

# House of Representatives Standing Committee on Regional Development, Infrastructure and Transport

Inquiry into local government sustainability

Friday, 31 May 2024

The Australian Logistics Council welcomes the opportunity to make this brief submission to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport on its inquiry into local government sustainability.

ALC is the peak national body representing major companies participating in the end-to-end freight supply chain and logistics industry with a focus on delivering enhanced supply chain safety, efficiency and sustainability. Freight affects every Australian, every day, everywhere.

Common goods purchased by Australians such as food, clothing, household appliances and medicine all need to be transported by freight operators. Australia's population is expected to grow by 10 million by 2040, an increase which must be supported through proactive investment in freight transport and freight logistics infrastructure.

The Australian economy has become increasingly reliant on sophisticated, continent spanning and international supply chain networks. The freight industry serves as the backbone of the economy, facilitating the movement of raw materials, finished products, and essential supplies both within Australia and across the globe.

The supply chain is made up of a highly complex network of interconnected and interdependent parts, with each component playing an essential role in ensuring the smooth and efficient flow of goods and services from a myriad of suppliers to a myriad of end consumers.

It is well known that many of the road infrastructure assets managed by local governments are deteriorating in condition. This impacts the efficiency of the Australian supply chain as these roads are the important 'first mile' in moving many products from origination point to destination.

As ALC indicated to this Committee's 2023 Inquiry into the Implications of Severe Weather Events on the National Regional, Rural and Remote Road Network (**the severe weather events inquiry**):<sup>1</sup>

*...rebuilding our road infrastructure assets firstly requires an understanding that complex supply chain systems require a systems approach that acknowledges the interdependencies*

<sup>1</sup>

[https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000033/toc\\_pdf/Inquiryintotheimplicationsofsevereweathereventsonthenationalregional,rural.andremoteroadnetwork.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000033/toc_pdf/Inquiryintotheimplicationsofsevereweathereventsonthenationalregional,rural.andremoteroadnetwork.pdf)

*across the supply chain, including land use and infrastructure planning, rather than restricting the issue to a linear road network.<sup>2</sup>*

However, that said, as indicated in the Grattan Institute's 2023 report Potholes and Pitfalls: How to fix Local Roads:

*Local councils manage 77 per cent of our roads by length, but many councils do not have the revenue, capacity, or expertise to manage them to an acceptable standard. The problem will only get worse as more frequent heatwaves and flooding cause major damage to our roads and delayed repairs lead to more costly problems down the track.<sup>3</sup>*

It follows that ALC believes there is some scope to adopt the Institute's recommendation to:

- increase core funding to local governments with a \$600 million annual increase in the Financial Assistance Grants, and a \$400 million annual increase to Roads to Recovery funds. It should index both funds to a cost index that reflects changes in the costs that councils face, and population; and
- establish a \$200 million per year fund to assess and upgrade local roads identified as priority freight routes, in exchange for the council providing permit access to compliant heavy vehicles

At the very least, the Committee should recommit to its recommendation 5 of the severe weather events inquiry to establish a review into the distribution formula of the Financial Assistance Grants road component to ensure smaller and remote councils have the capacity to maintain the roads under their responsibility.

ALC also told the severe weather events inquiry that one-in-100 (1:100) year events are now occurring three times per year in some areas and so therefore the climate problem requires redefining how risks are appreciated and managed.<sup>4</sup>

Managing this issue requires development of some form of mechanism to identify the critical network segments (particularly those the responsibility of local government) requiring significant capital upgrades to ensure the infrastructure can withstand the impacts of the increasing frequency of extreme weather events.

The adoption of:

- recommendation 3 (making the development of road asset infrastructure planning and investment frameworks a standing item on the Infrastructure and Transport Senior Officials' Committee meeting agenda; and
- recommendation 4 (progressing the development of national road infrastructure resilience guidelines to inform asset management and project investment)

of the severe weather events inquiry would assist making the case for providing to local government public investment dollars over and above revenues that councils can raise from their own sources to undertake preventative and recovery work on roads.

<sup>2</sup> Paragraph 5.4

<sup>3</sup> <https://grattan.edu.au/wp-content/uploads/2023/11/Potholes-and-Pitfalls-How-to-fix-local-roads-Grattan-Report.pdf>: 6

<sup>4</sup> Paragraph 4.87

Finally, with the predicted transition to alternative fuels and uptake of zero emission vehicles (ZEV), the consequential impact on fuel excise means we need to start planning now for alternative road funding methods given less petrol and diesel use means less fuel excise revenue collected.

This source of funding is tied to road transport funding, and less revenue will mean less investment in road infrastructure.

Reforming road funding by implementing a road user charging regime to cover the road infrastructure construction and maintenance costs of has been recognised by groups such as Infrastructure Australia<sup>5</sup> and Infrastructure Victoria<sup>6</sup>

In that way, a revenue stream is created that can be directed through available government mechanisms to councils to ensure the money is available to invest in the integrity of Australia's local government road network.

### **Sheena Fardell**

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<sup>5</sup> *2021 Implementation Pathway* for the 2021 Australian Infrastructure Plan: 38 and 57-58:  
<https://www.infrastructureaustralia.gov.au/sites/default/files/2021-09/Implementation%20Pathway%20%28IP%29.pdf>

<sup>6</sup> *Victoria's Infrastructure Strategy 2021-2051*: recommendation 53:  
<https://assets.infrastructurevictoria.com.au/assets/Resources/1.-Victorias-infrastructure-strategy-2021-2051-Vol-1-web.pdf>