

Australian Local Government Association

Submission to Infrastructure Australia

Introduction

The Australian Local Government Association (ALGA) represents the interests of the more than 560 councils at the Federal level. Its membership is made up of the associations of local government in each state and territory. The ACT Government is also a member in its role as the local authority in the Australian Capital Territory.

ALGA recognises that Infrastructure Australia is seeking infrastructure proposals of a nationally significant nature that are generally not the responsibility of local government. ALGA strongly supports major infrastructure investment in Australia to secure our economic future and has participated in the work of the COAG Infrastructure Working Group aimed at facilitating such investment.

ALGA also welcomed the decision of the Australian Government to ensure that the membership of the Advisory Council of Infrastructure Australia included at least one member with knowledge of, and experience in, local government. ALGA sees this as an important acknowledgment that the local and regional dimensions of national infrastructure investment proposals should be actively and thoroughly considered.

ALGA has emphasised the need to ensure that the national audit of infrastructure includes, where appropriate, information related to the local aspects of infrastructure networks (such as local roads and local water and sewerage systems). It is important that decisions to invest in a nationally significant infrastructure project take account of any investment that may be required at the local level as part of the project. At the same time, ALGA would express some caution that projects should not rely on local government to finance them.

As a priority, ALGA supports the proposal to invest in a new national broadband network given the importance of broadband access to future economic development. ALGA has previously emphasised the importance of maximising the coverage of broadband as part of any proposal for a national network and has highlighted the desirable role of government offices as anchor tenants in regional and remote areas.

At the broader level, while acknowledging the importance of nationally significant infrastructure, ALGA wishes to strongly highlight the importance of local community infrastructure to the wellbeing of all local communities and the need to address the growing national backlog in community infrastructure investment as part of a comprehensive approach to infrastructure investment. ALGA sees investment in community infrastructure as an essential complement to investment in major infrastructure projects.

Infrastructure Australia's Discussion Paper 1 noted that Infrastructure Australia had categorised infrastructure into three main types:

- Physical infrastructure;
- Digital infrastructure; and
- Collaborative infrastructure.

ALGA notes that Infrastructure Australia's stated focus is on physical and digital infrastructure but that Infrastructure Australia also acknowledges the interlinkages between the different types of infrastructure. ALGA further notes that the Infrastructure Australia legislation states that nationally significant infrastructure includes transport, energy, water and communications infrastructure.

ALGA's submission will address each of the three types of infrastructure in turn.

Physical Infrastructure

In the case of physical infrastructure related to transport, the crucial "first or final" mile can easily become the weakest link in a logistics chain.

Local government spends more than \$2.9 billion per annum on over 680,000 kilometres of local roads, or about 80% of the road system. An estimated 19 % of the kilometres travelled by vehicles over 4.5 tonnes gross vehicle mass and 28% of travel by all commercial vehicles is on local roads.

These figures in aggregate are significant and show that local roads are important to the smooth and effective functioning of the Australian economy and society. The Australian Government recognises the importance of local roads by contributing \$307 million under Roads to Recovery (to be increased to \$350 million in 2009-10) and more than \$571 million as Financial Assistance Grants identified for roads in 2008-09.

ALGA would stress the importance of local roads as part of the economic and social network of Australia and of ensuring that decisions regarding what might be identified as nationally significant pieces of transport infrastructure (ports, airports, major national highway links) should not be made in isolation. These significant pieces of infrastructure form part of a network, of which local government infrastructure is often the first (or last) mile.

Local government is also a major provider of water infrastructure in Queensland, and regional New South Wales. Ensuring a consistent supply of good quality water to the community is critical and has far-reaching economic, environmental and social consequences. Water infrastructure includes supply, storage and treatment facilities. The infrastructure currently available in many communities is inadequate and in urgent need of maintenance and upgrade – a job which is beyond the financial capacity of local councils alone. ALGA does not believe it is appropriate to identify individual water projects but stresses that any consideration of nationally significant water projects should

include recognition of the need to ensure that local water infrastructure needs are not ignored.

In summary, ALGA believes that the identification of national investment priorities in physical infrastructure by Infrastructure Australia and recommendations regarding those priorities need to take into account local infrastructure implications.

Digital infrastructure

ALGA agrees that digital infrastructure is critical to fostering a more productive, modern economy. Reliable, accessible, affordable and suitably advanced telecommunications are essential for all Australians, and should be considered fundamental to the social and economic development of all Australian communities, regardless of geographical location.

Broadband access is a vital component of telecommunications services for Australians. As a key enabling technology, its use and development can drive better outcomes for all Australians, including better delivery of essential health and education services, encouraging and stimulating economic and regional development and improving the processes of government.

ALGA-commissioned State of the Regions Reports (2006-07 and 2007-2008) have highlighted the importance of appropriate access to Broadband to the future competitiveness of regions. The State of the Regions Report 2007-2008, prepared by National Economics, estimates that inadequate broadband infrastructure has cost Australian businesses \$3.2 billion and 33,000 jobs.

ALGA has therefore welcomed the Australian Government's commitment to invest \$4.7 billion in a National Broadband Network to enable 98 per cent of Australians to access broadband speeds that are up to 40 times faster than those they have currently. ALGA notes that the funding has been allocated in the Federal Government Budget 2008-09 from the Building Australia Fund and whilst understanding that the tender process is still on foot, would note the urgency of rolling out broadband to as many Australians as possible before the current projected completion year of 2014.

ALGA also acknowledges Australian Government initiatives such as the Australian Broadband Guarantee, which is designed to assist the remaining two per cent of Australians to access better telecommunications services and bridge the digital divide.

ALGA does not favour any particular company or technical solution for the provision of broadband across Australia, as it would prefer to support whichever solution offers the greatest additional access to broadband by local communities at fair and reasonable prices.

Further, to facilitate the economic provision of fast, affordable broadband to communities in remote and rural areas, ALGA believes that government agencies (including local government and public libraries) should play a role as anchor tenants. ALGA believes that the National Broadband Network should ensure that all government offices have fibre links

so they can service the community to the best possible standard (responsiveness, efficiency and certainty).

Collaborative Infrastructure

Local government is at the heart of the provision of collaborative infrastructure as the sphere of government closest to the community. Effective local government is the key to successful local and regional communities.

ALGA includes broad community infrastructure as part of this collaborative infrastructure. Such community infrastructure includes swimming pools, sports stadiums, libraries, galleries, museums, bike paths, community centres, halls, walking or multipurpose paths, parks, children's play equipment, performing arts centres, bus shelters (a more detailed list follows below).

Local government is responsible for more than \$12 billion of community infrastructure for which there is a growing asset renewals gap. Community infrastructure provides the social backbone for all communities, particularly in rural and regional Australia. There is a considerable body of evidence that demonstrate the multiple benefits that can be derived from quality and well maintained community infrastructure. Benefits include: attraction and retention of businesses and employees; health benefits from facilities such as recreational facilities, walking tracks and multi-purpose pathways that promote physical activity; and educational benefits through the provision of libraries, museums and galleries.

Because of financial sustainability pressures on local government, many councils, particularly those in rural and regional areas, are being forced to defer infrastructure investment/renewal in order to meet recurrent costs. Much of local government's infrastructure was built in the 30 years to 1975, often with the assistance of one-off capital grants from other spheres of government, and has now either reached or will shortly reach the end of its economic life.

A national study of local government financial sustainability by PricewaterhouseCoopers (commissioned by ALGA in 2006) found a national backlog of infrastructure investment in the order of \$14.5 billion (being the mid-range estimate identified).

ALGA has advocated the establishment of a Local Community Infrastructure Renewals program to assist local government bodies to renew or augment existing community infrastructure and assets.

Examples of community infrastructure, which could be funded through the program, include:

- childcare infrastructure;
- public halls;

- community buildings (including compliance with building codes (including Disability Discrimination Codes));
- theatres;
- main street/shopping strip footpaths;
- swimming pools;
- boat ramps;
- recreational facilities and playing fields;
- playground equipment;
- senior citizen centres;
- public squares and spaces;
- libraries;
- galleries and museums;
- walking trails and board walks; and
- community and tourism information centres.

The program would deliver substantial benefits including:

- support of a community's activity and life on a local scale through addressing the growing backlog in existing community infrastructure;
- improved value and use from existing infrastructure;
- local governments which are enabled to lift the state of their entire asset base, to broaden the focus on such renewals;
- a program which builds on the success of the Roads to Recovery program; and
- a significant boost to the long-term financial sustainability of the local government sector, as well as the diverse communities they serve.

While ALGA acknowledges that Infrastructure Australia is not focusing on collaborative infrastructure, ALGA believes that there must be a complementary mechanism to address investment in community infrastructure if Australia's economy and local and regional communities are to realise their full potential.

Interrelationship

ALGA agrees with the statement in the discussion paper that the interrelationship between the different types of infrastructure is critical. Similarly, it is critical to ensure that the local dimension of infrastructure networks is taken into account when assessing prospective national infrastructure investment projects.

For example, there is a growing international trend (which is also likely to emerge in Australia) towards on farm storage of grain. The grain is then sold to feedlots or specific international shipments to obtain the best price. This requires access to the internet for information about changing prices and related issues, which therefore makes availability of broadband to regional and rural Australia important. For business to work in this fashion, a corresponding reliable and flexible transport system is also required. A poor quality local road from the property that is unusable during wet weather may mean that contractual

obligations to deliver grain shipments cannot be met. A failure to invest in the local infrastructure components of the transport network and to coordinate investment between the different types of infrastructure will reduce the ability of Australian businesses to reach their full potential in the modern global economy.

Equally, funding upgrades to heavy freight rail or ports may not result automatically in boosted employment opportunities for the areas in which such investment is made. Many employees will take into consideration the quality of services and facilities in the urban and regional centres that service these areas. Poor urban design, sub-standard education and health services, minimal or restricted community infrastructure may each in turn result in a less than optimal utilisation of the infrastructure and reduce the returns on its investment.

Conclusion

ALGA understands that individual local governments may make submissions to Infrastructure Australia about projects they consider merit examination. ALGA supports the consideration by Infrastructure Australia of appropriate funding as part of its assessments of projects that are nationally significant. ALGA does not, however, believe it appropriate for ALGA to identify projects or offer support to specific project proposals at this time.

ALGA believes it is critical that the local infrastructure components of nationally significant infrastructure networks be highlighted, and would emphasise the need to ensure that appropriate support for local links is provided as part of the identification and support of major national infrastructure projects or networks.

ALGA notes the importance of broadband to the future of Australia and in particular the growing role of broadband in determining the economic success of regions. ALGA supports the broadest possible provision of broadband and the use of government offices as anchor tenants through which broadband could be provided to rural and remote communities, and help reduce the prospects of a digital divide.

ALGA agrees with Infrastructure Australia's broad categorisation of infrastructure types and the importance of the interrelationship between them. Local government has a key role to play especially in relation to collaborative infrastructure, provided adequate funding support is present.

While ALGA welcomes the new focus on investment in nationally significant infrastructure to secure the nation's economic future, it is important to ensure that investment is also directed to the community infrastructure necessary to sustain local and regional communities and underpin community wellbeing.