

## **AusLink Summary**

### **AusLink**

“AusLink” is both the generic name for the federal Government’s ideas to reform the way in which transport infrastructure of national importance is funded in Australia, and the title of a Green Paper (“Auslink: Towards the national land transport plan”) released in November 2002.

The purpose of a Green Paper is to generate discussion and submissions from stakeholders, prior to the finalisation of proposals, the release of a White Paper describing them in detail, the passage of enabling legislation and any other procedural steps necessary to implement the proposals.

February 7 2003 was the closing date for submissions. It is understood that over 500 submissions were received by the Department of Transport and Regional Services (DOTARS). This included one from the Institution of Engineers, Australia, which has now adopted the everyday name “Engineers Australia”.

This note describes the main features of the original AusLink proposals, and the points submitted by Engineers Australia. It inevitably condenses some complex issues, and references for further information are given at the end of this note.

### **Summary of content**

The objectives of the DOTARS proposals are to promote the development of a national land transport system which:

- improves freight logistics
- enhances trade
- promotes connectivity
- is consistent with long-term economic/social/safety outcomes
- is consistent with sustainability
- is based on facilities of national importance (eg centres of economic activity, corridors, ports, airports, intermodal freight termini ...)

To achieve this, nine elements are proposed. The actions associated with each of these are to:

- integrate/improve the National Land Transport Network
- develop a National Land Transport Plan
- establish a national advisory body
- generate the best ideas (ie include private sector ideas)
- fund the best solutions
- employ a consistent approach to funding
- encourage reciprocal responsibility
- embed continuous improvement
- negotiate a new inter-governmental agreement

The last of these is one of those “other procedural steps” referred to in the opening. DOTARS needs the active co-operation of State and local governments to make the AusLink package work.

The other actions are all highly laudable in principle. The detail of how they are to be addressed is, however, critical in most cases. The Green Paper certainly whets the appetite for the detail. Unfortunately, it raises hopes that it does not satisfy, because detail is notably lacking.

### **Review of Green Paper**

The general approach is to discuss the pros and cons of an issue, wrap up the discussion with an aspirational statement and then pose a very broad question. For instance, few would dispute that “... it is important that transport network planning is integrated with land use planning ...”. It is therefore disappointing, instead of reading of new initiatives, to be told “the Government invites your views on how this can be done”. There has been no shortage of views put forward in the last fifty years!

Much of the Green Paper is at this level – integration between different spheres of Government, ways of raising more money for infrastructure, a more strategic approach to maintenance funding, transparent appraisal methodology, a policy context for funding, other unresolved issues – without specific proposals to respond to.

### **Engineers Australia submission**

Nevertheless there are some broad comments that can be made. Engineers Australia collected and co-ordinated the views of members and formulated a submission to DOTARS. In general, members were enthusiastic about the proposed approach and offered constructive suggestions for how to avoid some of the obvious pitfalls and make it work better to achieve the stated goals.

The general approval for the direction was however tinged with caution, on grounds that included:

- the lack of detail
- limited scope
- the absence of a policy context for funding reform (the Green Paper expected that complementary policy development would follow, not precede, the reform)
- incompatibility of an ambitious timetable with a need to secure the co-operation of all spheres of Government
- the failure to pay more than lip service to concepts of sustainability
- the reliance on forecasts of transport growth (especially for freight movement) as if the forecasts were facts

### **Recommendations**

The recommendations made to DOTARS by Engineers Australia fell into four groups. These were:

- the level of funding: how much money should DOTARS be devoting to national transport infrastructure development and maintenance?
- the institutional context: who should do what?
- sustainability: what would be the implications of behaving as if sustainability mattered?
- appraisal methodology: how can a suitably transparent methodology allowing equal treatment of diverse projects be developed?

The recommendations are reproduced below.

### **Level of funding**

1. *Identify how **quantum** of expenditure is to be determined.* The Commonwealth Government should clarify how it intends to identify the quantum of expenditure on transport infrastructure. This might perhaps be bracketed by existing expenditure, at the lower end, and satisfaction of all needs, at the higher end, but there should be some indication of how actual expenditure from year to year will be determined. As a minimum, contributions to transport infrastructure funding from all sources should at least keep pace with increases in demand (if not with the rate of increase in contributions to the tax pool from the transport sector.)
2. ***No earmarking of funds.*** The “earmarking” of funds for specific purposes should not be a feature of the *AusLink* arrangements. Where such earmarking is considered politically necessary, funds should be supplied via a different program with different objectives. Engineers Australia believes that all *AusLink* candidate projects – including maintenance programs – should be assessed in the same way once the *AusLink* assessment processes have been developed to a state which is agreed to truly reflect *AusLink* objectives.
3. *Continue research into **pricing.*** Research into the pricing of infrastructure access should continue. Engineers Australia agrees with the sentiment expressed in the Green Paper that “this issue is equally relevant for road and rail and will require patient and consistent effort to solve”. But it also believes that such effort is both essential and urgent and that pricing should not be consigned to the “too hard” basket. Research should also occur in developing affordable technological solutions and encouraging Australian private sector participation.
4. *Incorporate **maintenance funding** as integral component of program.* The maintenance of existing infrastructure of national importance should be an integral component of the *AusLink* program. Engineers Australia would be strongly opposed to a national infrastructure programming methodology which did not adopt a whole-of-life analysis approach to prioritisation of investment. The definition of what is of national importance should be based on functional rather than geographic criteria and Engineers Australia draws attention to the importance of developing them, recognising that pages 90-92 of the Green Paper offer an initial illustration of their possible nature.

### **Institutional context**

1. *Research alternative **models for advisory body.*** Prior to the final establishment of the National Advisory Council (whose establishment

Engineers Australia supports), research should be done into the effectiveness of the State Advisory Councils and international experience with various models (including governance structures, appointment method, reporting, staff support). This research should then inform the selection of the model for the Council.

2. *Review feasibility of timetable.* The feasibility of the timetable for implementation of the *AusLink* proposals should be reviewed prior to the issue of the White Paper, in the light of submissions received, and if appropriate it should be revised.
3. *Establish clear guidelines for private sector.* Guidelines for the public outcomes sought from infrastructure development, and the mechanics of the assessment processes, should be very clearly defined before the private sector is invited to contribute to anything other than the delivery stages of infrastructure projects.
4. *Top-down/bottom-up organisational framework.* An organisational framework could be established which combines a top-down approach which establishes the appropriate level of funding in relation to need and resources, at a strategic level, and conducts a bottom-up technical analysis of candidate projects – and then matches the two via a needs analysis and some form of optimisation process, supported by appropriate databases and information systems. The result would be a funding allocation and works program committed for an appropriate time period.
5. *Funding commitment to 5 year rolling program.* Given the long lead time required for planning, design, land acquisition and construction of transport infrastructure projects, the proposed 5 year rolling program should have reasonably firm Treasury funding commitments with the immediate 2 year program fully funded as in the Queensland Main Roads Department's Roads Implementation Program for example.

## **Sustainability**

1. *Undertake case study as demonstration.* The performance criteria used in project assessments should be sufficient to assess the sustainability of both environmental and economic aspects of the project. Engineers Australia recommends a case study to demonstrate how this might be done.
2. *Adopt energy profile as key tool.* The energy profile should be adopted as a key tool in assessing options for projects. This should be based on whole-of-life energy consumption for both the infrastructure project and the vehicles using it. There should also be a corresponding statement of the energy “benefits”, which would essentially be the mass-distance of payloads moved. Engineers Australia is not aware of any accepted techniques in practice in the transport sector but would be pleased to participate in their development.

3. *Estimate **greenhouse gas emissions***. Greenhouse gas emissions are a major sustainability issue and their estimation should be part of any assessment process.

### **Appraisal methodology**

1. *Establish **Taskforce** to oversee development*. A Taskforce should be established to oversee the development of the assessment methodology and address stakeholder concerns. (This does not preclude the use of BTRE as a technical resource). Whether this role is undertaken by the National Transport Advisory Council would depend on the composition and expertise of that Group. It will be necessary to (a) select and define the criteria to be used in assessment processes, (b) specify how these are to be measured or estimated and (c) specify how the various measures are to be assessed and evaluated in combination.
2. *Address **skilling** needs*. The Commonwealth Government should assess the skilling needs implicit in the *AusLink* proposals. It should then promote the development of technical courses for professionals to acquire these assessment skills. The Commonwealth Government should also promote transport awareness courses aimed at senior managers and directors in both public and private sectors.
3. *Institute **data** collection procedures*. Regular data collection procedures should reflect the measures used in project assessments. The measures should be independent of mode as far as possible. Post-implementation monitoring of projects should take place and the outcomes placed in the public domain
4. *Re-visit **freight growth** forecasts*. The forecasts of freight growth should be re-visited with a sustainability orientation, to probe why such high growth rates are expected, what sort of goods are involved and how well demand management alternatives might perform in sustainability terms. In particular, freight pricing policies should reflect the cost of infrastructure provision and externalities. This may result in significant changes to the comparative cost of each transport means.
5. *Reconsider position on **urban public transport***. The Commonwealth Government should reconsider its position in relation to urban public transport. *Engineers Australia* believes that there is a national benefit to be obtained from better economic, environmental and social performance of urban transport systems and in our largest cities significant investment in public transport is a key step in achieving that. The scale of investment required may be beyond the funding capacity of State governments. The *AusLink* processes should include the possibility of funding urban public transport projects provided that a national benefit for so doing can be demonstrated. It is likely that even modest investments in Public Transport Infrastructure will assist in reducing the 2015 projected urban congestion cost estimate of \$29.7 billion. The Commonwealth (through *AusLink*) should not leave the solution to this unacceptably high cost impost solely to State and Local governments.

6. *Include cross-sectoral effects, eg energy, health, environment.* The holistic approach envisaged for *AusLink* assessment methodology should include cross-sectoral costs and benefits, for instance in the energy, health and environment sectors.

## Summary

The *AusLink* proposals are, at the time of writing (April 2003) only proposals but they represent a direction which Engineers Australia firmly believes should be followed. The recommendations described in this note were offered to DOTARS in a constructive spirit and if followed are likely to enhance the prospects of *AusLink* achieving its stated objectives.

## References

Material on the *AusLink* proposal will be found in abundance on the Internet. In particular:

- the Green Paper itself can be downloaded from <http://www.dotars.gov.au/transinfra/auslink/greenpaper.htm>
- a discussion of the issues raised in the Green Paper can be downloaded from [www.kilsby.com.au/brainu.htm](http://www.kilsby.com.au/brainu.htm)
- the submission to DOTARS from Engineers Australia can be downloaded from <http://www.ieaust.org.au/policy/res/downloads/govtsubmissions/03004.doc>

Further, Volume 8, No 3 (2003) of *Transport Engineering in Australia*, the transport journal of the Institution of Engineers Australia, carried a technical paper by Derek Scrafton (*The AusLink green paper – proposals, questions and consultation*) and a number of discussion notes from different perspectives (community, rail, road).