WALGA

WORKING FOR LOCAL GOVERNMENT

Productivity Commission Inquiry into National Transport Regulatory Reform

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About WALGA

The Western Australian Local Government Association (WALGA) is the united voice of Local Government in Western Australia. The Association is an independent, membership-based organisation representing and supporting the work and interests of 138 mainland Local Governments in WA, plus the Indian Ocean territories of Christmas Island and Cocos (Keeling) Islands.

The Association provides an essential voice for over 1,200 elected members, some 14,500 Local Government employees, as well as over 2.6 million residents of Western Australia. WALGA also provides professional advice and services that provide benefits to Local Governments and the communities they serve.

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1 Introduction

The Western Australian Government did not sign the Intergovernmental Agreement covering Heavy Vehicle Regulatory Reform in 2011 and the Heavy Vehicle National Law has not been adopted in Western Australia. However, many of the issues identified in seeking to implement these national reforms apply to Western Australian Local Governments when seeking to work within the State regulatory regime to effectively manage and facilitate heavy vehicle access to the road network.

The requirements of the Rail Safety National Law were mirrored in Western Australia in 2015 and in their capacity as road managers, Western Australian Local Governments are now party to Rail Interface Agreements and have been actively engaged in the negotiation of these agreements.

It is important to note when considering freight efficiency that the majority of freight in Western Australia serves export industries in which the cost of freight is an important component of the competitiveness and ultimately viability of the industry. Thus the benefits from freight efficiency should not be seen only from a domestic consumer perspective. Efficient freight underpins many of the key export industries in Western Australia and the economic sustainability of regional Local Governments.

2 Rail Safety National Law

(Refer Information Request 5.1)

There are over 1,100 public railway crossings in Western Australia. There are twelve Rail Infrastructure Managers in Western Australia each requiring between one and 79 interface agreements with Local Governments. There are a total of 93 Local Governments requiring 109 Interface Agreements with Rail Infrastructure Managers. As at December 2019 it is WALGA's understanding that six of these required agreements are yet to be completed. The task is not evenly divided between rail managers:

- Arc Infrastructure – requires agreements with 79 Local Governments
- Public Transport Authority – requires agreements with 14 Local Governments
- Pilbara Iron Pty Ltd (Rio Tinto) – requires agreements with 3 Local Governments
- The Pilbara Infrastructure Pty Ltd (FMG) – requires agreements with 3 Local Governments
- BHP Billiton Iron Ore Pty Ltd – requires agreements with 2 Local Governments
- Roy Hill Infrastructure Pty Ltd – requires agreements with 2 Local Governments
- Karara Mining – requires agreement with 1 Local Government
- United Group Limited – requires agreement with 1 Local Government
- Fremantle Port Authority – requires agreement 1 with Local Government
- Australian Rail Track Corporation – requires agreement with 1 Local Government
- Hotham Valley Rail – requires agreement with 1 Local Government
- Pemberton Tramway Company – requires agreement with 1 Local Government.

Each of the agreements addresses all the public rail crossings within each jurisdiction.

Given the very large number of Interface Agreements required and rail crossings to be addressed it is frustrating to Local Governments that the legislation does not recognise the minimal risk associated with dis-used and dormant rail lines. These lines are non-operational and unable to carry rail traffic but in some cases may carry vehicles used for inspection of the corridor. Many dormant rail lines have not carried rail traffic for decades and are clearly incapable of carrying any rolling stock.

Although the rail crossing assessments are being progressed by the Rail Infrastructure Managers in priority order considering the risks associated with specific crossings, there remains inefficient use of resources in finalising agreements with Local Governments that have no operational rail lines within the jurisdiction.

The requirement for an Interface Agreement arises from the legislation wording in section 107 of the *Rail Safety National Law (WA) Act 2015* i.e. "the existence or use of any rail or road crossing that is part of the road infrastructure of a public road." (Underline added). The legislation is silent on disused railway lines.

The Australian Level Crossing Assessment Model (ALCAM) is the most commonly used tool to undertake rail crossing risk assessments. Seven of the rail managers have completed all of the initial assessments and are reviewing these. Two rail operators are well progressed, having focussed on the higher risk situations first.

Changes to rail crossings have been implemented as a result of the findings of the risk assessments that have been undertaken and as a consequence the safety of the crossing improved. We have not identified a methodology for determining whether there has been an improvement in rail safety outcomes.

Recommendation:

That the Rail Safety National Law be amended to remove the requirement for Interface Agreements for rail crossings on disused rail lines, to allow limited resources to be focussed on those crossings where there is a material risk.

3 Heavy Vehicle National Law

Western Australian Local Governments have no engagement with the National Heavy Vehicle Regulator or the Heavy Vehicle National Law. However, many of the issues considered within the scope of this Inquiry relate to issues faced by Local Governments in Western Australia, albeit under a different regulatory regime. This Inquiry is relevant to the extent that at some time a revised Heavy Vehicle National Law may be demonstrated to be in Western Australia's interests and adopted by a future State government.

Heavy vehicle access arrangements are fundamentally seeking to provide infrastructure to support operation of the most efficient vehicles for a safe complete trip – door to door. Cross-docking and splitting multi-combination vehicles are typically seen as costly and inefficient operations.

While State and National highways are typically constructed to provide high capacity for heavy vehicles, very few freight tasks can be completed using only these highways. Roads under the management control of Local Governments provide a much more complete network and are critical to almost all freight tasks. If it is these roads that are limiting the productivity and safety of freight movements, then the resource allocation must be made to address this. There is a legitimate question as to who should fund this – particularly where there is only one or a small number of commercial users.

3.1 Road Safety

(Refer Draft Finding 5.1, 5.2 and Draft Recommendation 5.1)

There is an important and significant disconnect between the National Road Safety Strategy 2011 – 2020[1] and the key approaches to improving road safety outcomes discussed in the draft report. The National Road Safety Strategy (and each State Road Safety Strategy) is based firmly on Safe System principles. One of the key Safe System principles is that people make mistakes, will continue to make mistakes and a safe transport system must accommodate these. Finding 5.2 and Recommendation 5.1, which seek to apportion blame and improve driver skills or attitudes, do not recognise this fundamental principle.

Draft Finding 5.1 recognises the contribution to improved safety outcomes that have been achieved as a result of improved vehicle technology / design and road infrastructure, but the recommendations do not provide a clear link as to how these elements of a safe system can be efficiently extended across the transport system. There are a range of tools available to governments to facilitate, encourage or require improving the safety of the transport system that do not rely on fallible humans not to make mistakes.

Recommendation:

That transport regulation requirements be considered within the framework of the Safe System principles set out in the National and various State Road Safety Strategies.

3.2 Decision-making

(Refer Draft Finding 6.1 and Draft Recommendation 6.1)

In principle, given the significant impact on road maintenance costs, it is important that heavy vehicle access decision-making and road management responsibility remain together.

In Western Australia the Commissioner for Main Roads is the decision-maker in relation to heavy vehicle access. This authority has not been delegated to Local Governments, as suggested by the principle noted above. However, policy requires that Main Roads WA consult with and seek support from the relevant Local Governments in relation to any changes in the Restricted Access Vehicle networks. Local Governments are asked to undertake a preliminary assessment of the route and provide this advice to Main Roads WA, so that their resources can be efficiently deployed. However, if a Local Government is unable to undertake the preliminary assessment, but supports the proposed level of access provided it is shown to be safe, then Main Roads WA can proceed to undertake the route assessment. This support from Local Governments is not sought for single trip over-size, over-mass vehicle movements which are approved by Main Roads WA.

[1] https://www.roadsafety.gov.au/nrss

Education, capacity-building and resourcing of Local Government officers and elected members is only part of the solution. It needs to be explicitly recognised that from a local perspective the costs of increased road maintenance or capital upgrade may well be significantly greater than the local benefits. There may be identified alternatives that eliminate the costs to the local community altogether – shifting them to industry, another community or the State.

Recommendation:

The authority responsible for management of the roads being considered for heavy vehicle access must remain central to the decision-making process.

3.3 Performance Measurement

(Refer Draft Finding 10.1 and Draft Recommendation 10.1)

The discussion paper proposes that realisation of efficiency gains from the regulatory regime depends on quick and accurate processing of access requests from heavy vehicle operators. A range of measures have been developed and put in place to monitor the time taken by road managers, including Local Governments, to respond to requests for heavy vehicle access, both under the National Heavy Vehicle Regulator, and under the *Road Traffic (Vehicles) Act 2012* in Western Australia. However, little attention is paid to the accuracy of the decisions made. This is in clear contrast to the rail regulation discussion where risk and safety are the key criteria.

The data indicates that the vast majority of road access requests are approved. Except in cases where there are serious crashes, obvious damage to infrastructure or heavy vehicles regularly becoming stuck, the accuracy of decisions is not monitored. However, these situations do occur.

For example, in February 2019 Channybearup Road in the Shire of Manjimup was removed from the RAV2 and RAV3 network of pre-approved routes for road trains up to 27.5m in length following a serious heavy vehicle crash and the identification of significant safety concerns. This road was approved for use many years earlier. It could be suggested that this access approval was not an accurate decision.

In a 12 month period to the end of 2011, 38 heavy vehicles became stuck due to the steep grade of the South Coast Highway through Ravensthorpe – a route approved for use by these types of vehicles. A by-pass has since been constructed. The example nevertheless illustrates the need to ensure that accurate decisions are made in relation to granting access to certain vehicles.

The assessment criteria utilised by Main Roads WA does not formally consider the strength and remaining capacity of the road pavement to support any additional loading that may result from the granting of increased heavy vehicle access, as it assumes that the freight is already on that route, but in smaller vehicles. This is clearly not true in all situations. Access assessments, particularly in relation to additional axle mass should explicitly consider the capacity of the pavements. Access approvals should also consider whether additional heavy vehicle freight will be induced as a result of the approval.

Recommendation:

Performance criteria be established and monitored in relation to the accuracy of access decisions.

3.4 Heavy Vehicle Traffic Volume Measurement and Cumulative Impacts

(Draft Finding 6.5 and Draft Recommendation 6.4)

In order to manage what would otherwise be a large volume of identical access applications, there is a strong incentive to move from provision of permits, to establishing pre-approved networks of roads open to certain types of restricted access vehicles. However, once a route is added to the network under a Notice (or Order in WA) it is very difficult for the road manager to know of and respond to changes in the freight load on that road.

There are numerous examples of routes in agricultural and pastoral areas of Western Australia that have rapidly failed and required urgent reconstruction as a result of a significant increase in the freight task, typically the result of mine construction and operation[2]. There are also many examples where cartage of gravel and water to support reconstruction or upgrade of a nearby road has resulted in significant damage to a Local Government road.

The inability to manage the volume of freight on a road under a network notice or order is a major weakness of the existing regulatory regime.

Recommendation:

To encourage the use of pre-approved networks, mechanisms should be in place to ensure road managers are notified of significant changes to the volume of heavy movements on relevant parts of the network, particularly access roads which would be expected to carry relatively low volumes of heavy vehicle traffic.

That mechanisms to rapidly review access provision and / or respond with a suitable funding arrangements are required to be put in place to address damage caused by extraordinary freight loads.

3.5 Productivity Gains

(Refer Draft Recommendation 10.1)

Where one or two businesses generate all of the freight on a particular route, Local Governments have been able to negotiate arrangements under which the companies contribute to the cost of upgrading (where necessary) and maintaining the road. It is important to stress that these arrangements are with the freight generator, rather than the transport operator, as the benefits of increased freight productivity are generally able to be captured by them. However, where access has already been provided or there are multiple users, such co-funding arrangements have not been able to be implemented. While transport operators claim that allowing additional axle mass will provide significant economic benefits and Local Governments have estimated the additional pavement renewal costs it has proven difficult to bring the parties together, despite the potential for gains.

Recommendation:

Ensure certainty around the powers of Local Governments as road managers, to provide clarity in negotiations with freight generators.

[2] For example Ullawarra - Edmund Gifford Creek roads in Shire of Upper Gascoyne. https://www.uppergascoyne.wa.gov.au/files/document_centre/council/2018/2018-October-Minutes.pdf p8

3.6 Road Funding

(Refer Draft Recommendation 10.1)

There is currently no mechanism within the road access management regime to facilitate funding the increased road infrastructure costs associated with certain types of access approvals. Providing safe, efficient access may require capital improvements, such as widening intersections to allow safe turning, or increased maintenance / renewal expenditure where increased axle loads need to be supported.

Changes in road usage don't change the amount of funding available to Local Governments for constructing and maintaining local roads. But changes in road usage do have a direct and immediate effect on the wear and tear imposed on the road system. As a result, if looked at narrowly, road managers have an incentive to minimise the wear and tear on the roads they manage. Controlling heavy vehicle access, particularly additional axle mass and discouraging the relative competitiveness of road transport compared with rail is one way to achieve this.

However, Local Governments are also focussed on achieving economic development and improving employment prospects in their regions. Consequently Local Governments consider the broader economic benefits of improved road freight efficiency.

However, there remains an inherent misalignment between National issues and local perspectives, particularly in relation to through freight (where both origin and destination are outside the Local Authority boundary) and in relation to industries that have little local economic impact such as fly-in-fly-out mining operations not supported by local contractors. For a typical inner city Council, State and Federal funding provides around 10% of the cost of road maintenance and renewal and this is unrelated to freight traffic.

Local Governments support the observation (Draft Report page 339) that road transport investment focus is largely on major projects (where there is already a high level of access for heavy vehicles) while the supply chain challenge remains on the first and last mile roads under control of Local Governments.

While Governments are making efforts to reform the way roads are managed and funded as part of the Land Transport Market Reform project this has been underway for many years and it remains unclear whether a way forward will be agreed. Even when agreed any reforms will take time to fully develop and implement.

Recommendation:

That Australian Government support the road development and maintenance costs associated with the movement of heavy vehicles on Local Government roads.

3.7 Telematics

(Refer Draft Recommendation 8.2 and Draft Recommendation 9.1)

Local Governments use traffic counters and general industry information to estimate the freight traffic load across the road network. However, this approach does not give complete, year round information on the freight task, and is unable to distinguish between laden and empty vehicles. The freight industry has long pointed to telematics as offering an efficient way of providing a much more complete picture of the end to end freight task. However, this information is incomplete and not brought together to form a complete picture within any region. A much more complete understanding of road freight movements would support more effective road maintenance planning and investment.

Discussions between Local Governments and the WA State Government have contemplated changes to road grant funding arrangements to include consideration of the cost impact of vehicles operating under higher axles mass loadings. However, to be most effective such arrangements require sound knowledge of the number of concessional mass loaded vehicles using the road.

Recommendation:

An independent data hub be established to collate data on heavy vehicle movements for use by road managers, and a requirement for telematics and reporting be progressively implemented.

3.8 Modal Competitiveness and Strategic Considerations

(Refer Draft Recommendation 10.1)

In some situations road and rail freight are competitive alternatives. Examples include movement of containers to / from Fremantle Port and the movement of grain in parts of the Western Australian Wheatbelt. The reality remains that rail infrastructure is funded on a user pays basis with the revenue returning to the infrastructure operator. Road infrastructure is publicly funded and although the heavy vehicle operator makes a significant contribution to the total cost of providing roads, there is no link between the freight on a given road and funding provided for that road. Businesses will make decisions based on the costs that they face without taking into account the impact on public assets and other externalities.

Local Governments may wish to make heavy vehicle access decisions that consider the broader social and economic impacts of freight mode, which are not explicitly included in the range of criteria being assessed when considering an application for access to a particular route.

This may not always be possible either. For example the Local Government may wish to support access for high productivity livestock carriers, where there is no alternative freight option, while not supporting access for grain freight while a viable rail option remains.

Recommendation:

Introduce the presence of modal competition as a criterion used to assess heavy vehicle access by Local Government road managers.