

Funding for the future

National Local Roads and Transport Congress

Meena Naidu, Project Director

Alice Springs

13 November 2013

Productivity and the road freight task

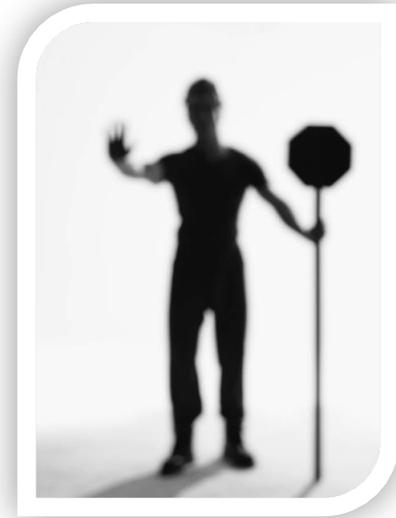
Australia's road freight system is approaching a critical point:

- Productivity has plateaued
- Road freight task to double every 20 years (that means potentially double the amount of trucks on the road)
- Achieving the freight task requires a combination of better vehicle access, higher truck productivity and targeted and effective road investment



What have local governments told us?

- Local governments do not get any revenues from heavy vehicle charges
- Local governments do not receive enough funding to
 - **maintain** the local road network for heavy vehicle services
 - **improve access** for high productivity vehicles where appropriate to do so
 - increase economic and social **productivity** on council-owned roads
- Trade off between economic activity and community concerns need to be taken into consideration
 - Opportunity to invest in infrastructure to address community concerns
 - Amenity considerations in planning and access



What can the HVCI reform do?

Coordinated planning

- Improve coordination across road providers including local governments
- Broader transport planning with other transport modes
- Customer focussed - industry plays a pivotal role

Better access

- Strong incentives to provide access that is responsive to the needs industry
- Reducing infrastructure bottlenecks to improve 'last mile' access

Sustainable funding

- Linking charges to road funding
- Road spending is based on road use
- Capital and maintenance expenditure

Fairer charges

- Transparent
- Charges reflect the cost of road use and infrastructure required to improve access

Greater assurance

- Road spending is efficient and what the industry needs
- Independent review of the setting of charges

Three charging options explored



Option A

Implement supply-side reforms with **incremental charging improvements**

NPV benefit: \$8.5b



Option B

Implement supply-side reforms with **distance charging**

NPV benefit: \$14.9b



Option C

Implement supply-side reforms with **Static MDL charging**

NPV benefit: \$21.9b

The preferred option:

- Strongest financial incentives
- Highest benefits
- Best outcomes

Local government issues for resolution



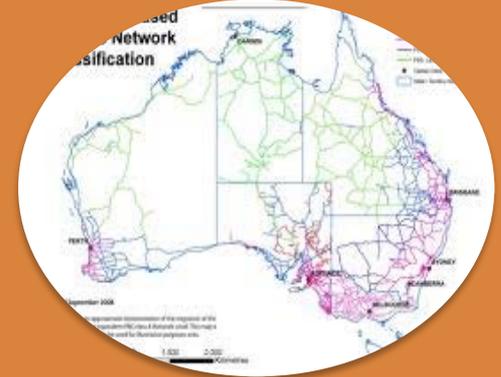
Funding

- The costs to be recovered from charges
- How funds will flow through to local governments
 - How financial risks are managed
 - Impact on other local government revenue sources



Access

- LGs role in improving 'first/last mile' access
- Understanding the non-financial access issues
- Guidelines for access: the role of NHVR and local governments
- Accountability for access

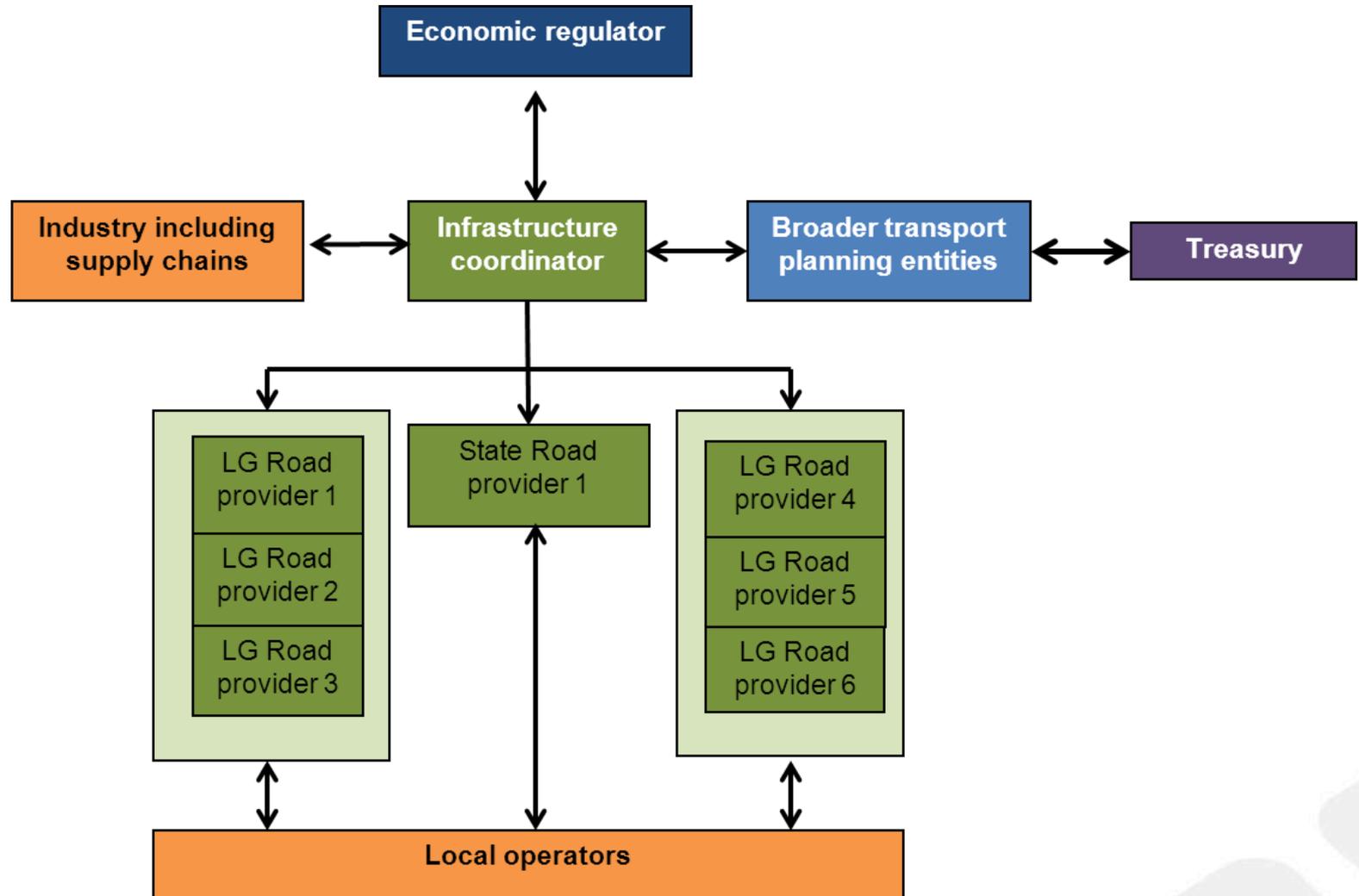


Planning & investment

- LGs demand forecasting and industry engagement
 - Establishment of regional road groups
- Coordination with HVIC and other providers
- Local government capacity to participate in the regulatory process

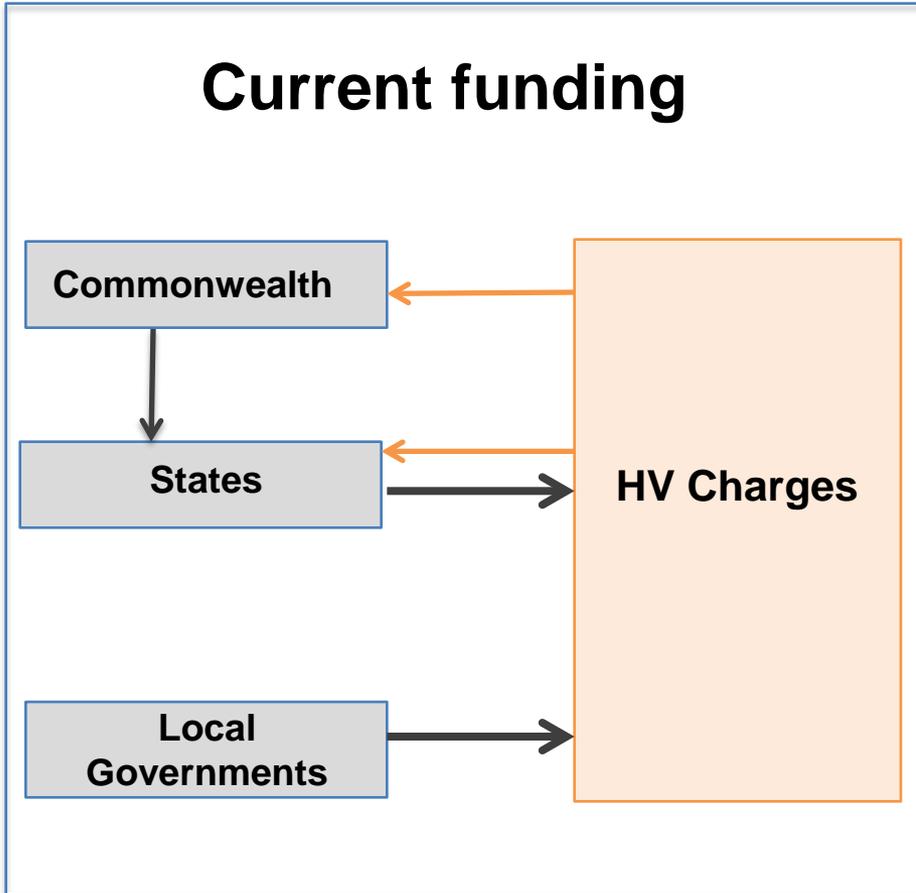
Ensuring adequate incentives to deliver better outcomes

Example: new planning arrangements?



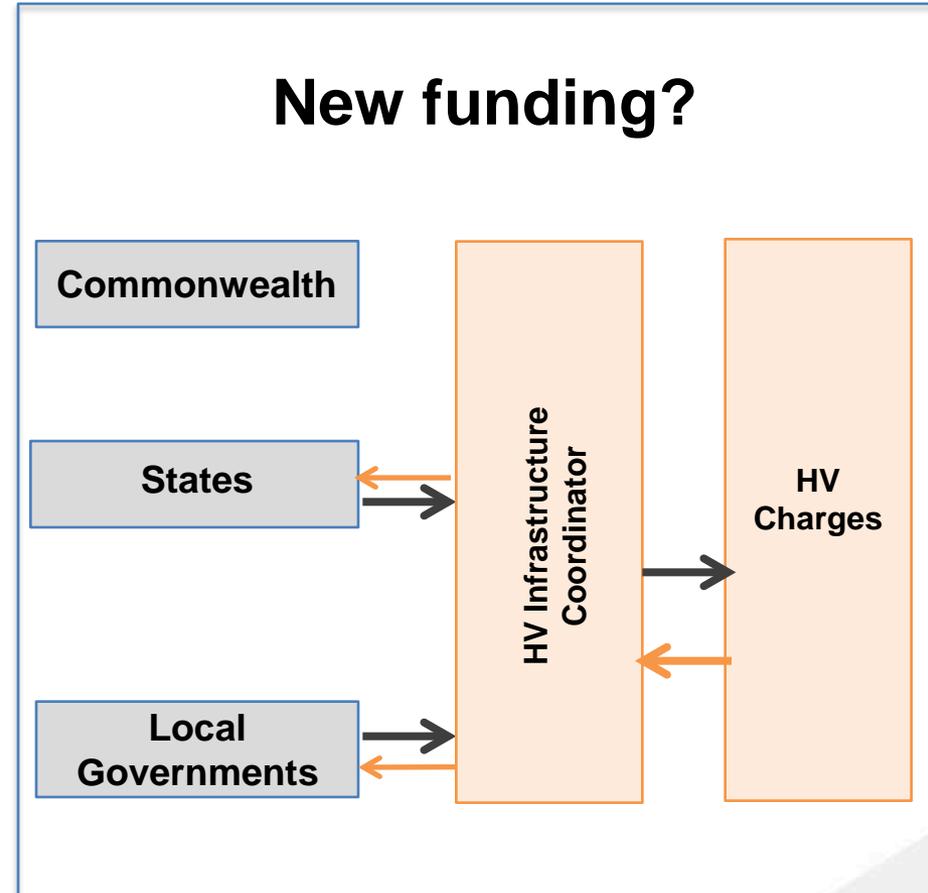
A new way of funding HV expenditure

Current funding



HV expenditure

New funding?



HV Revenue

Working with local governments

CRRP Feasibility Study (2010-12)

- Local government issues paper
- Local government workshops
- LGAs & council submissions received

Reform design (2012-13)

- HLRG and Project Board : ALGA
- Transport Consultative Forum: QLD/ WA/ SEATS
- Co-design workshops: Qld, WA, Tas, ALGA
- Industry focus groups: Vic, SA
- Road Transport Advisory Committee workshop

Consultation and implementation (2014 -)

- ALGA/RTAC broader coordination
- Direct engagement with local government on implementation issues

Phasing in the reform

Reforms would be tested, subject to Regulatory Impact Statements and phased in over a seven year period

