrastructure, Transport, Regional Development and Communication

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Via email: HVRR@infrastructure.gov.au

Introduction

The Municipal Association of Victoria (MAV) is the peak representative and advocacy body for Victoria's 79 councils. Formed in 1879, the MAV is the official voice of local government in Victoria under the Municipal Association Act, 1907. Our role is to represent and advocate the interests of local government, ensure the sector's long-term security and provide policy and strategic advice, capacity building programs and insurance services to local government.

The MAV welcomes the opportunity to participate in the Transport and Infrastructure Council's consultation on proposed changes to the way heavy vehicle charges are set and invested.

The most significant freight challenge facing councils and directly impacting access, productivity and safety remains under-investment by other levels of government in 'first and last kilometre' infrastructure. A recent survey undertaken by the MAV reinforced this finding with 90% of councils identifying increased funding as a key opportunity to improving freight outcomes.

We are vitally interested in supporting reforms that aim to improve the transparency, fairness and efficiency of elements of road funding for local government. We have participated in a number of small group consultations but wish to supplement our engagement with a written submission.

Context

Heavy vehicle-related road funding is only part of the national road funding arrangements. While potential improvements to heavy vehicle road funding are welcomed, any reforms must be considered in the context of the overall funding environment.

Improved access to heavy vehicle data provides the evidentiary basis for all road managers to better understand and maintain their assets effectively. Making any data collected readily available in an accessible format to relevant road managers should also be an objective of this reform.

Much of the discussion in the consultation paper focuses on states and territories as road managers, however, it is important that local government is explicitly acknowledged as a road manager and significant investor in the road network as part of this reform.

Heavy Vehicle Road Reform

Our understanding of the proposed reforms is that the new system aims to boost productivity and deliver better government investment in roads through four broad elements:

- 1** *Service level standards*

National service level standards will be established with road categories that each have levels of service covering the things road users care about—like safety, reliability and access. Also important will be users’ willingness to pay. The standards will be developed with all road users (including heavy vehicle users) and will guide all government road investments.
- 2** *Expenditure planning and determining what costs are recoverable from heavy vehicles*

States and territories will develop road expenditure plans. An independent body or bodies will assess the plans using the service level standards to determine what costs of road investment are recoverable from heavy vehicle users.

An independent body will use the determination of what is recoverable (from Reform Element 2) and calculate heavy vehicles’ share of the expenditure. It will use this to decide the national fuel-based Road User Charge rate, and recommend baseline registration charges for states and territories. Charges would be calculated using a forward-looking cost base.
- 3** *Independent setting of heavy vehicle charges*
- 4** *Dedicated road funding (hypothecation)*

Revenue from heavy vehicle charges will be dedicated to road infrastructure. While road investments will also continue to be funded from general revenue, a steady and predictable stream of heavy vehicle funding dedicated to roads can help provide productivity benefits to the heavy vehicle industry.

Key considerations

The proposed reforms are broadly supported - The Municipal Association of Victoria (MAV), on behalf of Victorian councils, broadly supports the intention of the heavy vehicle road reform proposal.

Overall road funding must be at least maintained for councils - Funding is a major challenge for local government road managers. The proposals contained within the heavy vehicle road reform provide an opportunity to better match road funding with road use, as well as an opportunity to improve the understanding of road asset conditions and any shortfalls in applicable standards. Throughout this process, there is an opportunity for priority investment in identified pinch points, to reap an immediate economic impact. It will also be vitally important that other sources of local government road funding are not reduced as part of this process.

Implement progressively, starting with states and territories - It is understood that the proposed road reforms will initially be developed and implemented with state and territory government agencies and this approach is supported.

The timing of implementation for local government should follow implementation with the state and territory government road agencies, including the setting or determining of service level standards. Given the diversity of councils across the nation, and the range and variety of resources available to them to consider and implement reform, it may be appropriate and valuable to have some local government representatives participate in an advisory capacity as the reform is progressed with State road managers.

Avoid setting unrealistic standards and creating “gaps” - While a worthy objective, setting national standards that adequately incorporate local context and road requirements will be a very challenging task. There is also a risk that the early implementation of local road standards, whilst the reform is still under development with state road managers, will generate a “gap” between current and desired service levels without a comparable funding mechanism to close that gap. This could have implications for local government road managers in terms of community expectations and even legal liability. The timing of local implementation will need careful consideration.

Consider heavy and light vehicles in setting standards - It will be important that the service level standards reflect all users and not just heavy vehicles. Safety, functionality and capacity of the road will be important elements within the service level standards. While this reform is focussed on heavy vehicles, and it is acknowledged that heavy vehicles cause significantly greater road impacts than lighter vehicles, road managers need to manage assets for all users.

Consider heavy and light vehicles in assessing road funding - It will also be important that the heavy vehicle road reforms are effectively integrated into the overall road funding programs of government, as not all roads or road managers will benefit equally from the proposed reforms. Many council roads will not carry significant heavy vehicles but will still require ongoing funding.

Improve asset management data and productivity - The reforms are also an opportunity to improve the quality of data and information available to road managers to inform improved asset management and optimise existing expenditure. Collection and sharing of this important information should be integrated into the reform process to improve productivity of the sector.

Align costing requirements to need and capability – Many small councils won't be able to develop sophisticated forward planning funding models without significant support. An appropriate model for setting and recovering future costs for local road managers with limited resources and without significant major road networks will need to be a feature of the proposed reform if it is to flow through effectively to local roads.

Councils need representation throughout – While most of the focus and language of reform is directed towards national, state and territory governments, local governments manage a very significant length of the road network and significant elements of the freight and heavy vehicle network particularly when considering access. Councils need ongoing representation through the development, implementation, monitoring and improvement of the reform recommendations to ensure unintended consequences are avoided and productivity and other benefits are fully realised.

Summary

The MAV appreciates the opportunity to be further involved in the Heavy Vehicle Road Reform consultation process and will maintain an active interest in its development.

We are broadly supportive of the reforms. At the same time, there is no escaping the need to maintain and expand investment in local roads over the medium term. Councils need to be included as an active partner in the reform development and implementation process, particularly when considering implications for both heavy and light vehicles. The reforms should also be designed to realise the opportunity to improve data and information flows to enhance asset management capability.

Should you wish to discuss this submission further, please contact Geoff Oulton, Transport & Infrastructure Advisor at goulton@mav.asn.au