

Response to the Australian Infrastructure Audit

August 2015

Submission by Roads Australia to Infrastructure Australia

About Roads Australia

Roads Australia (RA) is a not for profit, non-political industry association in the Australian road transport sector.

Our organisation draws attention to the importance of our road network to the economic and social fabric of our nation. Roads Australia seeks to ensure that information and decision-making in relation to this road transport is well informed and reflects an appropriate level of priorities.

To that end, Roads Australia provides a forum for policy development and communication, working in a cooperative relationship with decision-makers (including local, state and Federal governments).

We have more than 115 member organisations, including road and transport authorities across the country. (Please refer to a list of members attached.)

Roads Australia's membership embraces a very broad spectrum; the views expressed in this paper represent the general views of members, but are not necessarily representative of the views of all individual members.

Roads Australia would be pleased to provide further information or discuss any of the areas raised in this submission.

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Introduction

The Australian Infrastructure Audit is a welcome and timely review, particularly in respect to land transport. It provides the strongest evidence yet of the need for a fundamental rethink on how we shape, plan, pay for, operate and maintain our transport infrastructure.

Roads Australia believes reform in these areas is necessary if our transport networks are to deliver more efficient, sustainable and productive outcomes for all Australians - no matter where they live and work - and the nation as a whole.

Competitive nations don't sit on their hands. They are on the front foot, exploring the most efficient and effective ways to deliver for their 'customers' *first*, knowing the dividend will be higher quality and more diverse opportunities for their people and their industries.

World leading innovation, strong intellectual property protection, proactive technology adoption and labour market efficiency are key strengths in countries that dominate global competitiveness rankings (*World Economic Forum Global Competitiveness Report 2014-2015*). So it's no surprise that they also house the world's most enviable transport systems.

Savvy financial markets in these countries prioritise investment to the efficient movement of goods and services, world-class infrastructure and a skilled labour force resilient to change.

These are the core pillars of a successful, competitive nation; a position Australia aspires to, and one in which the 15 year Australian Infrastructure Plan (Infrastructure Plan) should seek to achieve.

Plan for a new age of transport

Transformational change of the transport system is fast approaching.

The age of the automobile, as we know it, is coming to an end. The era of autonomous vehicles is clearly in sight, and with its arrival the environment that facilitates the movement of people, information and goods is morphing into an on-demand, customer-driven system of mobility.

We must be extremely careful not to plan our future transport networks based on assumptions that are likely to be redundant within as little as a decade from now. IA needs to base all of its planning on the type of infrastructure we shall need in a future of dynamic change.

Maintain the commitment of the Federation of States

A critical success factor of the Infrastructure Plan will be to capture and maintain the commitment of Australia's state and territory governments.

To support the long-term success of the Infrastructure Plan, the commitment must transcend political cycles. A change in government needn't bring about a reduction in transport system productivity, nor undermine the infrastructure pipeline.

Decisions about nation-building infrastructure should be above politics and beyond borders. Nations with a strong sense of common purpose offer the best opportunity to drive a national agenda organically. Australia is, by definition, a Commonwealth; we need to assess and prioritise our infrastructure needs on that basis, with a common goal, then stick to the plan.

The responsibility for achieving national bipartisanship on infrastructure planning and delivery is not within the remit of Infrastructure Australia. However, unless this national consensus can be achieved, the findings and recommendations of this Audit will count for nothing.

This point needs to be made to government most strongly.

It should also be recognised that the decision-making process needs to capture the input of all stakeholders, including local government. The majority of Australia's road network is controlled by local government.

The so-called 'last mile' is currently no less critical to the overall efficiency of our land transport network as our major rail lines, national highways and key local roads.

Ensure the plan sticks

Australia needs a policy mechanism that protects the integrity of the National Infrastructure Plan.

We must ensure that our infrastructure priorities, once properly considered and established, are recognised as permanent.

The pipeline must provide a consistent and measured feed of projects to each jurisdiction, and at the same time address the challenge of balancing local versus national priorities to accommodate jurisdictions that wish to proceed with unlisted projects.

It is critical that governments across the board consult with industry in planning and delivering the national pipeline. A common complaint from industry is that there is no consistent pipeline of major projects in Australia, and then too many major projects come to market in different states at the same time.

Industry has a limited capacity to deliver multiple, tier one projects across geographies; spread the resources too thinly across too many of these projects, and they suffer – both in terms of cost and timely delivery.

Ultimately, the introduction of a long-term, national forward and consistent program will save the taxpayer money. By providing industry with consistency of work and adequate lead time to plan

and prepare bids, the cost of bids will be reduced and the quality of these bids will increase. This will lead to higher quality road infrastructure being constructed, and at lower cost.

A study conducted by Roads Australia in 2009 demonstrated that good planning, resource allocation and focus on outcomes generated through a high level of predictability could conservatively generate a five per cent saving on the NSW road budget – enough at the time to fund an additional 10 kilometres of Pacific Highway upgrade.

Over the past four years, Roads Australia's industry and agency members have been working together to improve the efficiency of procurement processes. Our regular surveying of members has identified a number of areas where the processes can be improved – for example, the quality and consistency of tender documentation, and greater transparency and communication in pre and post-tender briefs. Again, improvements in these areas will ultimately result in all-round cost efficiencies.

Demonstrate the benefits

The release of the Infrastructure Audit occurs at a time when community support for major infrastructure can no longer be taken for granted.

Major urban transport projects have always had a polarising effect on the community. This is more so in today's digital age, where debates can effectively be hijacked by small groups with loud voices.

As a rule, industry and governments don't do a great job of capturing and 'selling' the benefits of major infrastructure before it is built, let alone after it is completed. Take the community with you from early policy decisions, through to the planning stage, early project development and during delivery.

The case for investment in infrastructure, based on community benefit, has to be prosecuted more strongly. IA can, and should, play a leading role in promoting this case. The examples of past nation building projects like the Snowy River Scheme and, more recently, the Hume Highway duplication, can be used to demonstrate the link between infrastructure investment and improved liveability and productivity.

To that end, post-implementation audits should be routinely undertaken to demonstrate the value to the community and the broader economy of the infrastructure priorities nominated in the Infrastructure Plan.

These audit findings should be reported back to governments and communities to show the enhanced transport experience of users (in real, tangible terms), efficiency gains and improved levels of productivity and competitiveness.

This will effectively create a legacy of learning by capturing opportunities to improve project selection, appraisal, and promote an efficient, best public value environment for procurement and successful project delivery. In practical terms, it also makes it easier for governments to build a case in the community for future projects.

Key Challenges and Audit Findings

Delivering transport services the community expect

Roads Australia acknowledges and supports the need to extract and provide a more detailed evidence base to better understand the level of service that industry and the community expects its transport systems to provide.

- *Create a standard logic to identify best configuration and mode for the transport task.*
Use a combined data set to provide both industry and community with a better understanding of transport efficiency across different configurations and modes for a variety of tasks (people and goods) to aid operational decisions and public/private investment direction.
- *Establish national objectives for the delivery of transport infrastructure that balance increasing efficiency of mature markets, work to nurture growth markets and invite innovation to develop emerging markets.*
Develop a transparent framework that clearly outlines how the national infrastructure priorities have fairly been selected, acknowledging that traditional cost-benefit analyses can disadvantage remote and regional Australia.
- *Step up the way we measure, track and monitor the community's transport network expectations.*
Use a Liveability Index and actively highlight, monitor and promote the quality standard of living we enjoy/aim for as a direct result of the Infrastructure Plan.
- *Promote the progress that investments in the infrastructure priorities nominated in the Infrastructure Plan are achieving.*
Use a national set of key performance indicators to capture and highlight transport service quality, reliability and efficiency – include visible bottom line returns and competitiveness for industry, job creation, community safety and transport service delivery compared to community expectation.

Leverage the untapped value of our transport network

Governments pay the lion's share of the costs to provide transport services to communities. Yet users of the transport system are blissfully unaware of the savings they receive for each journey and the true cost of that journey.

Put simply, transport service savings and costs are not transparent in a meaningful way.

To better understand how to share transport system costs equitably and sustainably, the nation needs to be able to value its transport infrastructure network assets and the services they provide.

Possible approaches to link customer expectations to how users value the transport network include:

- developing an overview of the financial asset value of nation's transport network and services;
- understanding the true cost of providing the stable of transport service options currently available via the existing transport network. Build on this data as infrastructure priorities are delivered;
- mandating the application of whole-of-life asset management commitments to deliver an ongoing expected level of service to community and industry, including maintenance costs, climate resilience, intelligent transport systems, cyclical upgrades and decommissioning;
- creating the supporting evidence we need to understand the service Australians expect and what users ultimately should pay;
- building transparency into the decision-making that seeks to balance quality and cost;
- sharing the findings of cost-benefits and value analyses with communities to begin to build a sense of the real public value of infrastructure; and
- ensuring metrics for road and public transport journeys are available to the community to ensure the true cost of travel is widely known and taken into account in decision-making.

Establishing a fairer price for users

Roads Australia supports IA's finding that we should consider a broader system of transport pricing, both for roads and public transport.

Defining the true cost of travel and linking its value to the customer experience is fundamental to building the case for customers to extract fairer contributions from the industries and communities that benefit from increasing productivity. More work should and can be done in this area.

In the meantime, we need to explore options and test ideas and possible solutions in the community.

Internationally, an increasing number of jurisdictions are testing and implementing road-usage charging models. We can learn much from the experience of these jurisdictions and their 'customers'.

Roads Australia would support a definite commitment in the Infrastructure Plan to a timetable for the introduction of mass-distance heavy vehicle charging and a goal for wider road-usage charging. Through the Transport Reform Network, Roads Australia is prepared to work with IA to do more to bring the community into the debate.

Roads Australia is encouraged by the recent offer by the South Australian Government to host trials of heavy vehicle road usage charging (RUC). We see implementation of heavy vehicle RUC as a logical and necessary precursor to serious consideration of a more broadly-based system. A national approach has proven elusive for Australia, and so RA would support a pilot state such as South Australia proceeding with RUC with vehicle registration and other offsets; support will be required from the Federal Government to ensure the pilot can be scaled for Australia.

Infrastructure Solutions (priority for next 5-15 years)

Areas for national reform

Roads Australia understand that the reform of the national transport system is complex and vast.

The seven areas of reform Roads Australia suggest are fundamental to a move towards a productive and sustainable national transport system are:

1. Establish a national set of key performance indicators to measure national transport network performance

Metrics should ideally be:

- transport customer-focused (encompassing the needs of users of all modes, including public transport, pedestrians and cyclists);
- designed to directly respond to community and industry expectations and provide the valuable link to liveability;
- used to provide an evidence base that the Infrastructure Plan is achieving community outcomes;
- used to inform integrated land use and long-term transport planning;
- used to set national journey management strategy and investment priorities;
- used to assess national transport asset, services and investment performance; and
- published.

2. Federal / state/ local government funding

- Federal government to focus investment in our key national corridors where high performance vehicles, such as Super B-doubles and B-triples can improve national productivity; delivery in partnership with states to ensure the operation of PBS vehicles is actually approved on said corridors;
- Focus a percentage of local government funding directly into 'last mile' improvements with appropriately tied grants and ensure 'PBS' vehicle access as a part of the grant process. Be prescriptive about the expected return on investment and track results;
- Ensure grant funding to states for urban motorways allows expanded access for PBS vehicles, especially between the national network and city origins and destinations, and to and from key ports and intermodals.

3. National road funding reform

- Set a goal for the introduction of a user pays road transport system and establish a national set of milestones to achieve that goal;
- Promote trials of new user pays road transport services, support hypothecation and encourage greater community understanding of the benefits of user-pays systems;

- Work with cooperative cities and states, such as South Australia, to implement trials of mass-distance charging for heavy vehicles, car-based user charge systems in cities, time-of-day toll charges in cities to help manage peak demand, area-based charging, and comprehensive truck tolling on the national highway network (hypothecated back to the national network in the state where the money is raised).

4. Develop a consistent national approach to transport infrastructure asset management policy

- Implement international best practice benchmarks for asset management, including the publishing of asset management and condition data;
- Use the full potential of existing transport infrastructure assets;
- Include whole of life costs into all transport infrastructure developments;
- Ensure capital programs and projects are accompanied with an appropriate level of ongoing investment in maintenance and resilience for the whole life of the asset;
- Define appropriate levels of service to ensure 'fit for purpose' but also to balance asset performance, community outcomes and risk;
- Ensure local government grants are tied to a regional approach to road network management, prioritisation and delivery.

5. Pave the way for road freight

- The national highway network needs the appropriate investment to enable use by higher productive vehicles along corridors. Roads Australia would support a prioritisation of the investment in key corridors and then the opening up of those routes for PBS vehicles. Any plans need to incorporate 'last mile' solutions, such as side roads and bridge upgrades, as part of the overall investment to ensure freight 'customers' efficiently reach their destinations;
- To improve understanding of the long-term impact of heavier vehicles on pavements, appropriate lengths of the national highway network should be identified for pavement trials with long-term monitoring.

6. Modernise national procurement

- Government to work with industry on a national reform of the procurement of infrastructure to agree an innovative, streamlined process seeking greater efficiency, effectiveness and better value;
- Encourage greater public procurement efficiencies by supporting trials using Building Information Modelling (BIM)/Digital Engineering/GIS to assess the efficiency and effectiveness of decision making during the project procurement and delivery cycle. Roads Australia can assist IA to share examples and discuss opportunities with both public and private sectors;
- In the long-term, build on the value of BIM/Digital Engineering/GIS by seeking to understand the drivers and address the barriers of automating processes using e-procurement methods.

7. Long-term, ordered national pipeline of projects

- Work with industry to develop a national policy that reflects industry and government commitment to improve industry effectiveness and efficiency;
- Ensure the National Infrastructure Plan builds a long term pipeline of priorities that are scheduled to be procured in the market place in an orderly way to match government and industry capacity;
- Ensure programs and procurement processes build in the capacity for innovation, developing skills and enhancing capability.

A positive outcome

A national transport system needs to commit to a set of national priorities and ensure its productivity aims are well understood by communities and industry.

It is our hope that governments will accept the findings of the National Infrastructure Audit; that this Audit will be the catalyst for governments to address Australia's long-term infrastructure needs more strategically, with greater levels of co-ordination, co-operation and communication with all stakeholders, and a greater sense of national purpose.

Roads Australia Members

<p> Acciona Advisian AECOM Altus Traffic Amey Aquenta Consulting ARRB Group Arup Ashurst Australia Australian Trucking Association NSW Aurecon Australian Asphalt Pavement Association Australian Automobile Association Australian Construction Products Australian Constructors Association Austroads Autodesk Beca BIS Shrapnel Boral BMD Group Bouygues Construction Australia BrisConnections Cardno Cement, Concrete & Aggregates Australia CCF (Vic) CCF (National) Clayton Utz Coffey Community Training Initiatives CPEE Department of Infrastructure, NT Department of Transport, NT Department of State Growth, Tasmania Downer DPTI South Australia EastLink Engineers Australia Ernst & Young Evolution Traffic Ferrovial Agroman Fulton Hogan GHD Global Road Technology Golder Associates GTA Consultants Hatch Hill and Smith Highway Care Hitachi Construction Machinery Hyder Consulting IQ Concrete Solutions Ingal Civil Products ISCA Jacobs John Holland KBR Kapsch Kennards Hire Laing O'Rourke </p>	<p> Leighton Contractors Lend Lease LGAQ LS New Co McConnell Dowell Main Roads WA Monash University Mouchel MWH Global National Road Freighters Association National Transport Commission NRMA OHL OneSteel Opus International Consultants Pitt & Sherry Project Support Professionals Australia Queensland Transport & Main Roads RAA RACA RACNT RACT RACQ RACV RACWA Rizzani de Eccher Road Management Solutions Roadmarking Industry Association of Australia Roads & Maritime Services NSW Rocla Pty Ltd S&L Steel Salini Impregilo SICE SMEC Australia SLR Consulting The Boylan Group The Civic Group Tonkin & Taylor Tracey Brunstrom & Hammond Transfield Services Transmax Transport Certification Australia (TCA) Transurban Transurban Queensland Transport for NSW Transport Workers Union of Australia UK Trade and Investment Urban Circus URS Valmont Highway Technology Ventia Victorian Transport Association VicRoads Viva Energy WBHO Weddin Shire Council Westrac Whittlesea City Council WSP Parsons Brinckerhoff Wyndham City Council </p>
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Bold = RA Board Member

The RA Board

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