



**Roads of Strategic Importance  
(ROSI) – GVROC Paper  
March 2020**

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## 1. Background

The GVROC resolved at its meeting in June 2019 that the GVROC CEOs group would work together to identify the top regional road upgrade priorities for the region for submission to the State and Federal Governments for consideration and funding. These identified roads would be grouped under the banner of “*Roads of Strategic Importance*” (ROSI) project.

At the same meeting concerns were raised about the definition and purpose of ROSI compared to the State Government’s priorities and that this be further investigated prior to the development of individual Council road priorities. Consultation processes proposed by the Commonwealth for funding was also requested to be defined.

This update paper provides a better definition and purpose for the ROSI project, background to the existing Goldfields-Esperance Regional Road Network and the current requirements for State and Commonwealth Government funding towards road infrastructure.

## 2. Definition for ROSI

To define roads of strategic importance, research was looked at to determine how the State and Commonwealth define what they call significant roads.

From a State Government perspective, Main Roads WA in conjunction with WALGA in its 5-yearly report titled “*Roads 2030 – Regional Strategies for Significant Roads 2013*” defines significant roads as - Roads that do, or will, provide a positive contribution to the economic and/or social wellbeing of the region and Western Australia as a whole. It goes further to explain that the following are defined as significant roads:

- All ‘highways’ and ‘main roads’
- Road Hierarchy roads with a category of District Distributor or Regional Distributor. (Roads with a lesser classification may be included if it can be demonstrated to the State Advisory Committee (SAC) they do, or will, have a clear role in the provision of a positive and measurable contribution to the economic and/or social wellbeing of Western Australia.)
- Roads shown at Appendix B Figure 5 of the *Local Government Grain Freight Heavy Vehicle Strategic Pathway Mapping and Access Policy* report.

The Commonwealth Government’s ROSI Initiative outlines funding for strategic roads that will improve productivity and efficiency on Australia’s key freight roads, providing better connections between agricultural regions and ports, airports and other transport hubs and better access for tourism, mining and other sectors.

The Principles under which the Commonwealth Government’s ROSI Initiative will be delivered are based against the following objectives:

- Delivering via a corridor approach to support network improvements, as opposed to upgrades to individual elements that do not address capacity issues along the selected route. That is, works would involve rolling packages of upgrades to raise the standard of the full corridor, as opposed to just upgrading a single bridge or other bottleneck
- Funding for corridors should primarily deliver improvements to freight movements, based on a solid evidence base. Funding for projects on the corridor should be identified through analysis of data such as the CSIRO's Transport Network Strategic Investment Tool' (TraNSIT) model, the Bureau of Infrastructure, Transport and Regional Economics modelling, and strategic network assessments by states.
- The corridors should also support regional economic growth by helping support the expansion of key local industries and improve connectivity and access, including better access to support tourism growth.
- The upgraded corridors will also improve safety for all users through improved road conditions.
- The initiative should support partnerships between Commonwealth and state governments with local government and industry, including shared funding responsibilities, appropriate recognition and improve data sharing.
- Where appropriate, projects should support targeted freight road reforms. This could involve trials of incremental heavy vehicle user charging where industry have indicated a willingness to contribute an additional charge for a higher level of service (e.g. upgrades, improved access) on a corridor, route or network, including on upgraded local government roads or greater access to the corridor. It should also involve greater consultation with industry on project identification, selection and prioritisation.
- Projects should support wider national reforms, such as Indigenous employment and supplier-use participation.

Outside the ROSI Initiative the Commonwealth Government does not directly define what a road of strategic or significant importance is, as most of its other funding for roads rely on the relevant State Government and Local Governments, identifying which roads they deem of significance and importance in the first instance.

However, as an example the Commonwealth Department of Infrastructure, Transport, Cities and Regional Development under its Roads to Recovery Program, provides funding to Local Governments for local road infrastructure assets, which facilitate greater access for Australians and improves safety and economic and social outcomes.

Both of these Commonwealth programs closely align to the Main Roads WA and State Government definition of a significant road and therefore it is suggested for the GVROC ROSI project, the Main Roads WA and State Government definition is the one adopted by GVROC, with recognition of the principle objectives required by the Commonwealth in delivering the ROSI Initiative.

### 3. Purpose of the ROSI

The main purpose for the ROSI project is for the GVROC as a region to define and prioritise its roads of strategic importance and lobby as a collective to the State and Federal Governments for funding to ensure the upgrade and maintenance of these prioritised roads.

GVROC showing a collective and united voice for funding, will have greater appeal to State and Federal Government funding bodies when looking at provision of assistance. The alternative is ten individual local governments all bidding for a slice of the funding in a competitive environment, which generally becomes detrimental to the regions chances of receiving maximum funding and benefits.

#### 4. Overview of the Goldfields-Esperance Regional Road network

(taken from the Goldfields-Esperance Region WA – Toward an infrastructure for industry growth strategy conducted for GVROC by Australian Venture Consultants Pty Ltd)

The Goldfields-Esperance Regional road network is the main facilitator of hinterland logistics and intra-region, inter-region and interstate transport connectivity.

The main arterial routes in the Region are Western Australian Government roads, managed under the jurisdiction of Main Roads WA. These ‘main’ roads are illustrated in Figure 1 below and listed in Appendix 1. The Great Eastern Highway is the principal interstate road connection between Perth and the Goldfields-Esperance Region, and via the Coolgardie-Esperance and Eyre Highways, the Eastern States.

Given its critical importance to interstate road freight, the roads comprising this interstate logistic connectivity are the subject of regular assessment with respect to capacity, safety and amenity. The Goldfields Highway provides critical logistics connectivity between the mining industry in the northern Goldfields, the City of Kalgoorlie-Boulder population centre, Perth and the eastern states. The Coolgardie-Esperance Highway provides hinterland connection for the Goldfields Region, Perth and eastern states with Esperance Port and the South Coast Highway connects areas to the west of Esperance, including significant agricultural areas, with Esperance Port.

These main arterial routes are critical for hinterland movements of minerals and agricultural produce for export to Esperance Port, as well as the delivery of inputs such as fuel, reagents and fertiliser to mineral and agricultural operations across the Region. They are also the main routes through which driving tourists access the Region and key tourism assets within the Region.

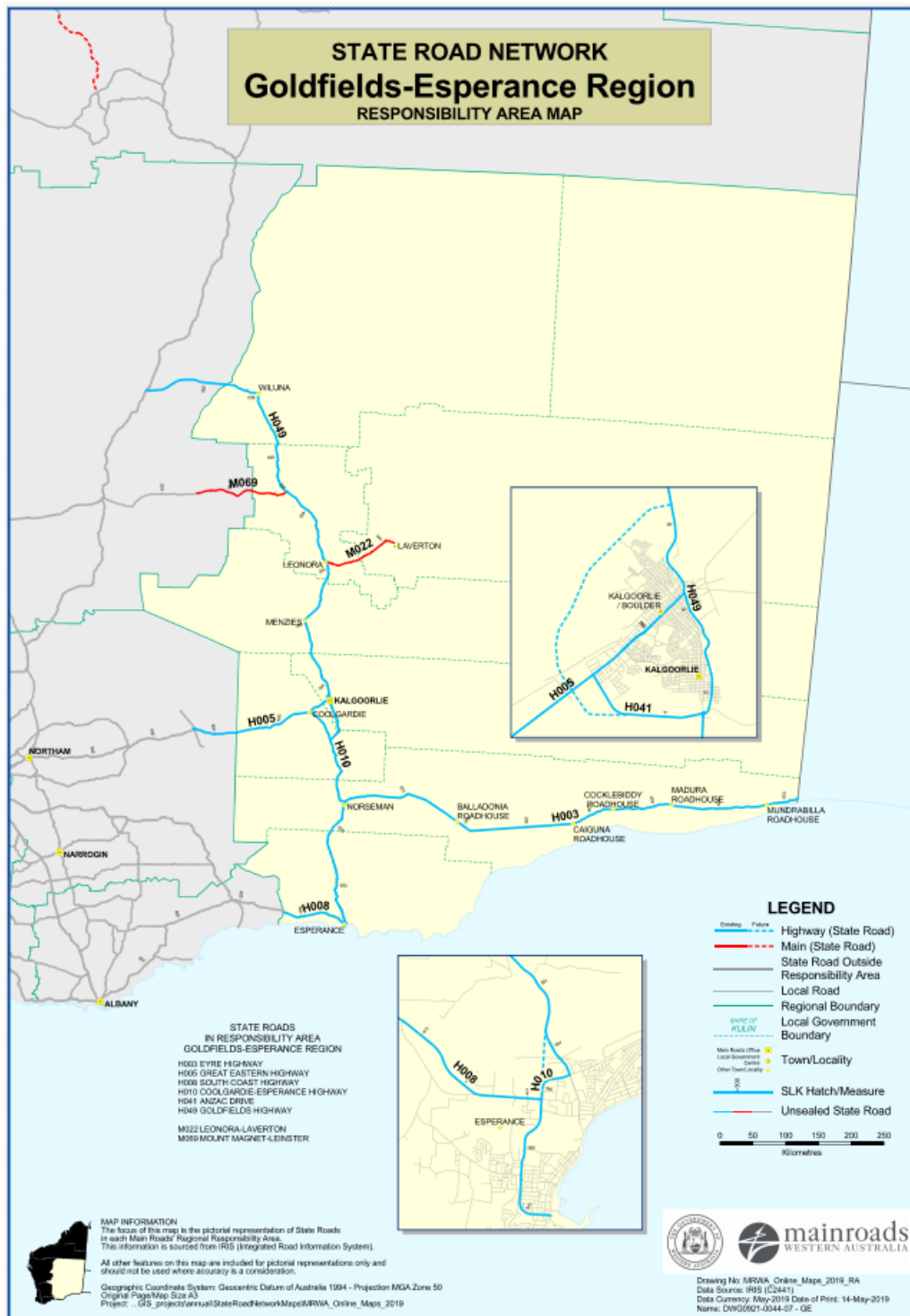


FIGURE 1 – WESTERN AUSTRALIAN GOVERNMENT ROADS IN THE GOLDFIELDS-ESPERANCE REGION

Other major roads such as Anzac Drive, Leonora-Laverton Road, Mount Magnet-Leinster Road Agnew Sandstone Road and Harbour Road provide critical connectivity between the major arterials, as well as population centre by-pass functions. The following Figure 2<sup>1</sup> maximum daily vehicle movements on main roads in the Goldfields-Esperance Region in 2018, summarises maximum daily vehicle movements on main roads in the Goldfields-Esperance Region in 2018.

<sup>1</sup> Main Roads (2018), Traffic Map, where traffic varies along different stretches of road the maximum recorded average vehicle movements has been applied in Table 5

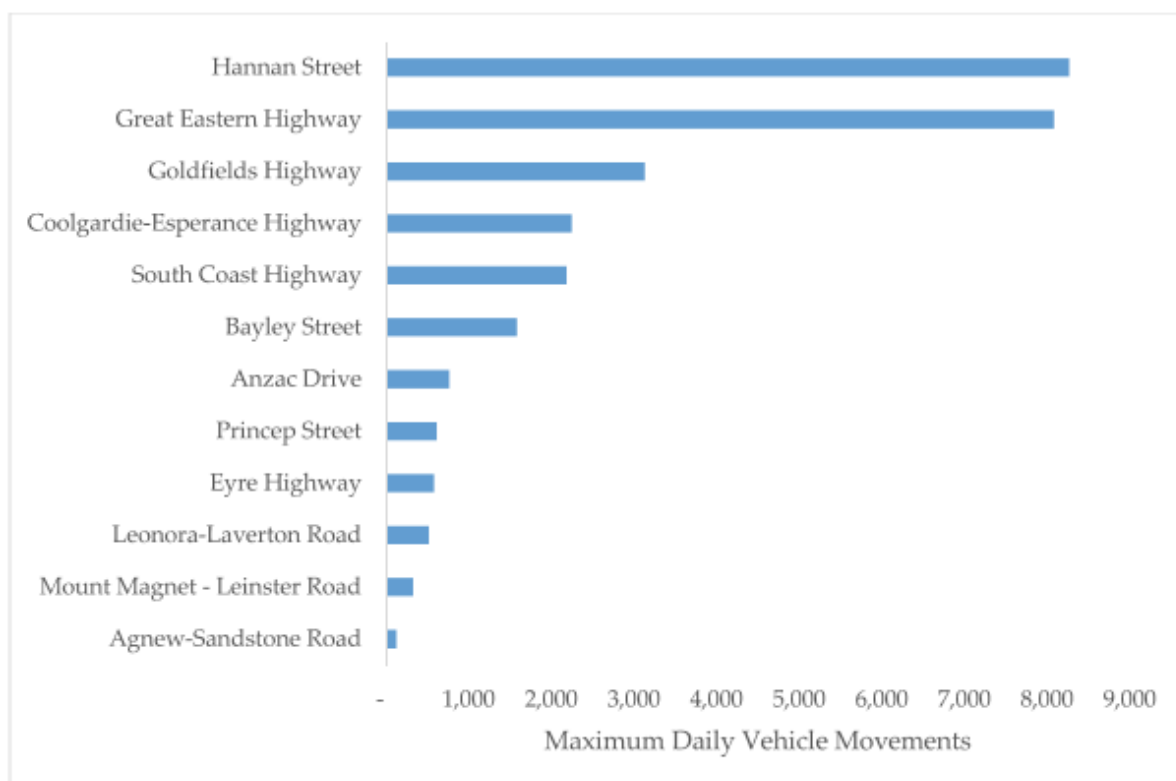


FIGURE 2 – MAXIMUM DAILY VEHICLE MOVEMENTS ON MAIN ROADS IN THE ESPERANCE-GOLDFIELDS REGION

The Main Roads arterial network is supported by approximately 30 additional significant roads that are managed under the jurisdiction of the local governments of the Goldfields-Esperance Region. These are listed in Appendix 1. A number of these roads traverse multiple LGAs and are thus the responsibility of two or more local governments.

Comprised of a series of sealed and unsealed roads connecting Laverton to the Central Desert, Alice Springs and Queensland, the longest multi-jurisdiction road in the Region is the Outback Highway, also known as the Great Central Road. At approximately 2,800 kilometres in total length, the Outback Highway is considered the Goldfields-Esperance Region's second and Western Australia's third interstate link. It is used by logistics and mining operations as well as tourists travelling through central Australia to reduce transit time by up to 2 days depending on the eastern state terminus, and in the case of tourists, to access central Australian tourism experiences and assets, including the road itself. It also performs a key function in enabling the provision of essential services, food, fuel, health and education to the Central Desert Aboriginal communities from Perth, Kalgoorlie and Alice Springs service centres.

Given these important functions, increasing the capacity of the Outback Highway is identified as a key project in the Developing Northern Australia Whitepaper<sup>2</sup>, and as illustrated in Figure 3<sup>3</sup> below is currently the subject of upgrading investment.

<sup>2</sup> Department of Industry, Innovation and Science (2015), Our North, Our Future: White Paper on Developing Northern Australia

<sup>3</sup> Outback Way, Australian Broadcasting Corporation



FIGURE 3 – OUTBACK HIGHWAY

As illustrated in Figure 4<sup>4</sup> below, the intensity of smaller, local government managed regional roads is relatively significant in the agricultural areas of the southern Goldfields-Esperance Region, connecting individual crop and livestock operations with Esperance Port. Indeed, the Shire of Esperance manages the longest total length of roads in the State.

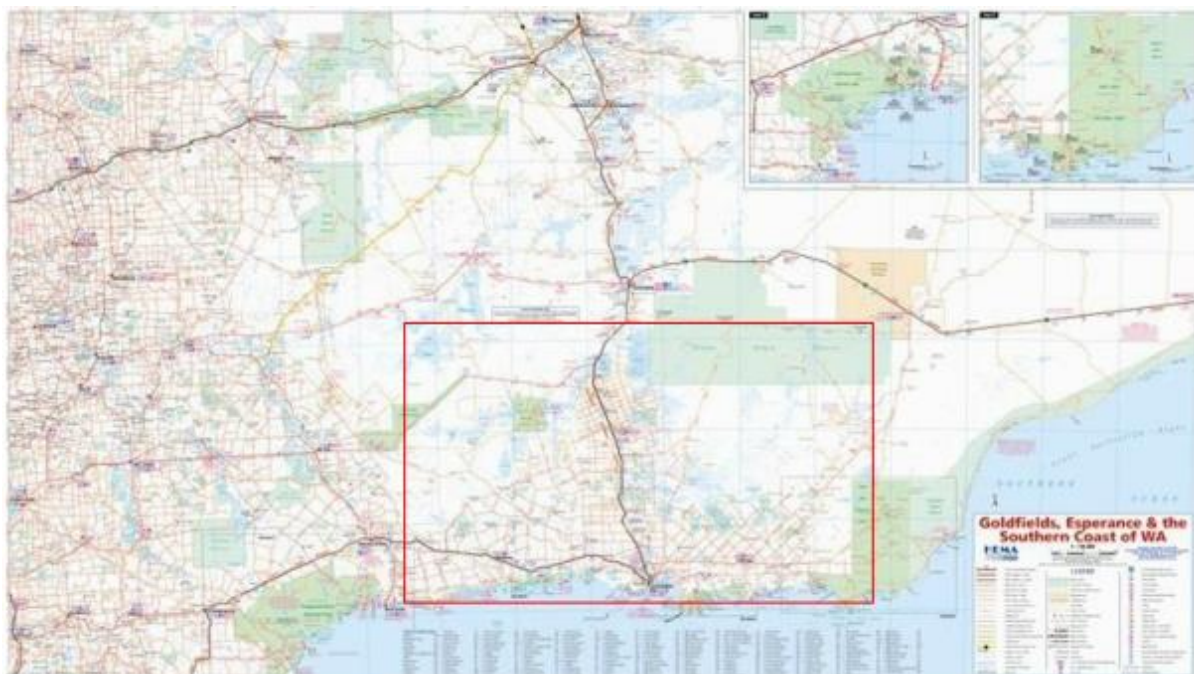


FIGURE 4 – REGIONAL ROAD INTENSITY IN THE SOUTHERN GOLDFIELDS-ESPERANCE REGION

<sup>4</sup> Hema Regional Map 9786500



#### 4.1 Key issues in Maintaining standard of main arterial roads

##### **Issue**

As discussed in the previous section, primarily as a result of being key interstate logistics infrastructure and being resourced by the Western Australian and at times, the Australian Government, the main arterial routes transecting the Goldfields-Esperance Region are generally maintained at a high standard.

It will be important that as the volume of heavy vehicles (and heavier vehicles) increases on these roads that these standards are maintained. This includes ensuring safety with respect to passenger vehicle usage on the road by ensuring that overtaking lanes are adequate, and that surfaces, shoulders, marking and signage are suited to all typical weather conditions. The somewhat cyclical nature of the use of some of these main arterial routes presents challenges to investment in their maintenance. For example, the South Coast Highway is a major route for grains transport and an increasingly important tourism corridor. It is also Western Australia's oldest pavement and not designed for today's heavy vehicles and therefore subject to significant damage by intensive heavy vehicle usage. These circumstances are exacerbated when minerals product is periodically transported from mining operations that periodically operate in the Region to Esperance Port.

There are also extensions of some major arterial routes outside of the Goldfields-Esperance Region which if upgraded would improve the Region's connectivity. An example of this is the stretch of the Goldfields Highway from Wiluna to Meekatharra and onto the Pilbara that is currently unsealed. Upgrading this road would provide competent direct road connection between the Goldfields-Esperance Region and the Pilbara Region.

##### **Opportunities**

Modelling should be undertaken to determine, based on current gold, nickel, lithium, rare earths and other sector expansion plans the likely increase in volume, nature of and key routes of heavy vehicles as input to a strategic plan to invest in main arterial road safety measures as necessary.

#### 4.2 Improve the standard of key non-arterial roads

##### **Issue**

There are many non-arterial roads that cover a range of sealed and non-sealed standards. In some cases, they are used variably by heavy vehicles servicing mining and agricultural operations and can also be used by local residents and tourists. The most significant instance of this is the extensive local roads network managed by the Shires and Esperance and Ravensthorpe (see Section Figure 4), where suitability for large volumes of heavy vehicles transporting grain and some minerals product is variable.

Some of these non-arterial routes exhibit variable standards along their length, transect multiple LGAs and have multiple frequent users, including multiple mining companies. An example of this is Yarri Road that connect City of Kalgoorlie-Boulder with Saracen's Carosue Dam and the Tropicanna AngloGold Ashanti Joint Venture. While part of the road is sealed other parts are not and difficult to maintain.

The road is used by both mining ventures, prospectors, operators of pastoral stations in the area and tourists. There has been a significant number of vehicle incidents along the road over the past decade that are a result of its condition in parts and the nature of traffic using the road. Determining responsibilities for investing in road improvements and maintaining roads is complicated by the multi- jurisdictional and multi-user nature.

Most shires in the region also have a portfolio of gazetted unsealed roads that were originally established with a service function, but no longer have a purpose or are used. Because they are gazetted, their maintenance has to be provisioned, causing fiscal issues particularly for smaller shires.

### **Opportunities**

Detailed modelling of usage of non-arterial routes should be undertaken that identifies who is currently using specific routes, the nature and frequency of use, as well as projected use. This can be correlated with assessment of road condition to establish a non-arterial road upgrade priority plan.

It should be noted that for mining companies to invest in road infrastructure, a very clear case of operational dependency needs to be made for legal and shareholder accountability reasons. This should also be considered in the investment plan.

## 4.3 Increased heavy vehicle traffic through townships

### **Issue**

The number and size of heavy vehicles on arterial roads in the Goldfields-Esperance Region is increasing, passing through the centre of numerous towns and population centres located on these main arterial routes. By way of example, the town of Norseman in the Shire of Dundas currently experiences around 75 heavy vehicles on its main thoroughfare a day, including during the night, while the town of Coolgardie experiences an average around 530 heavy vehicles per day representing approximately 26 percent of total traffic through the town. While trucks obviously slow to town speed limits, the scale of the vehicles and engine, rolling-mass and braking noise significantly detracts from local amenity.

### **Opportunities**

The cost associated with establishing and maintaining town by-passes is likely to prove prohibitive in the case of most towns. However, a business case for investing in traffic slowing and safety devices, and in some case noise barriers in areas of important town amenity should be explored.

## 4.4 Managing activation of isolated communities and economies

### **Issue**

All road infrastructure decisions in the Region should give consideration to opportunities to enhance local economies and provide improved access to regional tourism assets. As a case in point, upgrading of the Outback Highway (see Figure 3) will likely see increased traffic along that route, including tourism traffic. This creates several opportunities in the Shire of Ngaanyatjarraku, including:

- Opportunities for a range of commerce simply by virtue of being able to move factors of production to the area and product out to markets;
- Opportunities for unique cultural and eco-tourism products that will be accessible by a larger market as a result of the more navigable road; and
- Improved economic viability of known mineral projects in the area.

It is very important that the local communities are provided with the capacity to make decision regarding the socio-economic impact of these circumstances, to optimally capitalise on the opportunities and manage any negative externalities that might arise. This includes prioritising investment in laterals that will assist in delivering socio-economic benefits to communities in the Shire.

## 5. Current GVROC Identified Roads of Strategic Importance

In addition to the roads listed in Appendix 1 and also those contained in the Main Roads WA/WALGA document “*Roads 2030 – Regional Strategies for Significant Roads*”, each GVROC CEO has been asked to identify key roads of strategic importance within their local government boundaries, which they wish to seek funding towards. To date the following roads have been highlighted by CEOs:

Road	Description	LGA
Trans Access Road	Is critical for use with agricultural pursuits, mining, its link to aboriginal communities and its strategic importance to the east west rail service	City of Kalgoorlie Boulder
Coolgardie North Road	The route provides access for tourism, pastoral operations and mineral resource exploration and development. It is a convenient alternative route into the mining region for supplies and equipment sourced from Perth. It forms part of the Golden Quest Heritage Trail.	Shire of Coolgardie
Bayley Street		Shire of Coolgardie
Jaurdi Hill		Shire of Coolgardie
Carins Road	Provides heavy mining access from Coolgardie North Road to Great Eastern Highway. This road acts as a northern bypass for heavy traffic around Coolgardie townsite.	Shire of Coolgardie
Durkin Road	Runs from the Goldfields Highway through to the Kambalda mill and out to the industrial area. It provides for a high proportion of large RAV combinations that require access to and from the mill and the industrial area. Is a RAV Network 10 road.	Shire of Coolgardie

Road	Description	LGA
Binneringie Road		Shire of Coolgardie
Cave Hill Road	The road provides access to the Cave Hill and Burra Rock Nature Reserves.	Shire of Coolgardie
Lady Loch Road	Is the major industrial route in Coolgardie town site. It functions and is promoted as a southern bypass for heavy vehicle around the town site. There currently are large scale mining operations using this route, which include all of the service and workforce type traffic for these mines and the area. Road Network RAV 8 conditional.	Shire of Coolgardie
Victoria Rocks Road	This road forms part of a regional link to the South West from the Coolgardie area. It is mainly a tourist link which offers an alternative route into the South West via Queen Victoria Rock Nature Reserve and Lake Johnston. The first section to Queen Victoria Rock provides access to a number of tourist sites along the way. Is a RAV Network 8 road (conditional).	Shire of Coolgardie
Cocklebiddy Road	To the Shire Boundary and all the way to the Trans Access Road	Shire of Dundas
Hyden Norseman Road	The route provides a shorter east-west link into Hyden for tourists. The first section, to Lake Johnston, also provides access for RAV combinations to the Maggie Hays and Emily Ann nickel projects and tourist access to nearby McDermid Rock, an increasingly popular attraction. Is a RAV Network 7 road (conditional).	Shire of Dundas
Eyre Highway		Shire of Esperance
Esperance to Coolgardie Highway		Shire of Esperance
South West Highway		Shire of Esperance
Fisheries Road	Within the Esperance Shire, this road is the major access for all development and agricultural activity in the eastern region of the Shire. It is an important route for grain cartage and tourism. With Parmango Road and Balladonia Road it has the potential to provide an alternative link between Esperance and Balladonia on Eyre Highway for east- west interstate travellers. This is also a school bus route. Is a RAV Network 7 road (conditional).	Shire of Esperance

Road	Description	LGA
Cascades Road	The road provides a major grain and livestock transport service to the agricultural areas north-west of Esperance. It also serves as a tourist route and short-cut between Lake King and Esperance as well as a school bus route. This road was utilised as a detour in recent major flooding that closed South Coast Highway. Is a RAV Network 7 road (conditional).	Shire of Esperance
Merivale Road	This road provides access to farming properties east of Esperance. It is also important for tourism as it links two major National Parks and numerous coastal beaches and reserves used for recreation. This is also used by school buses. It is an important link for livestock and timber cartage. Is a RAV Network 7 road (conditional).	Shire of Esperance
Parmango Road	This road is ultimately utilised to service the farming community in the region north-east of Esperance, which is the south-east corner of the wheat-belt. There is some tourism, however this is minimal. With a possible link between this road and Balladonia Road there could be additional traffic as it would represent an alternative, shorter route from the border to Esperance. School buses use this road. Is a RAV Network 7 road (conditional).	Shire of Esperance
Lake Wells Road	Subject to increased traffic due to proposed mining activities	Shire of Laverton
Bandya Road	Subject to increased traffic due to proposed mining activities	Shire of Laverton
Merolia Road	Subject to increased traffic due to proposed mining activities	Shire of Laverton
Wildara/Weebo/Darlot Road	This is a major access route to the Barrick-Darlot Gold mine. The route forms part of the Leonora Loop Trails. Local pastoralists from Yandal, Wonganoo, Banjawarn, and Melrose utilise this route to access Goldfields Highway for Leinster, Wiluna and Mt Magnet. Is a RAV Network 10.	Shire of Leonora

Road	Description	LGA
Leonora-Nambi Road	This road provides access for mining freight, tourism and general transport needs within the area. There are a number of operational mines that rely on this road to provide access, such as Mertondale. The predominant activity in this area is gold mining, however, there is also some pastoral activity and tourist interest.	Shire of Leonora
Northern by-pass around Leonora	To allow movement of over height and width vehicles around the town	Shire of Leonora
Menzies NW Road	Major tourist road and alternative route for Sandstone to Goldfields Highway at Menzies	Shire of Menzies
Connie Sue Highway	The route from the Trans Access Road to Tjuntjuntjarra Community	Shire of Menzies
Yarri Road	Link road to Laverton	Shire of Menzies
Kurnalpi Road	Link road to Kalgoorlie and mine sites	Shire of Menzies
Menzies Everston Road	Mining and Pastoral road and a link to Southern Cross for pastoralists	Shire of Menzies
Jameson – Wanarn Road	The road services the Jameson Aboriginal Community and allows interaction with neighbouring communities along the Great Central Road.	Shire of Ngaanyatjaraku
South Coast Hwy	Cheyne' Beach Intersection Jerramungup – Ravensthorpe – Munglinup; road seal width too narrow, no edge-lines and sealed shoulder. Thomas Road intersection to Brookton Hwy intersection; pavement deformation / failures throughout this section of the highway.	Shire of Ravensthorpe
Brookton Hwy	South Coat Hwy - Mt Madden – Lake King; road seal width too narrow, no edge-lines and sealed shoulder	Shire of Ravensthorpe
Hopetoun Rd	(South Coat Hwy - Hopetoun; road seal width too narrow, no edge-lines and sealed shoulder	Shire of Ravensthorpe
Jerdacuttup Road (Hopetoun Rd to South Coast Hwy)	Consider regional significance plus funded accordingly and/or whether transferred to Main Roads WA as a state asset	Shire of Ravensthorpe

Road	Description	LGA
Springdale Road	This route provides access for local agriculture sector to transport grain, fertiliser and livestock and facilitates access for tourists to national parks. Also access for nickel operation east of Ravensthorpe. A RAV Network 7 Road.	Shire of Ravensthorpe
Hamersley Drive & West River Road (listed as Hopetoun – Lake Magenta Route)	This route provides access for local agriculture-based operators and tourists alike. Majority of route is unsealed and can create visibility issues with dust.	Shire of Ravensthorpe
Southern Ocean Road	A very popular route with locally based people and tourists as it leads to pristine beaches along the southern coastline. Parts require sealing to achieve uniform Type \$ standard.	Shire of Ravensthorpe
Mallee Road	Increased traffic due to its proximity to the CBH facility on the Lake Grace Shire side of the boundary near the intersection of Koornong Road and Mallee Road	Shire of Ravensthorpe
Goldfields Highway	Road sealing of the highway from Wiluna to Meekatharra and onto the Pilbara that is currently unsealed. Upgrading this road would provide competent direct road connection between the Goldfields-Esperance Region and the Pilbara Region.	Shire of Wiluna

For each of these roads and any others that are identified by the GVROC CEOs it is suggested that in line with the Main Roads WA/WALGA *Roads 2030 – Regional Strategies for Significant Roads Report* that each Road is documented outlining its function, development need and development strategy.

## 6. State Government Roads Funding and Process

### 6.1 State Road Funds to Local Government Agreement

In October 2018, the State Government announced overall funding for Western Australia's vast network of local government roads would increase by \$21 million under a new agreement struck between the McGowan Government and the WA Local Government Association (WALGA). This funding allows for local road improvements to enhance safety, create employment, and provide remote access and tourism opportunities.

As part of this announcement the State Government approved a five-year State Road Funds to Local Government Agreement which guarantees councils receive 20 per cent of total State vehicle licence fee collections, through to 2022-23.

The agreement meant the pool of funding shared by local governments would escalate from \$182.3 million in 2018-19 to an estimated \$203.4 million in 2022-23.

In addition to funding under this agreement, the State Government also remained committed to funding about \$260 million of other works on the local government road network between 2018-19 and 2021-22.

Under this current agreement, funding is split into two categories.

- The local government managed programs receive 66 per cent of annual funding in direct grants, road project grants, State Black Spot allocations and for strategic and technical support.
- The remaining 34 per cent of funding goes to the Main Roads managed programs, which include State initiatives on local roads, bridgeworks and bridge inspections, and remote Aboriginal access roads.

## 6.2 Regional Road Development Strategies (i.e. Roads 2030)

Regional Road Development Strategies (Appendix 2 - Roads 2030 – Regional Strategies for Significant Roads) are an investment planning tool used by Main Roads WA and WALGA to assist with allocating available State Government funding in a systematic fashion to achieve long term strategic planning goals for the Region and State through improvement of road infrastructure. Inclusion of a road in a Development Strategy does not influence the amount of funding provided to a Regional Road Group.

The *Goldfields Esperance Roads 2030 - Regional Strategies for Significant Roads* documents a strategic review of regionally significant Goldfields Esperance Regional Local Government roads and the development strategies for each of them. It provides an agreed, strategic approach to allocation of limited funding across the extensive road network in the region. Only projects on local roads included in Roads 2030 will be eligible for Road Project Grant funding under the State Road Funds to Local Government Agreement outlined in Section 6.1.

The Regional Road Development Strategies are reviewed every five years, which allows for a balanced need and strategic approach to funding allocation with changes in demand on the road network within the region.

Should a Regional Road Group agree to seek an amendment to the endorsed road development strategy outside this time frame this needs to be documented and endorsed by the State Road Funds to Local Government Advisory Committee. If an affected road crosses into another Region, agreement should be reached with the adjoining Regional Road Group on the proposed change. Additionally, a separate Main Roads WA process is required to amend the Functional Road Hierarchy category to reflect proposed changes to Roads 2030.

If any of the GVROC roads of strategic importance identified by the GVROC CEOs Group are not currently contained in the Roads 2030 – Goldfields-Esperance Regional Road Development Strategy, then the GVROC will need to start the process of seeking an amendment for each of these roads to be included.



## 7. Commonwealth Government Roads Funding and Process

### 7.1 Roads of Strategic Importance

The Commonwealth Government is investing \$4.5 billion, including \$1 billion of additional funding committed in the 2019-20 Budget, to the Roads of Strategic Importance (ROSI) initiative to help connect regional businesses to local and international markets, and better connect regional communities.

ROSI will ensure Australia's key freight roads efficiently connect agricultural and mining regions to ports, airports and other transport hubs. It will deliver works such as road sealing, flood immunity, strengthening and widening, pavement rehabilitation, bridge and culvert upgrades and road realignments.

Improved access provided through ROSI will deliver substantial social and economic benefits, including opportunities for greater regional employment and business growth.

On 13 October 2018, the Commonwealth Government released the ROSI Investment Principles (Appendix 3), which set out the objectives for investment through ROSI.

ROSI is currently supporting upgrades to 26 key freight corridors, and approximately 50 other ROSI initiatives across Australia. Of relevance to the Goldfields Esperance Region, ROSI is supporting the upgrade of the Port Augusta to Perth road corridor network with \$150m.

This Port Augusta to Perth corridor is approximately 2,388km long and comprises the Eyre Highway, Great Eastern Highway and Coolgardie-Esperance Highways. The key arterial roads connecting to the corridor include the Esperance Highway and the Albany Highway in WA and the Flinders Highway and Augusta Highway in SA.

The project will include targeted upgrades to widen, strengthen and realign various sections along the corridor to improve the flow of vehicles and increase access for higher efficiency heavy vehicles.

The project has identified the following benefits when completed: improved road safety; improved freight efficiency, connectivity and travel time; and consistent Restricted Access Vehicles (RAVs) ratings across the network, which will provide improved access for agricultural and mining regions to transport hubs.

The Commonwealth Government has committed \$150 million towards the Port Augusta to Perth Corridor, of which \$100 million has been committed to South Australia with work commencing in 2020 and being completed by 2022 and \$50 million to Western Australia, which is currently in the planning phase.

### 7.2 Roads to Recovery Program

The Commonwealth Government's Roads to Recovery Program supports the maintenance of the nation's local road infrastructure asset, which facilitates greater access for Australians and improves safety and economic and social outcomes. The Roads to Recovery Program does not contain a sunset clause under the National Land Transport Act 2014, meaning no new legislation is required for the continuation of the program.

As part of the Local and State Government Road Safety Package announced in the 2019-20 Budget, the Commonwealth Government has committed an additional \$100 million per year to the Roads to Recovery Program from 2019-20. From 2013-14 to 2023-24, the Commonwealth Government will provide \$6.2 billion under the Roads to Recovery Program, with an on-going commitment of \$500 million each year following.

The funding is to be distributed to Australia's local councils, state and territory governments responsible for local roads in the unincorporated areas (where there are no councils), Norfolk Island and the Indian Ocean Territories.

The following table includes a list of each GVROC council's estimated Roads to Recovery Program allocation for the 2019-20 financial year and total through to 2023-24.

<b>Council</b>	<b>Roads to Recovery Total Allocation 2019-20 to 2023-24</b>	<b>Roads to Recovery Estimated allocation 2019-20</b>
City of Kalgoorlie-Boulder	\$5,471,043	\$1,012,009
Shire of Coolgardie	\$1,635,921	\$327,184
Shire of Dundas	\$1,255,299	\$251,060
Shire of Esperance	\$9,120,612	\$1,824,122
Shire of Laverton	\$3,108,759	\$705,752
Shire of Leonora	\$2,017,992	\$403,598
Shire of Menzies	\$2,743,138	\$700,628
Shire of Ngaanyatjarraku	\$3,675,596	\$2,011,119
Shire of Ravensthorpe	\$3,371,513	\$476,303
Shire of Wiluna	\$2,714,413	\$542,883

Note: Each council's Roads to Recovery Program funding is limited to their Life of Program amount. Allocations shown for forward years may change in light of payments made in earlier years of the current program.

Under the Roads to Recovery Program, direct funding to local councils is distributed according to a formula based on population and road length set by the Local Government Grants Commissions in each state and the Northern Territory. Each council's Roads to Recovery allocation is fixed for the life of the Program. This is the same methodology as was used for this purpose in previous Roads to Recovery programs.

The Roads to Recovery Program operates uniformly across Australia. Under current arrangements, each council is guaranteed a share of the total available funding. Under simple administrative procedures whereby spending decisions are made locally and reported to the Commonwealth Government, money is paid directly to each council.

Money provided under the Roads to Recovery Program is not intended to replace council spending on roads or state and territory government assistance to councils for local road construction or maintenance. Local councils nominate the projects to be funded.

The grant is paid in quarterly instalments to state and territory governments for immediate distribution to local governing bodies. The quantum of the grant pool changes annually in line with changes in population and the Consumer Price Index (the Act provides discretion to the Treasurer to alter this annual indexation).

### 7.3 Heavy Vehicle Road Reform

The Commonwealth Government is working with state, territory and local governments, as well as industry and community stakeholders, to progress Heavy Vehicle Road Reform. This work is being overseen by the Transport and Infrastructure Council.

Possible reform measures being contemplated under Heavy Vehicle Road Reform can be categorised as either “demand side” reforms (changes aimed at influencing consumption of road services) or “supply side” reforms (changes to the way in which road services are provided).

The ultimate goal of heavy vehicle road reform is to turn the provision of heavy vehicle road infrastructure into an economic service where feasible. This would see a market established that links heavy vehicle user needs with the level of service they receive, the charges they pay and the investment of those charges back into heavy vehicle road services.

While more direct user charging is needed to fully close the link between the needs of users and the charges they pay, there is much that can be done to improve these linkages within the current heavy vehicle charging framework (PAYGO). These 'supply side' reforms to the way governments plan, govern and invest in roads are the focus of the first three phases of the reform road map agreed by the Transport and Infrastructure Council in May 2015.

Economic analysis indicates that supply side improvements provide the majority of the benefits of implementing more direct heavy vehicle user charges (estimated to be between \$6.5bn and \$13.3 billion in net present value over 20 years (7% discount rate), depending on the system). More details about the reform are outlined in Appendix 4.

The current phase of heavy vehicle road reform is looking at the implementation of independent price regulation of heavy vehicle charges. This first phase of the Heavy Vehicle Road Reforms (HVRR) was focused on improving transparency around:

- road spending,
- road assets, and
- levels of service for heavy vehicle road users.

Fundamentally, properly functioning markets require informed users and road providers. The measures outlined below, aim to establish a baseline of information required to transition to the provision of heavy vehicle infrastructure as an economic service over the longer term:

- Expenditure Plans
- Asset Registers and Heavy Vehicle Infrastructure Ratings (HVIR)
- Practical ways for industry to negotiate and pay for improved access

Combined with better information about what trucks are travelling where, more open information about roads is a key foundation of the reforms.

Substantial progress has been made on phase one of the reform. Work since 2015 to create nationally consistent, annually updated road Expenditure Plans, Asset Registers, and Heavy Vehicle Infrastructure Ratings (HVIR), has delivered successful 'proof of concepts' and an early framework for sharing more open information about road assets, the level of service, and spending across jurisdictions. It has also begun to show more clearly where the important data gaps and inconsistencies exist.

The next steps involve maintaining and supporting projects focused on continuous improvement in road data quality, openness, and sharing arrangements, which will be critical to support future reform goals and improved road transport outcomes generally.

Through the officials' groups supporting the Transport and Infrastructure Council, governments are working together to continue annual updates and ongoing improvements to the road Asset Registers, HVIR and Expenditure Plans. This will be achieved through improved data accessibility and transparency, increased breadth and quality of data, and data harmonisation across the states and territories. Priorities over 2018–2020 include:

- Progressively including more roads to cover all state-managed roads
- Pilot programs focused on including data for significant local government roads
- Connecting to relevant open data portals in accessible formats, in line with best practice open data principles
- Introducing an interactive map format to enhance transparency and accessibility of data
- Investigating opportunities to pilot streamlined or automated techniques for secure data sharing and publication

## 8. Other Potential Funding Avenues

### 8.1 RAC proposed regional road upgrade fund

On 31 October 2019 the following article was published that had the RAC calling for regional road upgrades as WA veers away from its road toll target.

<https://www.watoday.com.au/national/western-australia/rac-calls-for-regional-road-upgrades-as-wa-veers-away-from-road-toll-target-20191030-p535yd.html>

The Australian Automobile Association's latest road safety quarterly report released on the same day was the basis for this article which had WA as the worst performing state with annual road deaths per 100,000 people sitting at 6.38, only behind the Northern Territory's 15 deaths.

The RAC is calling for \$900 million of urgent upgrades of regional WA roads, where the toll was felt the most. It is looking for a funding partnership between the state and commonwealth

governments to establish a nine-year program which would upgrade 17,000 kilometres of regional road and is expected to deliver a reduction of at least 2000 people killed or seriously injured on our roads. The program would require joint government funding of \$100 million each year, over nine years. To put this into perspective, currently, the cost of road trauma in WA is estimated to be \$900 million annually.

The release of this report and the subsequent RAC call provides the GVROC with a good opportunity to align this with its ROSI project.

## 8.2 Royalties for Regions Fund

In response to the State Government proposed removal of the CA07 heavy vehicle permits by MRWA and the impact if this takes place on Local Government's ability to collect contributions from Companies utilising Local Government road networks for heavy vehicle traffic towards maintenance and upgrade of these roads, the GVROC could put together a submission to the State Government lobbying for replacement funding from this decision through the Royalties for Regions Fund.

Having a guaranteed funding stream from the State Government's Royalties for Regions program similar to the previous Goldfields Revitalisation Programme of \$195m that GVROC was successful with previously, would allow each of the GVROC Local Government Authorities to clearly budget and plan for its road maintenance, upgrade and renewal expenditure.

For example, if GVROC could leverage \$20m or \$30m per annum from the Royalties for Regions Fund into a dedicated Goldfields Regional Road Group Funding Pool, this could be allocated based on a GVROC prioritised list of roads of strategic importance. This could also provide all GVROC Local Governments a guaranteed funding stream for their annual road maintenance and upgrade programmes if this was successful.

## 8.3 Practical ways for industry to pay for improved road access

In November 2015, the Transport and Infrastructure Council agreed that the Austroads Framework for Guiding Private Sector Participation be adopted by road managers. The framework aims to provide more certainty of process for all parties in negotiations on paying for improved high productivity vehicle access on public roads.

The framework provides a generic guide for private investment in public road infrastructure to improve heavy vehicle access and was developed to guide interactions between road owners (including local councils) and the heavy vehicle industry.

The framework is intended to be used for one-off, smaller-scale, high productivity vehicle access enhancements, including first/last mile, farm gate access and pinch points (e.g. bridges). The framework ensures that heavy vehicle operators consider the benefits that they expect to receive from smaller-scale road enhancements in light of the costs to road owners of such enhancements. (refer to the attached PDF links below)

- Austroads Report–Improving Freight Vehicle Access through Direct Private Investment in Public Road Infrastructure: A Framework for Guiding Private Sector Participation [PDF: 2235 KB](#)
- Attachment–Checklist to guide negotiations on paying for heavy vehicle access improvements [PDF: 146 KB](#)

It is suggested that the GVROC, further review these Frameworks and the opportunities that may occur for private sector investment towards its roads of strategic importance.

## 9. Recommendations

It is recommended that the GVROC:

1. Note this paper.
2. Request the GVROC CEO's to continue to work with the Executive Officer to document and identify key roads to seek funding from either State or Commonwealth Government going into the next election cycles.
3. Use this process to work with Main Roads WA to ensure that all identified key roads are contained in its documentation including the *Roads 2030 – Regional Strategies for Significant Roads* list and any further updates taken with respect to this report. This should then allow GVROC to lobby the Commonwealth Government for funding, knowing that the State Government has already noted and accepted these roads as significant.
4. Lobby State Government Ministers, Departments and Opposition Parties to look at committing to an annual provision of Royalties for Regions funding into a Goldfields Regional Road Group pool for allocation to each of the GVROC Local Government Authorities to go towards maintenance and upgrades of existing and new local roads.
5. Work with the RAC to assist with their push for upgrading regional roads from a safety perspective and obtaining up to \$100m per annum over nine years from State and Commonwealth Governments to implement this program, with a focus on roads in the Goldfields Esperance Region.

## Appendix 1 - Roads in the Goldfields-Esperance Region

WESTERN AUSTRALIAN GOVERNMENT ROADS IN THE GOLDFIELDS-ESPERANCE REGION  
MANAGED UNDER THE JURISDICTION OF MAIN ROADS WA

Ref. #	Road	Description	Road Type
H5	Great Eastern Highway	Link between Perth and Kalgoorlie-Boulder	State Road / Primary Distributor
H10	Coolgardie Esperance Highway	Link between Coolgardie and Esperance	State Road / Primary Distributor
H8	South Coast Highway	Link between Esperance and the South West region	State Road / Primary Distributor
H3	Eyre Highway	Link between Goldfields-Esperance and South Australia	State Road / Primary Distributor
H41	Anzac Drive	Runs between Great Eastern Highway and Goldfields Highway	State Road / Primary Distributor
H49	Goldfields Highway	Runs between Wiluna and Widgiemooltha	State Road / Primary Distributor
M22	Leonora - Laverton Road	Runs between Leonora and Laverton	State Road / Primary Distributor
M69	Mount Magnet - Leinster Road	Runs between Mount Magnet and Leinster	State Road / Primary Distributor
	Agnew Sandstone Road	Runs between Goldfields Highway and Great Northern Highway	State Road / Primary Distributor
	Hannan Street	Main Street in Kalgoorlie linking Great Eastern Highway to Goldfields Highway	State Road / Primary Distributor
	Bayley Street	Joins Coolgardie Esperance Highway and Great Eastern Highway through Norseman	State Road / Primary Distributor
	Princep Road	Joins Coolgardie Esperance Highway and Eyre Highway through Norseman	State Road / Primary Distributor
	Harbour Road	Connects Coolgardie Esperance Highway and South Coast Highway to Esperance Port	State Road / Primary Distributor

## KEY ROADS IN THE GOLDFIELDS-ESPERANCE REGION MANAGED BY LOCAL GOVERNMENT

Road	Description	Road Type
Emu Rocks Road	Joins Goldfields Highway in Kambalda	Primary Distributor
Agnew-Leinster Road	Connects Agnew Sandstone Road to Leinster Mine	Primary Distributor
Great Central Road	Runs between Leonora-Laverton Road and the eastern boundary of the state	Regional Distributor
Ramsay Street	Runs between Coolgardie-Esperance Highway and Hyden Norseman Road	Regional Distributor
Mort Harslett Drive	Runs between Coolgardie-Esperance Highway and Hyden Norseman Road	Regional Distributor
Meekatharra Road	Runs between Menzies and Kalgoorlie-Boulder	Regional Distributor
Federal Road/Boulder Road	Main road through Kalgoorlie town centre connecting to Goldfields highway in both directions	Distributor A
Picaddilly Street	Connects Boulder/Federal Road to Goldfields Highway. Main access to hospital	Regional Distributor
Bulong Road	Runs between Kalgoorlie -Boulder town centre and Yarri Road	Regional Distributor
Yarri Road	Runs between Kalgoorlie-Boulder town centre and Kanowna	Regional Distributor
Williamstown Road	Connects Goldfields Highway to Yarri Road and Bulong Road	Local Distributor
Broad Arrow - Ora Banda Road	Runs between Great Eastern Highway and Goldfields Highway	Regional Distributor
Gatacre Drive	Connects Great Eastern Highway to Kalgoorlie-Boulder Airport, RFDS and Goldfields Air Services	Local Distributor
Coolgardie North Road	Runs between Great Eastern Highway and Goldfields Highway	Regional Distributor
Cascade Road	Runs between Southcoast highway and Norseman Road	Regional Distributor
Norseman Road	Runs between Norseman and the Wheatbelt	Regional Distributor
Lake King-Norseman Road	Runs between Norseman and the Wheatbelt	Regional Distributor
Hyden-Norseman Road	Runs between Norseman and the Wheatbelt	Regional Distributor
Fisheries Road	Runs between Esperance and the eastern boundary of the state	Regional Distributor
Menzies-Sandstone Road	Runs between Menzies and Sandstone	Regional Distributor
Wongawol Road	Runs between Goldfields highway and the eastern boundary of the state	Regional Distributor
Carnegie Road	Extension of Wongawol Road leading to eastern boundary of the state	Regional Distributor
Laverton Bypass	Connects Leonora-Laverton Rd and Great Central Rd plus local distributor roads Old Laverton, Mt Weld and White Cliffs Rd	Regional Distributor
Lancefield Diversion Road	Connects Leonora-Laverton Road to Great Central Road, north of Laverton	Regional Distributor
Old Laverton Road	Connects Leonora-Laverton Road to Great Central Road, via Laverton	Local Distributor
White Cliffs Road		Local Distributor
Mt Weld Road		Local Distributor



## Appendix 2 - Roads 2030 – Regional Strategies for Significant Roads

Refer to Attached Document “*Roads 2030 – Regional Strategies for Significant Roads*” produced by Main Roads WA in conjunction with WALGA.

## Appendix 3 - Commonwealth Government ROSI Investment Principles



The Australian Government will invest \$3.5 billion through its new Roads of Strategic Importance (ROSI) initiative, to improve productivity and efficiency on Australia's key freight roads, providing better connections between agricultural regions and ports, airports and other transport hubs and better access for tourism, mining and other sectors.

ROSI will deliver works such as road sealing, flood immunity, strengthening and widening, pavement rehabilitation, bridge and culvert upgrades and road realignments—opening up corridors to provide a more reliable and safe road network, improve access for higher capacity vehicles, better connect regional communities, and facilitate tourism opportunities. Improved access provided through ROSI will deliver substantial social and economic benefits, including opportunities for greater regional employment and business growth.

ROSI reserves \$1.5 billion for projects in Northern Australia (Northern Australia ROSI), acknowledging the importance of this region, building on the benefits being delivered through the Australian Government's Northern Australia Roads Program and Northern Australia Beef Roads Program. The projects are to be jointly funded, with the Commonwealth to contribute up to 80 per cent and the remainder being provided by state and territory governments, local government and/or the private sector.

## Principles

The ROSI will be delivered against the following objectives:

- **Delivering via a corridor approach** to support network improvements, as opposed to upgrades to individual elements that do not address capacity issues along the selected route. That is, works would involve rolling packages of upgrades to raise the standard of the full corridor, as opposed to just upgrading a single bridge or other bottleneck.
- **Funding for corridors should primarily deliver improvements to freight movements**, based on a solid evidence base. Funding for projects on the corridor should be identified through analysis of data such as the CSIRO's Transport Network Strategic Investment Tool' (TraNSIT) model, the Bureau of Infrastructure, Transport and Regional Economics modelling, and strategic network assessments by states.
- **The corridors should also support regional economic growth** by helping support the expansion of key local industries and improve connectivity and access, including better access to support tourism growth.
- The upgraded corridors will also **improve safety for all users** through improved road conditions.
- **The initiative should support partnerships between Commonwealth and state governments with local government and industry**, including shared funding responsibilities, appropriate recognition and improve data sharing.
- **Where appropriate, projects should support targeted freight road reforms**. This could involve trials of incremental heavy vehicle user charging where industry have indicated a willingness to contribute an additional charge for a higher level of service (e.g. upgrades, improved access) on a corridor, route or network, including on upgraded local government roads or greater access to the corridor. It should also involve greater consultation with industry on project identification, selection and prioritisation.
- **Projects should support wider national reforms**, such as Indigenous employment and supplier-use participation.



## Two-stage approach

To inform the development of the ROSI, the Australian Government is undertaking a two-stage process, with Stage One involving a high-level desktop analysis, and Stage Two focused on developing the scope of works along the corridors. Both Stage One and Two will include targeted stakeholder engagement.

### Stage 1 – Corridor Analysis

The Department of Infrastructure, Regional Development and Cities (the Department) is undertaking an analysis of relevant data and evidence to further understand the challenges and opportunities across Australia's road network. This includes:

- modelling from the CSIRO's TraNSIT model to assess freight movements by commodity on key arterials, and pinch points within key corridors; and
- analysis on traffic and freight volumes across key corridors.

The Department is also considering other relevant sources, including:

- Infrastructure Australia's (IA) Infrastructure Priority List and relevant audits;
- strategic network analysis/assessments undertaken by the jurisdictions and state infrastructure plans; and
- reports or plans by other government bodies.

### Stage 1 – Initial stakeholder engagement – Northern Australia ROSI

As part of its commitment to developing northern Australia, the Australian Government will be consulting with key northern Australia stakeholders via a series of roundtable events. This process will build on the engagement undertaken for the Northern Australia Beef Roads Program across 2015 and 2016, and will ensure that the Government's commitment to develop northern Australia is informed by current perspectives and experience.

A key objective of the roundtables will be to hear from stakeholders on the challenges and opportunities regarding freight movements and connectivity across northern Australia. Stakeholders will be invited to share their perspectives and other relevant information to inform discussions with the Australian Government. Contributions at the roundtable discussions will be considered as part of the Department's advice to the Australian Government in recommending key corridors to be funded under the Northern Australia ROSI.

### Stage 2 – Developing the scope of works for ROSI corridors

Once the Australian Government has identified corridors for the ROSI, the Department will work with state and territory governments to identify specific packages of work within each corridor to deliver a higher level of service. Through this stage, there will also be targeted stakeholder engagement, including with freight operators, in determining the final works packages. Agreed projects will be delivered as per the National Partnership Agreement on Land Transport Infrastructure.

## Initial Corridors

ROSI will deliver rolling packages of upgrades over a 10-year period to raise the standard of the corridor. Initial commitments under ROSI include:

- \$400 million for roads in Tasmania, with priority on the Bass Highway;
- \$100 million to improve access from regional New South Wales to the Australian Capital Territory via the Barton Highway; and
- \$220 million for the Bindoon Bypass in Western Australia.

## Appendix 4 – Heavy Vehicle Road Reform

### Heavy Vehicle Road Reform – What we are doing and why we are doing it

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Road infrastructure in Australia is at a historic tipping point. Demand for significant new and upgraded infrastructure is growing. But it is getting harder for governments to fund the expectations and demands of road users almost entirely from general taxation revenue. In particular, road network and heavy vehicle industry productivity has plateaued or in some cases already fallen due to a disconnect between road charging and funding. Increasingly, road providers have neither the funds nor incentives to expand road access (including for heavy vehicles).

#### Roads – the last unpriced utility?

To date, roads have largely escaped the microeconomic reforms that have transformed other public infrastructure sectors such as water and electricity into customer focused utility markets.

Roads are provided as a public good, largely funded from consolidated revenues through government Budget processes with poor links between the supply of, and demand for road infrastructure. While the public good model of road provision served Australia well for many years, resulting in Australia building and maintaining one of the longest road networks of any country, structural Budget pressures, ageing road infrastructure, the diminishing returns from fuel-based taxes and a growing passenger and freight task, mean the model for funding and using roads is unlikely to be sustainable.

For example, in the US, estimates by some industry experts suggest there will be a 50 per cent increase in vehicle fuel efficiency over the next 15 years. If this trend was to be replicated in Australia, there would be a significant decline in the revenue collected from the fuel excise taxes. While these taxes are not hypothecated to road spending, it would likely be difficult to justify spending more on roads when taxation revenue from motorists was declining so sharply.

Fundamentally, Australian governments cannot afford to continue funding roads in ways that neither prioritise efficient investments targeted at meeting the needs of road users nor promote efficient use by ensuring users value the true cost of building and maintaining road infrastructure.

While there is a need to improve the efficient provision and use of road services, there will continue to be a role for all governments to support the provision of basic road services to ensure social mobility, economic welfare, road safety and public security. Any reforms to road investment and charging arrangements must be mindful of how best to integrate roads as an economic service with roads as a

community service obligation. This is especially important where the true costs of road service provision would be divided among a very small number of users resulting in road charges that are considered to be too high – as would likely be the case on many rural and remote roads.

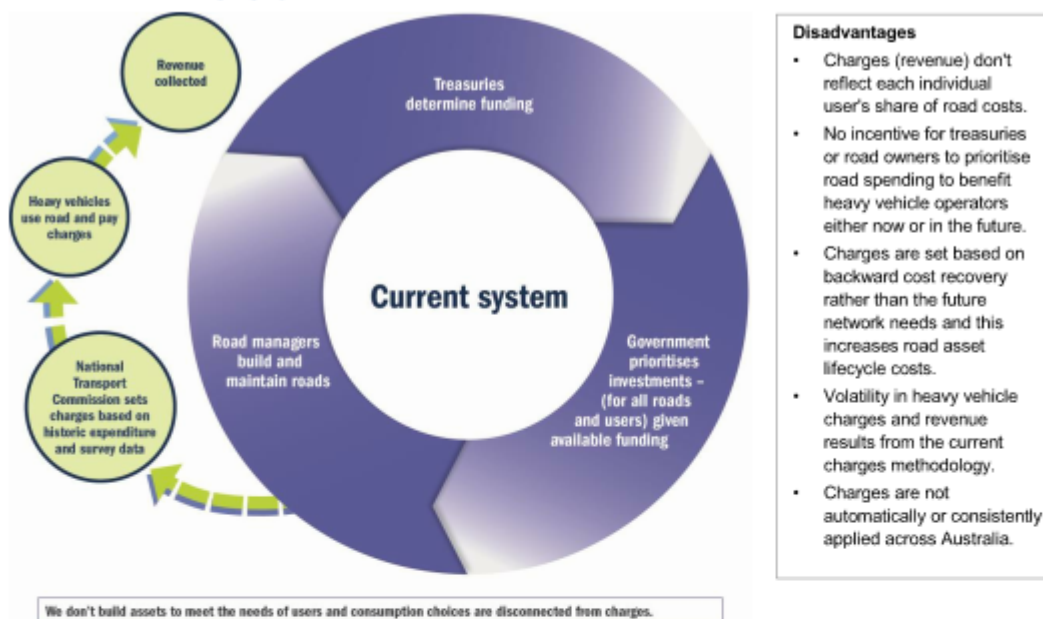
## Heavy vehicle investment and charging – the starting point for reform

The 2007 Productivity Commission Inquiry into *Road and Rail Freight Infrastructure Pricing* identified that heavy vehicles are the logical starting point for road charging and investment reform because:

- as a small segment of the total vehicle fleet (3%), heavy vehicles impose a disproportionate cost on the network through additional maintenance (wear and tear) and capital requirements (infrastructure strengthening);
- heavy vehicles are already subject to a user charging mechanism (albeit relatively rudimentary) to recover their share of past road expenditure; and
- as economic rather than social users of the road network, targeting infrastructure investments and expenditure to better support access and productivity in the road freight sector would have a substantial productivity dividend for the national economy.

The following diagram (diagram 1) illustrates the current PayGo charging system for heavy vehicles and how it relates to road provision. The current system is characterised by poor links between the needs of users, the costs of infrastructure provision, the calculation of charges and the reinvestment of charges back into meeting the needs of heavy vehicle users.

**Diagram 1: Heavy vehicle infrastructure as a public good, with a disconnected charging system**



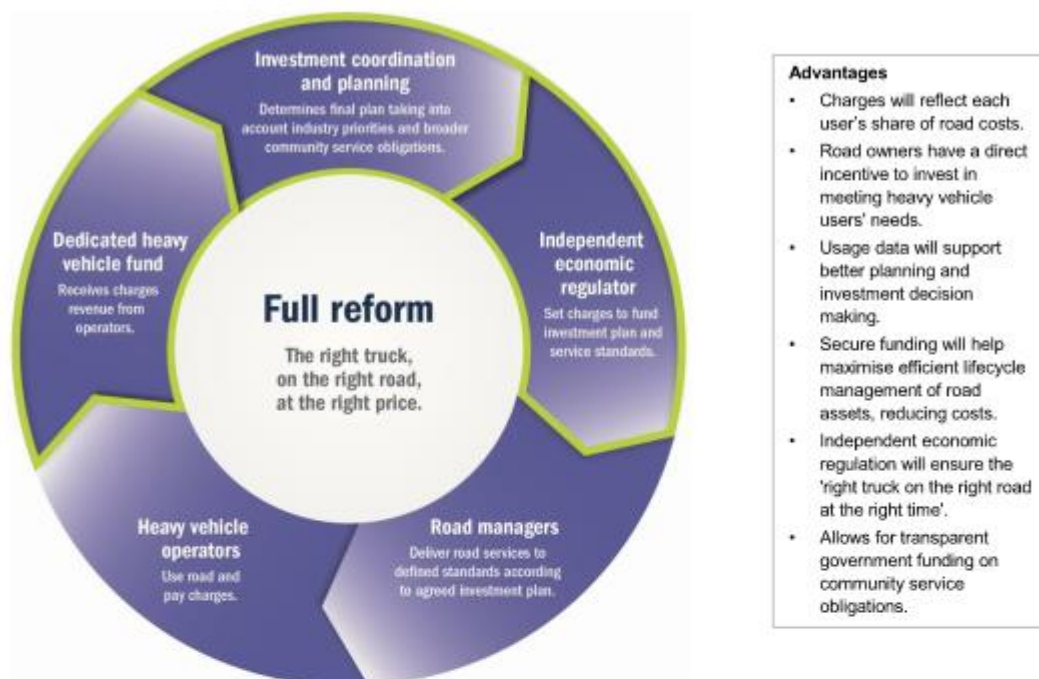
Doing nothing to reform heavy vehicle investment and charging arrangements will mean that, increasingly, roads managers will not be able to deliver the quality of road services necessary to meet the growing national freight task. The costs will be borne by the road transport industry in lost productivity; the community in higher costs of goods and services; and the economy in overall lower efficiency and productivity.

### Heavy vehicle road reform – what is the ultimate goal?

The ultimate goal of heavy vehicle road reform is to turn the provision of heavy vehicle road infrastructure into an economic service where feasible. This would see a market established that links the needs of heavy vehicle users with the level of service they receive, the charges they pay and the investment of those charges back into road services (diagram 2).

The potential benefits of transitioning to a market for heavy vehicle road service provision and use are substantial with previous analysis conservatively suggesting benefits in the order of \$8 to \$22 billion (NPV over 20 years), depending on the system.<sup>1</sup>

**Diagram 2: Heavy vehicle infrastructure as an economic service, with an integrated charging system**



As a longer-term priority, it will also be important to consider options for reforms to the charging of light vehicle users. It will be important to ensure that these reforms to the heavy vehicle sector complement – and do not foreclose – potential future light vehicle charging reforms.

## Heavy vehicle road reform – roadmap and progress to date

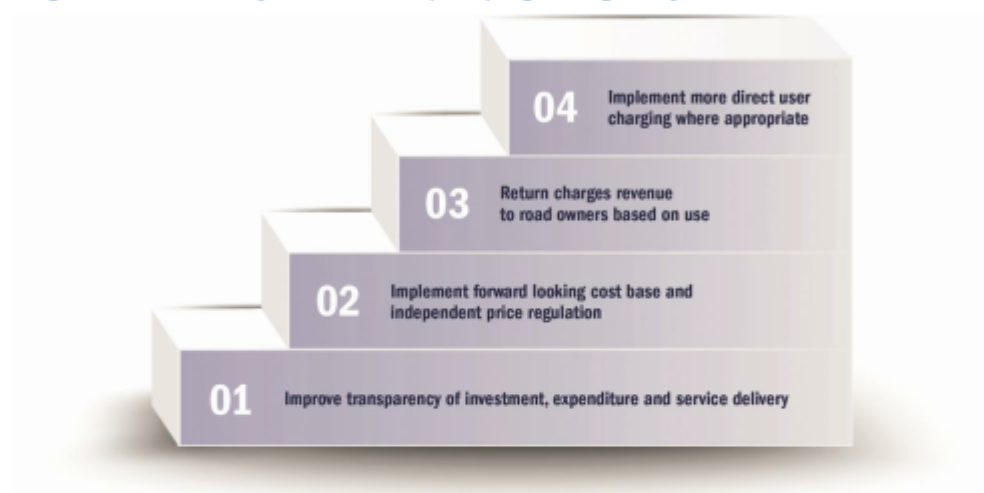
Shifting to a system where heavy vehicle infrastructure is provided as an economic service will be complex and take time to implement. The reform requires substantial policy, financial, institutional and governance changes to be implemented by all levels of government. In addition, heavy vehicle users, and the industry more broadly, will need to understand and participate in new investment decision making and charge setting processes.

A road map for reform has been developed which outlines an incremental and pragmatic approach to progressing reform of heavy vehicle investment and charging arrangements (see a summary of the four main phases of the road map in Diagram 3).

Each phase of the reform road map aims to progressively strengthen the links between the supply of, and demand for, heavy vehicle road services. Each also offers discreet benefits to industry and government with costs to industry, in particular, minimised until later in the reform process when they are expected to start reaping the benefits of earlier phases of reform. Progression beyond each phase of reform will be subject to the specific agreement of governments.

In line with economic analysis and feedback from industry, the road map prioritises supply side measures in progressing reform with charging reforms only considered later.

**Diagram 3: Summary of the road map for progressing heavy vehicle road reform**



On 23 May 2014, transport Ministers agreed that jurisdictions would work together to implement four heavy vehicle access and investment initial measures:

1. asset registers and assessments of road conditions according to agreed service level standards by the end of 2015;
2. improved data for demand forecasting by the end of 2016;
3. publish annual heavy vehicle expenditure plans, based on efficient costs and prepared on a consistent basis by the end of 2016; and
4. investigate practical ways for industry to negotiate and pay for improved access by the end of 2016.

The first editions of the *assets registers and expenditure plans*, covering the key freight routes were published on the Transport and Infrastructure Council website on 29 January 2016. Together, the asset registers and expenditure plans provide a level of transparency that is critical in ensuring that the roads heavy vehicles use and pay for through user charges best and most efficiently meet their needs. These



products provide a baseline of information that would be required to transition to a more market orientated system of heavy vehicle infrastructure provision over the longer term. The products will be updated annually and continue to be improved based on feedback from users.

Governments have also delivered the measure to investigate practical ways for industry to negotiate and pay for improved heavy vehicle access. The Austroads 'Framework for Guiding Private Sector Participation' provides certainty of process for negotiations on paying for additional maintenance and/or funding small scale capital upgrades to improve heavy vehicle access. Governments are working with telematics providers to progress a project aimed at sourcing improved heavy vehicle usage data for demand forecasting on the key freight routes.

## Reform momentum building

In November 2015, in response to the Harper Competition Policy Review, the Australian Government stated it would seek to work with states and territories to accelerate heavy vehicle road reform, including identifying potential steps to transition to independent price regulation for heavy vehicle charges by 2017-18. The Australian Government also agreed to investigate the high level costs, benefits and potential next steps of options to introduce cost reflective pricing for all vehicles.

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<sup>i</sup> Heavy Vehicle Charging and Investment Reform (2013), Strategic Directions Report to the Council of Australian Governments