

IPWEA NSW & ACT
L12, 447 Kent St
Sydney NSW 2000

3 August 2021

Ms Wendy Machin
Chair
Independent Panel
NSW Road Classification Review and Regional Road Transfer

By email: roadclassificationreview@transport.nsw.gov.au

Submission to the Road Classification and Regional Road Transfer Review.

Dear Ms Machin,

The Institute of Public Work Engineering Australasia, NSW and ACT Division (IPWEA) appreciates the ongoing involvement in the Road Classification and Regional Road Transfer Review.

IPWEA's position to support the transfer of up to 15,000 km of regional roads to the NSW Government remains unchanged, if the outcome is the best outcome for the community.

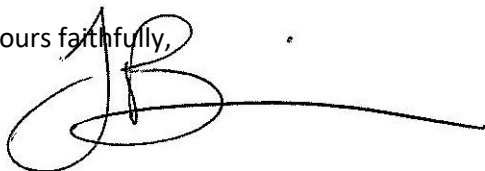
In your letter dated 4 June 2021 you invited IPWEA to make a submission in relation to the Terms of Reference points 1, 7 and 11. We have sought feedback from our member councils and we have prepared this submission in collaboration with LGNSW.

We understand that an interim report on the Road Classification and Regional Road Transfer Review is currently being considered by the NSW Government. We would welcome the opportunity to comment on the Interim Report before the panel commences the next phase of the review.

We would welcome the opportunity to provide further detail on the issues raised within this submission.

Please contact Arjan Rensen on 0420 531 500 or email arjan.rensen@ipweansw.org in relation to this submission.

Yours faithfully,



Ms Francine Binns
CEO IPWEA NSW and ACT



Mr Grant Baker
President IPWEA NSW and ACT

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Road Classification and Regional Road Transfer Review

Submission by

IPWEA NSW and ACT

3 August 2021

Contents

I.	IPWEA NSW and ACT	4
II.	Background	5
III.	IPWEA Submission	6
1.	Provide advice on an appropriate road classification policy framework and terminology for the NSW road network	6
7.	Provide recommendations for a balanced and logical approach to the allocation of funding to State and Regional roads.....	6
11.	Provide recommendations that consider maintaining local employment in road maintenance works, such as through Road Maintenance Council Contracts and direct employment by councils and supporting economic growth in the regions.	7

I. IPWEA NSW and ACT

The Institute of Public Works Engineering Australasia NSW and ACT Division (IPWEA) is the leading professional association representing Engineers and Public Works Officers engaged in public works and engineering, with most members working in, or providing services to, local government.

IPWEA is a charity with the purpose of advancing the public works excellence in Australia, particularly in NSW and ACT by:

- conducting and publishing research into improvements to the processes used in public works and services to enhance NSW and ACT Communities
- working with government at all levels to ensure that the interests of the community are represented regarding the public decision-making process relating to public works and services, and
- providing a forum for all people engaged in the public works to discuss best practice and enhancing the future of NSW and ACT Communities.

IPWEA has adopted a mission to enhance the quality of life of NSW and ACT communities through excellence in public works and services. This is achieved through our professional association that effectively informs, connects, represents and leads public works professionals.

II. Background

February 2019, the NSW Government announced that up to 15,000 km of regional roads would be transferred to the State as part of a broader package of support for local councils to better manage and maintain the rural road network. The NSW Road Classification Review (Classification Review) is a key initiative identified in Future Transport 2056 and seeks to make adjustments to the classification policy framework and update the road network to align with the 'Hub and Spoke' Transport Network Model and the 'Movement and Place' Framework.

Combining the transfer of regional roads with the Classification Review will ensure equity and transparency in all changes and support the development of an integrated road transport network. An Independent Panel has been established to provide advice to the NSW Government on the process for the transfer of regional roads and the review of the road classification policy framework for the NSW road network.

The terms of reference are available at <https://yoursay.transport.nsw.gov.au/regional-road-transfer-and-road-classification-review>.

The Independent Panel is comprised of:

- Ms Wendy Machin (Chair)
- Mr Peter Duncan AM
- Ms Jillian Kilby
- Mr Peter Tegart
- Mr John Roydhouse
- Mr Michael Kilgariff.

After significant consultation in 2020, the Panel is now inviting submissions regarding the road classification policy framework, funding for state and regional roads and maintaining local employment in roads maintenance works in line with its terms of reference 1, 7 and 11:

1. Provide advice on an appropriate road classification policy framework and terminology for the NSW road network.
7. Provide recommendations for a balanced and logical approach to the allocation of funding to State and Regional roads.
11. Provide recommendations that give consideration to maintaining local employment in roads maintenance works, such as through Roads Maintenance Council Contracts and direct employment by councils, and supporting economic growth in the regions.

III. IPWEA Submission

1. Provide advice on an appropriate road classification policy framework and terminology for the NSW road network

The vast majority, around 85%, of the road network is operated by local government. Councils as road authorities have the full range of responsibilities in relation to public roads as required of all road authorities. In NSW specifically, this is specified under Section 7 of the NSW Roads Act 1993.

The Roads Act 1993 provides for roads to be classified as Freeways, Controlled Access Roads, Tollways, State Highways, Main Roads, Secondary Roads, Tourist Roads, Transitways and State Works. These classified roads include all State Roads and some Regional Roads.

To simplify the administration of the various legal road classes, roads in NSW are also grouped into a three-tier administrative classification of State, Regional and Local Roads. These are not statutory categories but are agreed between levels of government and used to determine who is responsible for the management of a road and what type of funding it can receive.

We would support a framework and approach that is better aligned with the NSW Government's Future Transport 2056 strategy, including the 'Hub and Spoke' model and the 'Movement and Place' framework.

Feedback from councils suggests that the Hub and Spoke framework could identify local roads that are important for achieve the benefits for this model, without being reclassified or transferred. These roads require additional funding to perform their role in achieving the goals set out in the Spoke and Hub framework. This could be addresses separately in the review.

We would welcome a road classification policy framework that clearly identifies the road hierarchy, including the responsibilities for each level of government for roads and roadside to end the current confusion.

Recommendations:

- **Implement a framework and approach aligned with the Future Transport 2056 strategy**
- **Implement a road classification policy framework that clearly identifies the road hierarchy, including the responsibilities for each level of government for roads and roadside.**

7. Provide recommendations for a balanced and logical approach to the allocation of funding to State and Regional roads

The funding available to local government across Australia and specifically in NSW, is insufficient to maintain local roads to the standard required to deliver safe, efficient and resilient road and bridge infrastructure and by extension safe, efficient and resilient transport services to the community.

The Road and Transport Directorate, a collaboration between IPWEA NSW and ACT and LGNSW, has been collecting asset performance data for NSW Local Government since 2006 (<https://www.roadsdirectorate.org.au/road-asset-benchmarking-project>).

The latest report shows that the current funding arrangements in NSW are inadequate to deliver safe, efficient and resilient road and bridge infrastructure to the community on an on-going basis into the future and are not sufficiently large enough to enact either specific or isolated road safety treatments and improvements, or wider network-based approaches. The current funding gap for the maintenance of local road and transport infrastructure in NSW is estimated to be \$350M annually, based on the calculation of finding required and the level of funding available.

The transfer of regional roads to the NSW Government will potentially reduce the financial burden on local government, but it does not fully address the continuing shortfall in funding for local and regional roads.

We acknowledge the budget announcement from the NSW Government of \$250M over the coming three years. It is expected that the priority roads that will be transferred require major work. The budget allocation will be sufficient to upgrade 500 to 1000 km of regional road, if the upgrade includes a widening and light rehabilitation.

No information is available on the funding mechanism to upgrade and maintain the remainder of the regional roads that will be transferred to the NSW Government. This creates uncertainty in councils and limits the ability for councils to fully understand the budget implication of the transfer of regional roads to the NSW Government. This became very clear in the feedback received for the preparation of this submission.

A framework and approach that is better aligned with the NSW Government's Future Transport 2056 strategy, including the 'Hub and Spoke' model and the 'Movement and Place' framework, will assist in adopting a network or corridor-based approach. This could include agreed service and intervention levels for each part of the road classification, to ensure service delivered to the community meet the agreed standards.

The current approach to road funding, which often relies on councils applying for grants, is not conducive to delivering the whole length of corridor improvements necessary to provide the network uplifts in performance that are necessary to deliver on road safety and productivity improvements.

Recommendations:

- **Increase funding for the maintenance of roads operated by local government.**
- **Provide clarity on the funding mechanism for regional roads transferred to the NSW Government.**

11. Provide recommendations that consider maintaining local employment in road maintenance works, such as through Road Maintenance Council Contracts and direct employment by councils and supporting economic growth in the regions.

Delivery of maintenance work by local government is proven to provide value for money and is proven to be an effective mechanism to support local communities.

From the feedback received from individual councils, it is apparent that most councils believe the delivery of the maintenance works will remain a responsibility of councils. This perception, if untrue, might render some of the feedback received in 2020 useless as it is based on the wrong assumptions.

If maintenance works that councils currently undertake on regional roads that may be transferred will be lost, councils may be forced to lay off road crew staff. This will have a negative impact on regional employment as well as regional supply chains.

Returning these maintenance works to councils as part of the Road Maintenance Council Contracts (RMCC), or a similar mechanism, would be a preferred solution. This would help to ensure ongoing direct employment by staff of road crews and the maintenance of regional supply chains. Councils also continue to offer better value for money to the NSW Government in delivering these works than contractors and even TfNSW. We would support councils to have the first right of refusal to retain the responsibility to deliver maintenance on transferred regional roads.

Local government is well placed to maintain local employment, provide training and career opportunities, including creating talent pools in regional and rural NSW.

However, the latest benchmarking report from the Roads and Transport Directorate identified the need to increase engineering capacity in local government. This is most prominent in regional and rural areas. Further investments are required to build the required capacity and capabilities to prepare asset management plans, to prepare work programs and to be able to satisfy the reporting requirements of the RMCC or similar contracts.

IPWEA has joined forces with both University of Technology (UTS) and Charles Sturt University (CSU) to assist with this issue. These partnerships are in early stages however undergraduate and graduate placement has commenced with councils in NSW.

Recommendations:

- **Clarify what mechanism will be used for the maintenance of regional roads once transferred to the NSW Government.**
- **Councils to have the first right of refusal to retain the responsibility to deliver maintenance on transferred regional roads.**
- **Introduce programs to increase skills and capacity in local government, particularly in regional and rural areas.**