



Dr Philip Laird  
Chairman, Govt Relations Committee

Railway Technical Society of Australasia  
Engineers Australia  
11 National Circuit  
BARTON ACT 2600

19 th June 2003

The Secretary  
House of Representatives Economics, Finance and Public Administration Committee  
Parliament House  
CANBERRA ACT 2601 by e-mail EFPA.Reps@aph.gov.au

Dear Secretary,

**Re Inquiry into Local Government and Cost Shifting**

Would you please accept this letter as a brief submission to the inquiry to supplement our submission of 8 th September 2002.

The Society's main submission invited the Committee to consider measures that will allow rail to play an increased, rather than decreased role, in serving regional Australia. We also gave evidence as to some of the costs of closing down branch lines when rural roads then have to contend with an increased number of heavy trucks.

The Society notes the discussion paper 'At the Crossroads' released by the Committee in February 2003 summarizing some of the evidence to the present inquiry. This includes on page 21 " *Many submissions highlight serious shortfalls in local government expenditure on infrastructure maintenance and improvement, especially roads. Local government is responsible for some 80% (by length) of Australia's roads, and local roads often play a crucial role in supporting economic activity - benefiting both the local area and Australia as a whole.*"

On page 22, it is stated that "***The Committee believes that infrastructure funding is indeed a matter of serious concern.***" A quote from the Local Government Association of South Australia, Submission No. 223, p. 7 is of interest: *It is ... critical that the Roads to Recovery Program be extended or some similar program be established after 2004 and that*

*funding be sufficient to ensure that local governments with reasonable rating effort have the capacity to adequately maintain their vast and crucial local road network. If it can be shown to be absolutely necessary we believe that local governments and their communities would support a small increase in fuel taxes dedicated to this purpose.*

This concern expressed by the Local Government Association of South Australia is consistent with paragraph three of our main submission that notes: "In a 2001 submission to the Fuel Taxation Inquiry, the Australian Local Government Association (ALGA) noted that a comprehensive study in South Australia *"found on average the annual rate of deterioration of the local road network in SA is three times more than the level of expenditure on replacement/rehabilitation."*

It would then appear that funds available for maintenance of SA regional roads have been found to be about one third of what is required to maintain the asset. The ALGA submission noted that a similar situation holds in Victoria, and goes on to note *"Local road users (who are often not local ratepayers) are not paying for the consumption of the assets they are using."* The willingness to accept higher fuel taxation to secure better transport is also reflected in the views of the Queensland Local Government Association who in 2002 raised the issue after the Queensland Government in June 2000 changed its decision to abolish the Queensland fuel subsidy scheme. This scheme was then retained, and costs about \$500 million a year.

Following a public inquiry into Mechanisms for Funding Queensland's Roads and Transport Infrastructure, by a Professor Layton in 2001-02, the QLGA agreed to *"...push for the redirection of the fuel subsidy, because it is the most comprehensive means of closing the roads funding gap"*. Although this recommendation was opposed by some mayors and councils, most were supportive. Support has come from many rural and regional mayors. All appreciate the need for some change, and, to ensure that the extra funds be exclusively applied to road and transport needs.

The Queensland transport funding inquiry makes 8 recommendations. Along with eliminating the Queensland fuel subsidy, and continuing to lobby the Federal Government, the inquiry also encourages consideration of Public Private Partnerships, Toll Roads and use of loans for long term projects that will benefit future generations.

Further concern about closing rural branch lines, and putting the extra road system costs, is given in an article 'Rail-roaded' on page 1 of 'The Land' for 19 June, and comment 'Making sense of rail freight' on page 7 wherein it is noted *"On no account should these lines be closed. The fact that maintenance has been neglected is no reason to declare them 'uneconomic'. Simply, they must be brought up to standard."*

Given the recent expressions of concern re rural grain lines, the Society would request that consideration will be given in the final report of Committee on this inquiry on the value of maintaining rural branch lines.

Yours sincerely,

P G Laird