



AUSTRALIAN CAPITAL TERRITORY

SUBMISSION TO THE COMMONWEALTH GRANTS COMMISSION'S 2010 REVIEW DRAFT REPORT: *ATTACHMENT 16 - ROADS*

September 2009



ROADS ASSESSMENT ISSUE OF CONCERN

Allocation of National Transport Commission cost weights to bridge expenditure

The Commission's stated position is that it does not intend to separately assess expenses related to bridges and tunnels due to data reliability issues regarding bridge deck area and length.

The ACT supports the National Transport Commission (NTC) cost allocation approach, and the way that components of funding have been treated by the Commission, with the exception of bridge expenses.

Category C - Bridge Maintenance / Rehabilitation expenses are allocated to heavy vehicle (33%) and length (67%) disabilities, while *Category F2 - Bridge improvements* are allocated to traffic volume (15%) and length (85%) disabilities. The way in which bridge maintenance and improvement expenditures have been allocated to various roads disabilities produces a *perverse* result.

Misallocation of bridge expenses

In the first instance it is noted that the NTC has highlighted that:

"There is evidence that heavy vehicles contribute to the deterioration of bridges, and construction and strengthening costs would be lower if fewer or no heavy vehicles existed.

Bridges designed for non-heavy vehicle traffic would be smaller and cheaper to build than existing structures.

*However, most of the costs of bridge construction are related to the costs of holding the bridge up, regardless of the loads it is to carry."*¹

The Commission's assumption that above average road length and heavy vehicle use reflects need for bridges is not supported by the NTC's own analysis. Therefore, allocating bridge expenses to road use and length is considered a misrepresentation of the NTC's findings.

As most of the costs of bridge construction are related to the costs of holding the bridge up, any construction type bridge expenses, which comprise most of *Category C - bridge rehabilitation* and all of *Category F2 - bridge improvements*, should be allocated to 'Other services' and assessed equal per capita (EPC).

The alternative is for the Commission to seek the expert advice of the NTC on what proportion of bridge expenses should be allocated to Other services, and allocate the small residual expenditure to heavy vehicles.

Heavy vehicle use and road length are poor proxies for State bridge needs

The best available data indicate that States with above average per capita heavy vehicle use and road length do not face above average bridge maintenance costs.

¹ National Transport Commission, 2005, *Third Heavy Vehicle Road Pricing Determination: Technical Report*, page 34.

As such, the method adopted produces a *perverse* outcome as Queensland, Western Australia and South Australia, which have below average bridge deck area, and thus below average bridge maintenance costs, receive additional GST funding from the draft assessment.

Comparison of bridges, road length and heavy vehicle use disabilities

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	Km	Km	Km	Km	Km	Km	Km	Km	Km
Deck area (m2)	2490.8	1583.7	1457.5	780.9	374.5	319.1	186.6	299.1	7492.2
Deck area per 10,000 persons	3.7	3.2	3.9	4.0	2.5	6.7	5.8	15.1	3.8
Bridges disability	0.97368	0.84211	1.02632	1.05263	0.65789	1.76316	1.52632	3.97368	1.00000
Road length disability	0.95840	0.94540	1.02764	1.10783	1.03341	1.00416	0.90153	1.8377	1.00000
Heavy vehicle use disability	0.97819	0.97344	1.03637	1.07961	1.02005	0.96767	0.82197	1.05345	1.00000

Deck area disability based on data provided in the CGC 2004 Review Report.

Heavy vehicle use factor and road length disability (urban road length factor x rural road length factor) for 2007-08 from the CGC Draft 2010 Review Report.

The ACT is unaware of any data that demonstrates road length and heavy vehicles are the primary driver of bridge costs. The Commission has not provided any such data in support of its proposed approach.

In this context, it is noted that the Commission has consistently stated that unless a measure is reliable, and there are fit-for-purpose data available to measure the disability, the starting point is an EPC assessment.

The ACT considers the proposed assessment of bridge expenses moves States further away from equalisation, which is not a desired outcome. In this context, an EPC assessment appears to be the most appropriate approach.

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