



**AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION
SUBMISSION ON THE
AUSLINK GREEN PAPER**

4 February 2003

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ALGA congratulates the government on tackling the need to develop new strategies to address the current and emerging land transport challenges.

ALGA welcomes the commitment to the retention of identified local roads funding.

However, local government's support for AusLink is conditional upon guaranteed secure long term funding for local roads through:

- **retention of identified local roads funding, at a level that is at least equivalent to the current (fully indexed) Identified Roads Component of the Financial Assistance Grants; and**
- **continuation of the Roads to Recovery programme beyond 2005 at least at average annual funding in real terms.**

In addition, local government requires;

- **specific and identified arrangements to include local government in the AusLink planning and decision making processes, and**
- **additional Commonwealth funds to meet new elements of AusLink.**

ALGA supports the need to establish clear funding mechanisms for the development of regional infrastructure. However, local government is opposed to any mechanism that would mandate the diversion of scarce local government funds for regional transport infrastructure or into a general funding pool.

Development of transparent, accountable and equitable distribution and decision-making arrangements between states/territories, regions, and local government is fundamental to the success of the AusLink framework.

Regional co-operation between local governments for the purpose of the provision of strategic regional infrastructure must be voluntary and build on the significant initiatives already in place.

ALGA recognises that much of the AusLink detail needs to be further developed. ALGA welcomes the opportunity to work collaboratively with the Commonwealth and states/territories on the formulation of these details to meet our mutual needs.

EXECUTIVE SUMMARY

Background

ALGA is pleased to make this submission on the AusLink Green Paper in the interests of local government and their communities throughout Australia.

Growth and change in the transport task will place significantly increasing demands on the current transport network, and by inference all infrastructure providers. ALGA thus supports the need to develop new strategies to address the current and emerging land transport challenges.

Comments on the AusLink Green Paper

ALGA supports the broad philosophy and objectives of AusLink. It also concurs with the development of a unified, long-term National Land Transport Plan based on clear national objectives (including agreed regional and local government objectives) and priorities that focus on meeting the major transport challenges facing Australia.

ALGA also agrees that priority should be placed upon integrated networks of land links of strategic importance, including road and rail links and intermodal connections to ports and airports.

It is however, important to recognise that AusLink priorities, planning and funding should clearly differentiate between the national corridors and regional and local networks. Thus, national corridor priorities should not be funded at the expense of local and/or regional priorities. Accordingly, it is vital that additional Commonwealth funding should be provided to meet any new elements of AusLink.

The Green Paper outlines some of the specific challenges that confront local government in meeting existing and future transport demand. In particular, it recognises 'the widening gap between the age and quality of local road infrastructure and the capacity of local government to maintain and replace it' (page 69).

Accordingly, AusLink must guarantee:

- secure long term funding for local roads to meet existing and future transport demands, especially the maintenance backlog; and
- specific and identified arrangements to include local government in the AusLink planning and decision making processes.

Executive Summary (Continued)

ALGA sees it as essential that Commonwealth funding support to local government be continued beyond June 2005, at a level that is at least equivalent to the current (fully indexed) Identified Roads Component of the Financial Assistance Grants and the average annual funding of Roads to Recovery (2001 – 2005).

ALGA notes the 'earmarking' of regional funding proposal, although considerable work is still needed on distribution methodologies, decision-making processes and equity considerations between states, regions and local government areas.

ALGA also acknowledges the Commonwealth's interest in supporting regional arrangements. Local government would welcome this, provided that Commonwealth support builds upon the significant local initiatives already in place. Regional arrangements between local government areas must be voluntary, locally-driven processes to meet individual communities' needs and not mandated regional arrangements.

At this stage, there is still considerable ambiguity, complexity and uncertainty in the Green Paper's coverage of both the funding options and 'regional' approaches. There is a strong need to clarify definitions, nomenclature and data in these areas. ALGA is willing to work collaboratively with the Commonwealth and state/territories to further such matters.

Local Government Transport Needs

Local government is responsible for around 80 per cent of Australia's roads (by length). It collectively provides and maintains infrastructure worth more than \$106 billion in 2000 – 01. The Green Paper notes that in 1997 – 98¹ local government's investment in the local road network was \$2 billion.

Expenditure in 2002 on maintenance of local roads is estimated at \$2.46 billion and the estimated total funding need for local roads in the long term is estimated at \$4.14 billion p.a.²

¹ FY 97-98 is used as a standard for comparison, because of the introduction of accrual accounting for national accounts in subsequent years.

² Calculated from R J Howard, 'Road Life Cycle Costing' LGAT Forum 1996; with costs indexed to 2002 values at 4% p.a.

Executive Summary (Continued)

Infrastructure studies for Victoria and SA³ identified an increasing renewal liability for local government's infrastructure assets. On the basis of this work, the present shortfall addressed by the Roads to Recovery programme is forecast to increase by a factor of three to four in 20 years.

The local road network is a core component of the national land transport infrastructure network, with most journeys using local roads to a substantial degree. The Green Paper recognizes that '...all communities depend on land transport to provide economic and social connectivity...' and '... Local government has a challenging responsibility to ensure local communities and industries are connected to the broader regional and national transport networks'.

Local government acknowledges and greatly values the Commonwealth's essential support to local government for the provision and maintenance of local roads. Over the period 2000 to 2005 annual average Commonwealth assistance to local government for local roads (comprising \$423m in Identified Roads Component of the Financial Assistance Grants and \$232m in Roads to Recovery) is estimated to be equivalent to 12.8% of total local government roads expenditure⁴.

However, it is of extreme concern that Commonwealth assistance to local government through Roads to Recovery is not secure beyond June 2005. Roads to Recovery is acclaimed by local government as one of the most successful and welcomed Commonwealth initiatives in recent times. ALGA and the Commonwealth have recently completed a review of Roads to Recovery which clearly demonstrates the success of the programme.

In conclusion, local government will be pleased to work in partnership with the Commonwealth and states/territories in the development of an effective strategy to secure improved, properly funded, transport outcomes for all Australians.

³ Burns et al 1998 and 2001

⁴ Average local government roads expenditure for the period 2000 – 2005 is \$5123m per annum on an accrual basis.

**AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION
SUBMISSION ON THE
AUSLINK GREEN PAPER**

1. INTRODUCTION

The Australian Local Government Association (ALGA) is the peak body for local government across Australia. ALGA represents the interests of 698 local government bodies and their communities. Founded in 1947, ALGA is a federation of all state and territory local government associations and the Australian Capital Territory, and is a full member of the Council of Australian Governments.

The AusLink Green Paper represents one of the most significant public policy transport reforms since the development of the 1991 Intergovernmental Roads Agreement.

ALGA is pleased to make this submission in the interests of local government and its communities throughout Australia.

As one of the major stakeholders in the national transport network, local government agrees with the AusLink Green Paper assertion '... that Australia is facing critical decisions about its national land transport infrastructure network'. ALGA strongly supports the need to develop new strategies to address the current and emerging land transport challenges confronting the nation.

ALGA recognises that the Green Paper is the first step in an ongoing process of developing the details of AusLink. Given the complexity of the proposed reforms under AusLink, it is accepted that the Green Paper deals with a high level of generality and broad, overarching principles. Accordingly, this submission will deal mainly with issues of principle, but will also address some specific matters which are of vital concern to local government.

ALGA is pleased to work collaboratively with the Commonwealth and state/territories on the formulation of the details of AusLink and welcomes the inclusion of ALGA as a signatory to the Intergovernmental Agreement which will implement this initiative.

2. COMMENTS ON THE AUSLINK GREEN PAPER

The Green Paper correctly suggests that the growth and change in the transport task facing Australia will place significant demands on the transport infrastructure network, and by inference all infrastructure providers.

The paper reports that by 2020:

- total freight task is expected to almost double at an annual growth rate of about 2.8%, and
- passenger travel will increase by an average of 2.1% per annum, comprising urban passenger growth at 1.3% per annum and non urban passenger travel at 2.9% per annum.

Local government is acutely aware of the implications of this forecast increase in transport infrastructure utilisation. Existing challenges, especially the maintenance and renewal task of aging, extant infrastructure, emphasises the need for transport policy reform.

ALGA thus supports the broad philosophy of AusLink as outlined in the objectives contained in the Green Paper. Local government considers that these objectives are generally consistent with the positions outlined in the Transport Section of the 2002 National Agenda for Local Government, compiled from resolutions endorsed at successive National General Assemblies between 1994 and 2002. (Appendix A).

AusLink's National Objectives

AusLink will promote sustainable national and regional economic growth, development and connectivity by contributing to an integrated land transport network which:

- improves national, interregional and international freight logistics;
- enhances national, interregional and international trade;
- promotes national and interregional connectivity;
- is consistent with viable, long-term economic, social and safety outcomes;
- is consistent with our obligation to current and future generations to sustain the environment;
- is based on those national and interregional corridors (links to ports, airports, production and distribution centres; connecting intermodal facilities; and local links of regional significance) that are of critical importance to national and regional economic growth, development and connectivity; and

- is planned, funded and managed efficiently, within a framework of reciprocal responsibility by all levels of government and with the involvement of the private sector.

ALGA also welcomes the Government's proposal, through AusLink, to the development of an integrated land transport network, through:

- an integrated network of land transport links of strategic importance, including road and rail links and intermodal connections to ports and airports;
- a unified, long-term National Land Transport Plan for the development of the integrated land infrastructure network, based on clear national objectives and priorities that focus on meeting the major transport challenges facing Australia;
- a coherent national planning framework that can implement this Plan in an effective, workable way by directing funds and effort to the best uses;
- a more strategic approach to the development of regional transport infrastructure;
- more cooperative engagement of key transport stakeholders in the development, management and funding of the new national network and National Land Transport Plan;
- better management of the Commonwealth's existing land transport funding; and
- over time, a broader, comprehensive National Transport Policy which will further improve the land transport infrastructure network and the broader transport system. It will do this by integrating infrastructure, systems, regulation, safety and the environment.

Chapter 3 of the Green Paper discusses a nine-point approach to the AusLink initiative. The following material outlines ALGA's response to, and some key concerns about, each of these areas.

Element 1. Integrating and improving the National Land Transport Network - transport links of strategic national importance, such as rail and road connections between cities and to major ports and airports.

ALGA Response In general terms ALGA supports this element. However, local government is concerned that 'transport links of strategic national importance' (later called major transport corridors) could be funded at the expense of local government roads. This will not be supported.

In addition, the importance of urban passenger and public transport needs should be recognised as an integral element of the overall transport task. Their impact on the carriage of freight, particularly in major urban centres serving ports and airports, is such that failure to do so will result in a strategically flawed outcome.

ALGA notes the proposed 'earmarking' of regional funds for regional purposes. This proposal would have serious implications for local government if scarce local government road funding is diverted away from local roads. ALGA thus seeks assurances that the quantum of funds available to local government from both the Identified Roads Grants and Roads to Recovery be 'ring fenced', for local government purposes. ALGA would be willing to work with the Commonwealth on the details of any 'earmarking' proposal.

Element 2. Developing a National Land Transport Plan - a rolling five-year plan for the national network, with participation from community, industry and all governments. A longer planning horizon of up to 20 years will be utilised to expand understanding of future challenges and opportunities.

Also, a partnership approach is required between the three levels of government to guard against any perceived or real cost-shifting outcomes between governments.

ALGA Response ALGA supports this element, providing that the Plan provides flexibility and that mechanisms are developed to ensure that local priorities are adequately represented.

Element 3. Establishing a national advisory body - to provide Transport Ministers with strategic analysis and advice on priorities for national infrastructure investment, reforms to support intermodal integration and infrastructure pricing. Once established, it will play a role in providing strategic advice to develop the National Land Transport Plan.

ALGA Response In general terms ALGA supports this element. However, local government interests must be adequately reflected and represented in this forum, and as with point 2, local priorities must be adequately accommodated.

Element 4. Generating the best ideas - expanding the range of organisations able to propose projects for Commonwealth funding, including state and territory governments, local councils, the private sector, user organisations, regional development bodies and community organisations.

ALGA Response Local government strongly supports the need for 'legitimate stakeholder interests' to be reflected in a National Land Transport Plan. However, the IGA is principally an agreement between governments and therefore government's must ultimately take responsibility for all AusLink processes and initiatives.

State, territory and local government strategic transport and landuse plans must also be taken into account in the development and evolution of the National Land Transport Plan.

Element 5. Funding the best solutions - widening the range of solutions eligible for Commonwealth funding, including new technology, that can lead to better management and pricing. It must however, be appreciated that supply-side measures alone will not close the clearly recognised funding gap in the provision of transport services.

ALGA Response ALGA supports this element.

Element 6. Employing a consistent approach to funding - establishing a single, flexible funding programme to replace separate programmes for different transport modes. This will help to direct funds to the best projects. Regional funding will be earmarked.

ALGA Response ALGA support for this proposal is highly qualified. Local government would endorse this element only if the quantum of funds available to it from both the Identified Roads Grants and Roads to Recovery be 'ring fenced', for local government purposes.

It is also vital that: any new elements of AusLink should be largely funded by the Commonwealth.

It must also be recognised that there will probably be significant increases in Commonwealth transport-sourced revenues over the next decade, due to the substantial increases in road transport activity. Such revenue should be used to 'grow the AusLink pie'.

ALGA notes the proposed 'earmarking' of regional funds. However, there is a high level of ambiguity about the relationship between local government funding and the 'regional dimension' of AusLink. ALGA support for this element will depend upon the details of the proposed regional distributional mechanisms and no conditions being placed on the deployment of local government road funding.

ALGA is also far from convinced that a single, aggregated AusLink funding pool will enhance the expected accountability and transparency of the program.

Element 7. Encouraging reciprocal responsibility - encouraging joint and complementary development and funding of projects between governments and with the private sector to increase the level of available funding. This approach will encourage cooperation between participants and promote better decision-making.

ALGA Response While ALGA supports this element in principle, funding decisions must be based primarily on a project's transport merits, rather than encouraging reciprocity.

Past experience has shown that private sector transport investment is often subsidised through risk protection, and that over-reliance on private investment skews infrastructure development towards profit rather than community need. Accordingly, local government believes there is limited opportunity for the application of public/private partnership models for local roads in most areas.

Element 8. Embedding continuous improvement - seeking more information about the network to improve understanding and advice. *AusLink's* project evaluation methodology will also improve the quality of decisions and allocation of resources.

ALGA Response ALGA strongly supports this proposal and believes it is consistent with current trends in local government.

In the past five years, local government has voluntarily developed and implemented a range of initiatives such as asset management strategies. The success of these programs is that they have been introduced voluntarily and local government would be strongly opposed to the introduction of these measures as a condition for Commonwealth funding.

It would be especially helpful if a small proportion of AusLink funds could be used for 'capacity building' in local government, in such areas as asset management systems, national data networks, regional transport plans etc.

Element 9. Negotiating a new inter-governmental agreement - between the Commonwealth, state, territory and local governments to underpin the new planning and funding arrangements for a new national transport infrastructure framework and network.

ALGA Response ALGA strongly supports this proposal and welcomes its inclusion as a signatory to the IGA.

In summary, ALGA accepts the need to develop a new framework to address the current and emerging land transport challenges, and looks forward to working collaboratively with the Commonwealth, states and territories on the formulation of the details of AusLink that meet our mutual needs.

It is however, vital to recognise that for AusLink to be successful and sustainable, the programme will need additional and equitably distributed resources at all levels of government.

3. LOCAL GOVERNMENT TRANSPORT NEEDS

ALGA welcomes the specific references to and acknowledgement of the contribution of, and crucial challenges faced by, local government in the provision of local roads, contained in the Green Paper.

The Green Paper explicitly recognises the challenges faced by local government, in particular in regional Australia, and also acknowledges the essential and effective partnership between the Commonwealth and local government in providing local roads.

The Green Paper notes that Roads to Recovery was introduced to address 'the widening gap between the age and quality of local road infrastructure and the capacity of local government to maintain and replace it, (page 69).

It also clearly acknowledges the excellent initiatives that local government itself has made (through state local government associations such as in South Australia, Western Australia and Queensland) to address shared local and 'regional' road priorities.

The Green Paper notes that local government has a challenging responsibility to ensure local communities and industries are connected to the broader regional and national transport networks. Importantly, the Green Paper recognises that all communities depend on land transport to provide economic and social connectivity. It also acknowledges that Australia's national land transport network must continue to support economic growth, social development and personal mobility against a background of rising costs including the effects of congestion, air pollution and environmental damage on health and safety outcomes.

In this context, it is important that the findings of the House of Representatives Standing Committee Inquiry into Cost Shifting and the Financial Position of Local Government, be carefully considered in finalising the AusLink White Paper.

ALGA notes the commitments in chapter 4 of the Green Paper that outline the main features of the 'new approach' which are:

- Retention of identified local roads funding;
- Earmarking funds for regional transport infrastructure;

- Enhancement of existing and fostering new partnerships particularly between levels of government and public and private sectors; and
- Acknowledgement of, and support for, the important contribution of regional communities to national growth.

ALGA particularly welcomes the Commonwealth's commitment to the retention of Identified Local Roads Grants.

However, there are two specific areas of concern that need further clarification. These are as follows:

1. Funding Allocations and Quanta

The first key concern is that having identified some of the major challenges facing local government in meeting existing and future transport demand, the Green Paper does not explicitly address the quantum of the core funding shortfall.

Over the period 2000 to 2005 annual average Commonwealth assistance to local government for local roads (comprising \$423m in Identified Roads Component of the Financial Assistance Grants and \$232m in Roads to Recovery)⁵ is estimated to be equivalent to 12.8% of total local government roads expenditure

Whilst ALGA welcomes the commitment to the retention of identified local roads grant funding the Green Paper is silent on the future of the Roads to Recovery programme. Under the proposed AusLink model, Commonwealth support to local government for local roads and roads of 'regional significance' beyond 2005, (other than Identified Local Roads Grants funding) will become competitive and therefore uncertain.

When the Roads to Recovery programme was introduced in 2001, its aim was to address the widening gap between the age and quality of local roads infrastructure and the capacity of local government to maintain and replace it⁶. The Green Paper recognises the growing pressures on local government in maintaining and developing local roads infrastructure and acknowledges the 'valuable contribution' that Roads to Recovery has made in this area.

⁵ Average local government roads expenditure for the period 2000 – 2005 is \$5123m per annum on a accrual basis.

⁶ AusLink Green Paper, p69.

Roads to Recovery is universally acclaimed by local government as the most successful and welcomed Commonwealth initiative in recent years. ALGA and the Commonwealth have recently completed a review of the programme, which clearly demonstrates its success. (See [Appendix B](#)) However, it is of extreme concern that Commonwealth assistance to local government through Roads to Recovery is not secure beyond June 2005.

Without the continuation of the Roads to Recovery programme, local government would experience even more deterioration of the local road network and/or be forced to compromise delivery of other important services.

Local government is responsible for around 80 per cent of Australia's roads (by length). It collectively provides and maintains infrastructure worth more than \$106 billion in 2000 – 01. The Green Paper notes that in 1997 – 98⁷ local government's investment in the local road network was \$2 billion.

It is critical to note that expenditure in 2002 on maintenance of local roads is estimated at \$2.46 billion and the estimated total funding need for local roads in the long term is estimated at \$4.14 billion p.a.⁸

Infrastructure studies for Victoria and SA⁹ identified an increasing renewal liability for local government's infrastructure assets. On the basis of this work, the present shortfall addressed by the Roads to Recovery programme is forecast to increase by a factor of three to four in 20 years.

Local government thus seeks assurances that in addition to the Identified Local Roads Grants Component of the Financial Assistance Grants, the Roads to Recovery programme will be maintained in real terms. That is, Commonwealth support to local government must be continued beyond June 2005, at a level that is at least equivalent to the current (fully indexed) Identified Local Roads Grants Component of the Financial Assistance Grants and the average annual funding of the current Roads to Recovery programme.

⁷ FY 97-98 is used as a standard for comparison, because of the introduction of accrual accounting for national accounts in subsequent years.

⁸ Calculated from R J Howard, 'Road Life Cycle Costing' LGAT Forum 1996; with costs indexed to 2002 values at 4% p.a.

⁹ Burns et al 1998 and 2001

2. Regional Mechanisms and Proposals

The second major concern is the lack of clarity around the proposed mechanism for the development of regional infrastructure.

At this stage, there is still considerable ambiguity, complexity and uncertainty in the Green Paper's coverage of both the funding options and 'regional' approaches. There is a strong need to clarify definitions, nomenclature and data in these areas. ALGA will be pleased to work collaboratively with the Commonwealth and state/territories to further such matters.

Under AusLink, there are two main suggested approaches. The notion of 'earmarking' funds and the notion of supporting 'pooled funding'.

ALGA fully supports the need to establish clear funding mechanisms for the development of regional infrastructure. However, local government is extremely concerned that both the 'earmarking' and 'pooling' approaches as described in the Green Paper may seriously erode an already inadequate local road funding base. In particular, local government is opposed to these mechanisms if they mean the mandated diversion of scarce local government funds for regional transport infrastructure or into a general funding pool.

AusLink seeks to redirect an unspecified amount of local government's limited financial resources to regional applications. This clearly stretches the purpose of existing local roads funding in such a way as to potentially reduce local government's autonomy and capacity to determine and implement local priorities.

ALGA seeks a clear and unambiguous commitment to adequate and sustained local government road funding.

Such a commitment does not exclude the development of effective regional arrangements. Indeed, state and territory local government associations will be raising relevant options in their submissions. Such arrangements must be voluntary in nature, driven by local collaboration rather than external coercion.

As previously mentioned, local government is clearly committed to, and is pro-actively engaged in a range of local government initiated strategies to develop local/regional infrastructure. These include models developed in SA, WA and Qld.

ALGA is confident that there would be a high level of voluntary collaboration in the funding of strategic regional road projects. Many councils already participate in regional transport/planning arrangements which provide a useful mechanism for such regional initiatives. There is considerable scope for expansion of these existing arrangements across Australia.

It is however, important to recognise that the success of each of these regional approaches is based upon the fact that they are locally devised and local government driven initiatives that meet local circumstances and preserve the autonomy and authority of individual councils. Local government would thus be extremely concerned if under AusLink there was an attempt to mandate a single model for all states and territories.

The proposed 'reciprocal funding' arrangements discussed in the Green Paper (page 66) are unclear. Any such arrangements must be voluntary for local government, and are realistic only if the Identified Local Roads Grants Component of the Financial Assistance Grants and the Roads to Recovery programme are continued and maintained in real terms at least at current funding levels.

The importance of distribution methodologies, decision making processes and equity considerations between states, regions and local government areas cannot be overstated in the development and acceptance of this aspect of the AusLink framework.

Local government welcomes the Commonwealth's interest and support for local government initiatives addressing the need for integrated regional infrastructure planning.

In this context, a small proportion of AusLink funds could be used for 'capacity building' in local government, in such key areas as asset management systems, national data networks and regional transport plans.

APPENDIX A

THE 2002 NATIONAL AGENDA FOR LOCAL GOVERNMENT

TRANSPORT AND RELATED RESOLUTIONS

The following extract from the 2002 National Agenda for Local Government reflects the core elements of ALGA's current transport policy. The extract has been compiled from resolutions passed at successive National General Assemblies of Local Government held from 1994 – 2001.

Transport Issues

1. Adequate and timely provision of physical and social infrastructure is fundamental to Australia's development and community wellbeing. Provision of roads and other transport and community infrastructure is one of local government's most important responsibilities. Increased funding support in this area is an urgent necessity because of the vital importance of infrastructure to people and enterprises.
2. Local government calls on Federal, state and territory governments to recognise that the key to efficiency in transport and infrastructure provision is the integration of planning and program management at community and regional levels. Central governments should cooperate fully with local government's efforts to promote such integration, and comply with reasonable local government requirements for infrastructure improvements necessitated by developments and activities undertaken by their agencies or business enterprises.
3. Increased funding for strategic infrastructure is properly a responsibility of the federal and/or state and territory governments because they collect revenues by tax instruments not available to local government, such as fuel taxes.
4. Local government seeks a priority ongoing commitment by the federal government to capital works programs for provision of essential infrastructure in both metropolitan and regional Australia, including road and transportation systems, water storage, conservation and supply; sewerage treatment and disposal; and major stormwater drainage.

National Development

5. As the three spheres of government are jointly responsible for the national transport system, there must be a clear definition of the responsibilities and powers of each.
6. The national objective must be a safe, efficient, integrated, accessible and environmentally sustainable transport system which meets the economic and social needs of every Australian community. Where necessary, the Commonwealth should subsidise appropriate public transport.
7. The national road system requires major improvements and substantially increased funding. This should be achieved through hypothecation of fuel excise revenues (or equivalent) at double the current level. Local government seeks to cooperate with other key stakeholders to achieve this outcome.
8. Funding for the National Highway System should be maintained and increased in real terms, and should allow for the extension of the network to include roads of major economic importance including strategic links across the interior.
9. Funding for Roads of National Importance and Road Safety Black Spots should not be at the expense of National Highways or other pre-existing programs.
10. Implementation of an increase in mass limits and/or Performance Based Standards for Heavy Vehicles should be subject to exhaustive analysis of likely consequences and costs, and proceed only on an agreed, prioritised route-by-route basis. Councils should be fully reimbursed for additional capital and recurrent costs and compliance measures.

Local Roads

11. Local governments have a collective responsibility for more than 80% of the national road network, roads being the major capital investment of most councils.
12. However, local government does not have the financial instruments and capacity to finance properly the construction and maintenance of the local road network. Recent research indicates that an additional \$1 billion per annum needs to be provided to maintain the local road system at current standards (ALGA 1997). Local government acknowledges that the additional \$1.2 billion over 4 years under the 'Roads to Recovery' program will go some way towards meeting the shortfall. The federal and state/territory governments must provide additional funding to enable the nation's local road assets to be responsibly maintained.

13. A sustained local road funding solution should be based on a fixed percentage of Federal fuel excise (or equivalent) for upgrading local roads, and all relevant federal funding programs should include specific shares for local roads.
14. Local government seeks an agreement by which:
 - as part of its national responsibility the Commonwealth agrees to substantially increase funding for the local road network where local roads provide for significant arterial and through traffic, or have wider economic significance; or the relationship between a council's potential rate base and its road responsibility is so unbalanced that the council has no chance of meeting its obligations
 - councils collectively and individually accept responsibility for more effective management and maintenance of the local road network by adopting best practice asset management, maximising productivity gains, seeking and applying the most effective technology, and setting priorities which provide a necessary level of access in the most cost-effective manner.
15. To meet its responsibilities, local government will:
 - develop and implement programs to ensure that councils and their professional officers have access to necessary research, development and technology transfer
 - cooperate in the collection of local roads expenditure, usage and related data to enable the compilation of nationally consistent expenditure and asset management statistics to provide a sound basis for funding allocations.
16. Specifically, local government will continue to implement advanced asset management, pavement management systems and benchmarking techniques to:
 - determine the current levels of efficiency in road maintenance
 - facilitate a continuous improvement process to maximise productivity and efficiency