From: Philip, Andrew
Sent: Friday, 23 March 2007 11:44 AM
To: Christine Butterfield
Cc: Stephen Tregea-Collett; Roger Broughton; Blight, Tanya; Engele, Sam; Horley, Jan; Purcell, John
Subject: ACT comments on Roads measurement project preliminary outcomes
Importance: High

Christine

Thank you for the opportunity to comment on the Roads measurement project preliminary outcomes (Discussion Paper 2007-02/S of 21 February, the meeting on 7 March, and updated data provided on 12 and 13 March).

The ACT's views respond to the data and issues included within DP 2007-02/S.
The ACT has a number of reservations with the 'measured road length approach' and the anticipated implementation of an 'experimental method' in an Update.

The measured road length model incorporates a range of judgments/assumptions which diminish the confidence we have in the new approach. Without significant further adjustment (discussed later), at this point in time there are few, if any grounds that can be used to justify using the new approach or that can be used to reach the view that it is more robust than the current approach, other than Queensland's road lengths are more in line with what could be expected for that State.

At the 7 March roads meeting, after the ACT noted that its rural road length share would decline by approximately two-thirds, the Commission questioned whether the impact of adopting the measured road length approach would even be material for the ACT. Internal modelling indicates that there will be a material redistribution away from NSW, Victoria and the ACT (above $10 per capita) if the data are used. In this context, it is important that the road length results be benchmarked against other indicators to determine their reliability and to ensure that the outcomes are robust and reflect State circumstances.

The nature of the ACT, a land-locked urban city-State, is very different to all other States, and as such, the 'measured road length approach' does not capture the ACT's road length needs at all well. The Commission should bear this in mind in the context of HFE.

A possible way forward is to discount the results as the data are based on a range of assumptions, are not necessarily comparable across States and do not reflect the actual road length related maintenance cost task facing States (for at least the ACT). It is noted that in the 2007 Update, the Commission discounted the National Parks visitor numbers by 50% as the 'were not comparable across States'.

RURAL ROADS
The method generates artificial arterial road lengths which are unrepresentative of State

arterial road length shares, and actual maintenance costs faced. The exclusion of approximately 70% of the ACT's rural road length (367 lane-km out of 556 lane-km is excluded - based on Table 5 of DP 2007/02-S) is evidence of this.

The Commission should bear in mind that the ACT does not fit the circumstances of the other States. As a land-locked urban city-State, most of the ACT's roads do not lead to neighbouring towns as occurs in other States. Irrespective of this, a range of rural roads require maintenance and upkeep (eg. Paddys River Road, Naas Rd, Point Hut Road, Uriarra Road, etc etc), despite not being connected to neighbouring UCLs. These roads are not captured in the current algorithm for the ACT.

The proposed model uses 'fastest roads' as a way of measuring road length which requires judgement regarding road speed capabilities (which includes extensive judgement on road conditions and traffic levels), and may lead to an overcount of road length.

One problem inherent in the current method is the inconsistent classification of arterial roads across States. The measured road length approach partly addresses this issue, however, the algorithm picks up roads that are not State arterial in nature. The inclusion of UCLs with populations of 100, 200 or 400 appears excessive as the measured road length model expands the road network to include additional local roads which were previously recognised as (in a policy neutral environment) the responsibility of local governments (hence the Commission's own view of the need to remove the local roads component to avoid double counting). The increase in the NT's rural road length by 143% (6,717 lane-km 2007 Update, to 16,321 lane-km measured road length) typifies our concern

Although most other jurisdictions appear unconcerned with this outcome, this proposed method change does not accurately recognise the ACT's rural arterial road share and significantly overstates the shares of some other jurisdictions. As such, HFE will not have been achieved unless changes are made to the approach.

The ACT notes the Commission's comment that "*The algorithm used to identify rural roads appears to result in more roads being included than are likely to be managed by States under the average policy"*. This explains (at least in part) the reasons for the relatively large increase in rural road length since the 2007 Update of +18.7% (in contrast to an increase of just +1.5% for urban roads).

The stated bias towards rural road length, and the need to remove extra connections to address this (paragraphs 52 and 53 of the DP 2007-02/S), while intuitively not affecting one State more than another in terms of the rural roads length count, will affect the roads assessment outcomes given that it artificially weights rural road lengths more highly than they should be, relative to urban road lengths. Needs for those States with an above average urban road length per capita will be underestimated as rural road lengths have been overestimated.

This current bias could be the reason for the ACT's road lengths falling from 0.3% (2007 Update) to 0.1% (measured road length).

The algorithm also picks up roads that are not State arterial in nature as no traffic flow thresholds have been adopted. States such as NSW and the ACT classify rural arterial roads according to the level of traffic volume rather than rural populations / area definition. Some other States use both measures in combination. The failure to account for traffic flows means that relatively minor (low use), low maintenance roads that are generally local government roads are included in the assessment.

The ACT agrees with the Commission (paragraph 53 DP CGC 2007/02-S) that lower standard roads should generally be excluded from the measured road length approach. Removing extra connections, reviewing the 'fastest roads', reviewing the size of UCLs that should be included, undertaking benchmarking and explaining the large rural road length increases (+18.7% for Australia and large increases for individual States eg NT increase of +143%) and taking into account the ACT's unique circumstances (as a land-locked urban city-State with most of the ACT's roads not leading to neighbouring towns as occurs in other States), would represent a major improvement to the measured road length approach and would address a large number of the ACT's key concerns.

URBAN ROADS

Measured urban road length has increased by 1.5% relative to the 2007 Update, while rural roads have increased by 18.7%. Urban road length data appear problematic and require extensive investigation.

Modelling of urban road lengths based on including PSMA 304 data should be undertaken to determine the impact on road length, as road maintenance expenditures for these roads are material.

The ACT supports road length being converted to lane length given the varying proportion of urban sealed roads in States, and the fact that urban roads are wider on average than rural roads. Both these variables impact on urban road maintenance costs.

Addressing the low growth in urban roads for Australia as a whole (+1.5% increase) relative to rural roads, the significant changes in urban road length for some States such as NSW, and the impact of including PSMA 304 urban roads within the model would address a the ACT's key concerns.

AUSLINK

To be consistent with the way the Commission treats other SPPs, and given that States have increasing control over AUSLINK projects and expenditure, the ACT supports the Commission's intention to treat AUSLINK SPPs by inclusion as they assist in funding roads maintenance costs and States' total financial assistance requirements.

LOCAL ROADS

The ACT supports the Commission's intention to remove the local roads component as there is a bias towards rural road length (see previous comments) and most unincorporated roads and roads in sparsely settled areas appear to be already being captured through the Commission's approach. NT's comment at the 7 March 2007 roads meeting that the

measured road length model already captures its unincorporated roads and roads in sparsely settled areas is pertinent in this regard.

UPDATING DATA

The ACT, at the 7 March 2007 roads meeting, requested that the urban influences factor be updated (rather than using 2004 Review frozen data) given that its urban arterials with >40,000 AADT had increased from 10.1% of the network in 2001, to 24.6% in 2006. This request appears to have been disregarded on the grounds that the growth experienced by the ACT would be mirrored across other States.

Consideration should be given to updating this data and testing the assertion that similar growth in traffic use has been experienced by all States. This matter requires investigation as recent data for all States have not been collected and changes between the States could be significantly different and have a material impact on the assessment; and other components of the assessment (such as road length) are to be updated and there needs to be consistency in the approach.

Regards,

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