

Chapter 2 Commonwealth role

Introduction

2.1 This chapter considers the first item in the terms of reference:

Review the Commonwealth role in road funding and identify the most effective means of fulfilling that role.

2.2 The roles in road funding of each tier of government and of the private sector are discussed in this chapter together with consideration of the principles for Commonwealth involvement in road funding. The chapter also outlines the way in which strategic transport planning might be used to provide a consistent focus for road investment decisions.

Delineation of responsibilities

Need for clarity

2.3 The National Commission of Audit considered the issue of program responsibility among the different tiers of government. It said that:

Reducing program duplication and overlap simply requires a clear delineation between levels of government as to program responsibility.

Ideally, elimination of duplication and overlap would require complete responsibility for a particular program to lie with one level of government only. (National Commission of Audit 1996, p. 45)

2.4 The Department of Transport and Regional Development noted that the division of funding responsibilities among the three tiers of government was unclear prior to 1991.

The situation was one where no level of government had a clear responsibility for a category of road. The public was never sure which level of government should be held accountable for particular roads. It allowed governments to avoid responsibility for poor performance by shifting blame to other levels. (Sub 482, *Submissions* p. 849)

2.5 The committee agrees with the Commission's argument that there should be a clear delineation of program responsibility among the three tiers of government to avoid administrative overlap and to encourage clear accountability in road funding.

Current responsibilities

2.6 The delineation of responsibilities for road funding was established by a Special Premiers' Conference Agreement in 1991. The agreement established a hierarchy of responsibilities for each of the three tiers of government.

- The Commonwealth accepted sole funding responsibility for the national highway system. The national highway system links the mainland capital cities, Brisbane to Cairns and Hobart to Burnie. The national highway system was originally identified by the Commonwealth Bureau of Roads in the early 1970s. Since 1992, additions to the national highway system have included the inland links from Melbourne to Brisbane and Sydney to Adelaide and urban links in a number of capital cities. A map of the national highway system is provided in chapter 3.
- The Commonwealth also accepted a funding responsibility for other roads of national significance. Since 1996, the Commonwealth has jointly funded a program of roads of national importance with the States/Territories. The roads of national importance are determined on a case by case basis and are not a defined network of roads.
- The States/Territories accepted responsibility for arterial roads. In practice, the Commonwealth has some responsibility for arterial roads where those roads are determined to be roads of national importance.
- Local government accepted responsibility for local roads.

2.7 While the Commonwealth has sole funding responsibility for the national highway system, the States/Territories have ownership of the national highway system in their respective jurisdictions and act as the Commonwealth's agent in the planning, construction and maintenance of the national highway system. The Commonwealth funds national highway projects and roads of national importance through specific purpose (tied) payments to the States/Territories.

2.8 The Commonwealth also has a role in funding arterial and local roads.

- Funding for arterial roads is through general purpose (untied) payments to the States/Territories. In 1997–98, the notional identified road grants component of general purpose payments to the States/Territories is \$391.0 million.
- Funding for local roads is through specific purpose payments to the States/Territories that must be passed on to local government as general purpose assistance. In 1997–98, the identified road funding component of general purpose assistance to local government is \$370.4 million.
- Therefore, Commonwealth assistance to the States/Territories and local government for arterial and local roads is untied. There is no legal obligation on the recipient to use the funds for a particular purpose. However, the Hon John Sharp MP, as Minister for Transport and Regional Development, sought and received assurances from the States/Territories that untied road funding will be used for road purposes at the State/Territory level (Sub 482, *Submissions* pp. 850–1).

2.9 The committee considers that it is not sensible, on the one hand, to provide general purpose (untied) payments to other governments and then to seek assurances from those governments that the untied funding is used for road purposes. In a de facto sense untied funding for roads has become tied funding for roads but without appropriate steps taken to support the change.

2.10 The Commonwealth is also involved in directly funding roads of national importance, such as the Pacific Highway, under partnership arrangements (see chapter 3 for details). This category of roads is additional to the national highway system. The Department of Transport and Regional Development noted that Commonwealth involvement in roads of national importance represents an extension of the Commonwealth's role in road funding (Sub 482, *Submissions* p. 850).

2.11 The private sector has a role in contracting for much of the work (construction and maintenance) in the provision of road infrastructure. This role has been increasing in the 1990s. A more recent role for the private sector has been as investor and 'owner' of some roads but this only affects a small proportion of the total length of the road network. The national highway system has remained the Commonwealth's primary road responsibility and has not involved private sector investment and operation.

2.12 Government will continue to make road infrastructure investment decisions but this would not preclude opportunities for the private sector to fund road infrastructure. Such opportunities are discussed in detail in chapter 6.

Objectives for Commonwealth involvement

National objectives

2.13 The Commonwealth Government is uniquely placed in Australia's federation to take a national approach to road projects. The Department of Transport and Regional Development noted that the Commonwealth has historically relied on its spending powers to implement road policies (Sub 482, *Submissions* p. 847). Therefore, the Commonwealth role in road funding can determine its ability to influence road projects.

2.14 The States/Territories supported a role for the Commonwealth in achieving national objectives through its involvement in roads.

- The NSW Government argued that the Commonwealth should have a role to implement a strategy and reporting mechanism to secure national outcomes (Sub 686, *Submissions* p. 1658).
- The Queensland Government argued that the Commonwealth should monitor the achievement of national priorities as a part of agreed road development strategies (Sub 643, *Submissions* p. 1275).

- The Northern Territory Department of Transport and Works argued that the Commonwealth provides a national perspective to road priorities. The States/Territories respond to other priorities that may not consider a national perspective (Sub 645, *Submissions* p. 1322).
- Main Roads Western Australia argued that Commonwealth involvement in road funding may allow national benefits to be maximised. Main Roads argued that this would require a more strategic approach to road investment (Sub 468, *Submissions* p. 639).
- The South Australian Government argued that the Commonwealth may be able to transcend State and sectional interests in order to achieve national objectives (Sub 423, *Submissions* p. 155).
- The Tasmanian Government supported the Commonwealth's role in road funding. Tasmania argued that the Commonwealth must continue to articulate a national focus for the national highway system (Sub 664, *Submissions* p. 1499).
- The Victorian Government supported a continuing role for the Commonwealth in road funding. However, Victoria argued that this role should be refocussed to give greater emphasis to 'improving national economic efficiency through achieving higher returns on the national road investment.' (Sub 689, *Submissions* p. 1733)
- The ACT Government supported the Commonwealth's interest in the national highway system and roads of national importance to retain a national focus in the development of such roads (Sub 685, *Submissions* p. 1623).

2.15 Many of the States/Territories, in supporting a continuing Commonwealth role in road funding, argued that there should be a more strategic approach to the road investment decisions by the three tiers of government and the private sector. Strategic transport planning is discussed later in this chapter.

2.16 The committee received evidence expressing strong support for the Commonwealth to retain a role in road funding to achieve nationally important objectives. The committee received evidence on issues that should or should not be regarded as nationally important. Some of these issues are listed below.

- The Department of Transport and Regional Development argued that the Commonwealth's role in road funding can take a national perspective in regard to enhancing interstate and overseas trade, regional development and social cohesion (Sub 482, *Submissions* pp. 852–3). The Northern Midlands Council argued that the Commonwealth's role as manager of the national economy supports a role for the Commonwealth in establishing a clear strategic direction for roads of national importance (Sub 470, *Submissions* p. 714).

- The ACT Government argued that the Commonwealth should consider providing assistance for cross-border road links and extend its road funding role to roads of regional significance (Sub 685, *Submissions* p. 1623). The Murray River Crossings Group also identified some of the jurisdictional problems associated with funding cross-border road links (*Transcripts*, pp. 689–92).
- The South Australian Government argued that the Commonwealth is able to encourage nationally uniform road policies and legislation (Sub 423, *Submissions* pp. 155–6). The Queensland Government also argued that the Commonwealth should have a role in the establishment of national standards, particularly for intelligent transport systems, freight efficient vehicles, bridge structures and road safety (Sub 643, *Submissions* p. 1275).
- The Queensland Government argued that the Commonwealth should largely withdraw from detailed involvement in road projects particularly at the project level (Sub 643, *Submissions* p. 1275). The Northern Territory Government argued that the Commonwealth should focus on establishing performance targets rather than duplicating the administrative procedures of the States/Territories or becoming directly involved in construction or maintenance (Sub 645, *Submissions* p. 1322).
- Main Roads Western Australia argued that the Commonwealth should not limit its road funding role to a defined network of roads as the national interest may be better served by funding other roads (Sub 468, *Submissions* p. 640). The Victorian Government argued that national highway system maintenance is not an area in which the Commonwealth's involvement is effective (Sub 689, *Submissions* p. 1733).

2.17 There are clearly a large number of areas in which the Commonwealth's role in road funding may be seen to affect issues of national importance. The potential issues that the Commonwealth may seek to address may be broadly characterised as:

- strategic planning—the Commonwealth may participate in developing a strategic plan for the transport network (discussed later in this chapter);
- standard setting—the Commonwealth may use its role to promote consistent national standards for road related issues;
- network responsibility—the Commonwealth may take responsibility for a defined network of roads, or it may choose to fund individual projects of national importance (discussed in chapter 3);
- project approval—the Commonwealth may seek detailed involvement in approving the road projects that it funds or it may prefer to establish performance agreements and performance auditing to satisfy its project requirements (discussed in chapter 5).

2.18 The Department of Transport and Regional Development noted that the Commonwealth must ensure that its ability to achieve national objectives is not diluted by expanding responsibilities (Sub 482, *Submissions* p. 851).

2.19 The committee considers that the Commonwealth's role in road funding should focus on issues of national importance. Notwithstanding the argument put by the Department of Transport and Regional Development that the Commonwealth must not compromise its ability to effectively address issues by expanding its role, the Commonwealth must take a leadership role in facilitating a national strategic plan (discussed later in this chapter).

2.20 The committee supports the Commonwealth's ongoing responsibility for the national highway system and roads of national importance in achieving national objectives (see chapter 3 for details).

2.21 The committee supports a role for the Commonwealth in other road programs that may be considered to be in the national interest, such as safety benefits, and consequent economic benefits, flowing from such programs as black spot eradication.

2.22 The committee supports a role for the Commonwealth in setting road related standards that may be considered to be in the national interest. For example, the committee considers that a role exists for the Commonwealth in setting standards for such things as intelligent transport systems and mass limits for freight vehicles. These standards are in the national interest because incompatible or inconsistent standards in these areas may inhibit the free movement of passengers and freight around the country.

2.23 The Commonwealth's role in road funding will need to be strategic in that the role must maximise the achievement of national goals subject to road funding resource constraints.

2.24 Recommendation 1

The committee recommends that the Commonwealth's role in road funding should focus on achieving national objectives.

Funding responsibilities

2.25 Regardless of the exact roles adopted by governments and the private sector in road funding, it is important that each party is accountable for the funds spent.

2.26 Public sector agencies are generally required to meet defined standards of accountability for expenditure programs. However, such standards may be less effective where the level of government that undertakes the expenditure is different from that providing the funding. The effectiveness of accountability standards may be enhanced where the level of government that is responsible for an expenditure program also provides funding for that program.

2.27 However, the existence of vertical fiscal imbalance in Australian Federal financial relations means that it is difficult to match expenditure needs with revenue raising capacity at each level of government. Vertical fiscal imbalance results from the fact that the Commonwealth collects more own-sourced revenue than it requires for own-purpose outlays, with the reverse true for the States/Territories and local government. Therefore, the Commonwealth makes payments to the States/Territories to redress this imbalance.

2.28 The decision of the High Court of Australia in *Ha and Hammond v NSW* will exacerbate the vertical fiscal imbalance. The majority judgement in *Ha and Hammond v NSW* held that a number of State/Territory franchise fees on fuel, tobacco and alcohol products were unconstitutional. Therefore, there will be a greater onus on the Commonwealth to redistribute funds to the States/Territories to meet expenditure needs.

2.29 The Commonwealth Government introduced legislation into the Parliament that will allow the Commonwealth to collect States/Territories' franchise fees on fuel, tobacco and alcohol products to cover the shortfall in State/Territory taxes following the decision of the High Court. This extra Commonwealth revenue will be redistributed to the States/Territories.

2.30 The Commonwealth delivers its road funding to the States/Territories in the form of specific purpose (tied) payments and general purpose (untied) payments.

2.31 The use of specific purpose payments to fund the national highway system and roads of national importance places responsibility on the Commonwealth to consider competing project priorities and to be accountable for program expenditure. The Commonwealth should be accountable for the outcomes of these expenditure programs since it is responsible for both program decisions and program funding. The Commonwealth should set in place such procedures as are necessary to adequately monitor the use of the funds and continue to be involved in detailed project approval processes for the national highway system and roads of national importance.

2.32 As noted earlier, the current practice of providing the States/Territories with general purpose (untied) payments but requiring assurance that the untied money is spent on roads, that is tied, is illogical. Further, the funds should be either untied and spent by the State/Territories as they wish, or be clearly designated as road funds from the outset.

2.33 The committee considers that the funds to the States/Territories and local government should be clearly allocated to roads and that this should be achieved through specific purpose (tied) payments via block grants. The Commonwealth would not be required to be involved in specific project approval under these block grants as this would remain the responsibility of the recipient governments.

2.34 The NSW Government argued that there have been no reforms in road funding mechanisms to enable the three tiers of government to fulfil their responsibilities as agreed at the 1991 Special Premiers' Conference (Sub 686, *Submissions* p. 1654). The committee considers that the scope for reforming road funding mechanisms is limited in the short term given the *Ha and Hammond v NSW* decision.

2.35 Issues concerning the use of specific purpose and general purpose payments are addressed in detail in chapter 4.

2.36 Recommendation 2

The committee recommends that where the Commonwealth chooses to take a direct role in funding its road programs the Commonwealth use specific purpose payments. Further, the committee recommends that the Commonwealth retains responsibility for ensuring adequate performance outcomes are achieved for its programs.

2.37 Recommendation 3

The committee recommends that the Commonwealth use specific purpose payments in the form of block grants to assist State/Territory and local governments with the road programs for which these governments are responsible. Further, the committee recommends that the Commonwealth recognise that State/Territory and local governments are responsible for ensuring adequate performance outcomes are achieved for such programs.

Strategic planning

2.38 The committee received a large volume of evidence critical of the lack of a national strategic transport plan. There was a widespread call for the establishment of a national strategic plan.

- Main Roads Western Australia stated that:

There is an urgent need for a visionary and strategic approach to meet the road needs for the ongoing and future development of the Nation. A national road network is needed and the Commonwealth should be its 'champion'. The Commonwealth has the responsibility of coordinating the creation of the vision - how the national road network should look and what it should be doing. (Sub 468, *Submissions* p. 625)

- The NSW Government supported the development of a strategic plan for the national highway system as part of a national transport strategy. NSW envisaged the national highway plan as defining a national roads network integrating all economic activities. The plan would set achievable targets for levels of service on the network (Sub 686, *Submissions* p. 1656).

- The Queensland Government also supported the development of a national strategy (Sub 643, *Submissions* p. 1274). Queensland Department of Main Roads argued that:

... the Commonwealth role in roads should be concentrated at the strategic level through identifying goals and targets to achieve outcomes that are important to the nation as a whole in terms of transport. The states are managers of the road systems within their boundaries. They are really best suited to handle the detailed road program and delivery to meet Commonwealth desired outcomes. (*Transcripts*, pp. 151–2)

- The South Australian Department of Transport said that:

The main point of our submission is that a strategic approach to national road development and management, having regard for the role of other modes and for the interfaces between modes, seems paramount to the economic and social wellbeing of the nation. South Australia sees a need for continued and increasing Commonwealth leadership in developing the strategic framework for any national road investment. (*Transcripts*, p. 429)

- The Australian Local Government Association (ALGA) supported strategic planning for the road network. The ALGA envisaged that 'the Commonwealth would provide an overarching or moderating role' and that the strategic planning process would need to be 'open and transparent and based on consultation between all spheres of government.' (Sub 447, *Submissions* p. 397)

- Townsville Enterprise Limited argued in respect of regional development 'that one of the difficulties ... is the lack of long term, apolitical, strategic planning.' (Sub 690, *Submissions* p. 1750)

- The Australian Road Federation supported a role for the Commonwealth in:

... the development of strategic objectives, planning, management and ongoing review of Australian roads, in conjunction with the governments in the States and Territories and with local government. (Sub 418, *Submissions* p. 120)

- The Cement and Concrete Association of Australia argued that there should be long term planning and funding for road investment to minimise the cyclical nature of funding for major contracts. The association argued that cyclical funding increased the cost for construction firms to manage workforce and equipment levels.

One of the major problems facing the road construction industry is the cyclic nature of major contracts. ... Many contractors retrenched valuable skilled staff during recent low levels of federal road construction funding. The cost to let go and re-hire these skilled technicians required to meet the high-performance construction criteria set by government departments is reflected in future tender prices. ... These [skilled technicians and mechanised equipment] construction costs can only be minimised according to the continuity of short and long-term funding of road projects. (Sub 404, *Submissions* p. 27)

2.39 It is essential that planning and the implementation of plans by the Commonwealth supports a strategic national perspective which integrates all forms of transport. Strategic planning is vital as it enables the players to communicate where they are and, more importantly, where they want to be in the future.

2.40 Without a strategic approach to transport each player runs the risk of being buried under the burden of day to day (short term) activities within a narrow and, at times, isolated perspective, creating in the long term a dysfunctional national transport system. In Australia,

the break-in-gauge development of rail is an example of how detrimental isolated planning can be to achieving an efficient and effective transport service for the nation.

2.41 Improving the quality of a road is meaningless without knowing what kind of quality is relevant to users' needs and how each section of road integrates with the rest of the road network, as well as how well it connects with other forms of transport.

2.42 For such a large expenditure item as transport to be potentially crisis driven is folly. The call for a national strategic approach to transport and the opportunity for the Commonwealth to take a leadership role in developing such a strategic approach is not new but it is overdue.

2.43 This committee's predecessor, the House of Representative Standing Committee on Transport, Communications and Infrastructure (HORSCOTCI) in *Driving the Road Dollar Further* reported in 1993 that:

Unfortunately, the Committee found, at the federal level at least, that there was no clear unambiguous strategic plan for the road network. (HORSCOTCI 1993, p. xiii)

2.44 Further, the previous committee noted that state road authorities have objectives and strategic plans for their own area of road responsibility but that 'the quality of these plans is variable.' (HORSCOTCI 1993, p. xiii)

2.45 In 1994 the National Transport Planning Taskforce in its first recommendation also called for the establishment of a framework for national strategic transport planning in Australia with primary attention being given to investments of national economic significance. In its report it said that:

There is a requirement for coordinated strategic infrastructure planning, which adopts the national network, and approaches the transport task on a multimodal corridor basis. This will provide a nationally consistent framework for assessing infrastructure needs. Assured funding sources are essential for long term planning. (National Transport Planning Taskforce, p. vii)

2.46 It remains true, as the earlier committee identified, that:

Confusion resulting from a lack of a clear strategic outlook has resulted in ineffectiveness and inefficiencies. The Committee believes that there should be clearly set out unambiguous objectives for the entire road network. (HORSCOTCI 1993, p. xiv)

2.47 A strategic approach requires a clear statement of objectives which focuses on outcomes and builds into this approach ongoing evaluation and review. A strategic long term approach has to be both sufficiently robust to survive each crisis as it occurs (such as the oil price shocks) and sufficiently flexible to be able to adapt to innovation and change (such as increased mass limits). Unless the strategic approach includes room for review and adjustment the plan will be of little use.

2.48 Historically, there have been many studies and plans covering roads in Australia. While frequently called 'strategic' they have usually had a narrow focus, often arising in response to calls to support in the short term a move to introduce new legislation, or new technology, or demands for more dollars.

2.49 Organisations involved in some of the early processes included the National Association of Australian State Road Authorities (predecessor of AUSTRROADS), the Commonwealth Bureau of Roads, and state road authorities. In addition, the committee is aware of recent work done by the National Road Transport Commission, the National Transport Planning Taskforce, the National Transport Policy Framework and the Infrastructure and Planning Project group.

2.50 In evidence to the committee a number of the state road authorities identified that they had developed, or were developing, strategic regional plans for their roads and in some instances for the integration of their transport network. For example, Queensland has a road network strategy (Sub 643, *Submissions* p. 1271), Western Australia has transport plans and regional development strategies (*Transcripts*, pp. 400–1), NSW has released for public comment a state road network strategy (*Transcripts*, p. 38), and Victoria has published comprehensive strategies covering metropolitan Melbourne and rural Victoria (*Transcripts*, pp. 547–8).

2.51 The committee considers that such planning on a regional basis is worthwhile, but that it would be more valuable if all of the parties involved in the provision, and maintenance of roads could participate in the development of a national strategic plan for the transport network.

2.52 The committee acknowledges that the Commonwealth has objectives for the national highway system which are discussed in chapter 3. Nevertheless, the committee is concerned that the Commonwealth does not have a published, national strategic plan for transport.

2.53 A national strategic approach to transport requires clear communication to all players on what the national objectives for transport are, and that these objectives are closely linked to desired outcomes for transport from a national perspective.

2.54 The principal strategic plan in turn needs to be linked to operational plans for implementation. If one does not support the other the effort will fail. What is important in a strategic approach is that the focus is first on where you want transport to be in the future (objectives and outcomes), then linked with an operational plan identifying how to get there (inputs).

2.55 In examining what the time frame should be for a strategic road plan the Department of Transport and Regional Development suggested ten to twenty years with publication of the plan to occur at five year intervals (Sub 482, *Submissions* p. 877; *Transcripts*, p. 735).

2.56 Queensland Department of Main Roads noted that it would:

... like to see planning with at least a 20 year vision of what the Commonwealth thinks should happen over the next 20 years and where we want to be in 20 years with our networks. (*Transcripts*, p. 155)

2.57 Further, Queensland contended that much less than twenty years for a strategy which gives the vision is too short a time frame. Once the vision is right Queensland suggested ten years as the appropriate time frame for short term detailed planning and five years for implementation plans (*Transcripts*, pp. 156–7).

2.58 The committee supports involving Commonwealth, State/Territory, and local governments in formulating a strategic transport plan. The committee also envisages a role for the private sector and community groups in influencing the planning process. The views of private sector and community groups may be sought through directly involving them in the strategic planning process or through providing an opportunity for public comment on any proposed strategic plan for the transport network.

2.59 Main Roads Western Australia considered the substantial and significant benefits which could be achieved with Commonwealth involvement included:

- promoting the national interest
- clearer objectives, driven by outcomes
- a process through which new programs can be introduced, and obsolete ones removed, in a structured manner
- improved Commonwealth and State/Territories/Local Government relationships
- national cohesion
- facilitating trade between the States and overseas
- equitable access to facilities for all Australians
- building defence facilities
- road provision where it delivers the greatest national benefits. (Sub 468, *Submissions* p. 626)

2.60 A strategic approach to planning and managing Australia's transport network is essential if the nation is to maximise efficiency and effectiveness. Infrastructure planning and investment can not be narrow and limited through operating in isolation without consideration of competition between and within all forms of transport, and without coordination of decisions at all levels of government.

2.61 The Commonwealth needs to take a leadership role in establishing a strategic national transport plan. To demonstrate its commitment to the discipline of a strategic approach the Commonwealth should consult widely to develop such a plan and publish the plan by 1 July 1999. Further, the Commonwealth needs to demonstrate its commitment to the agreed national strategic plan with appropriate and guaranteed funding, including greater certainty, to support the national agreed outcomes. The need for greater certainty and commitment to funding of road infrastructure are discussed in detail in chapter 4.

2.62 Recommendation 4

The committee recommends that the Commonwealth consult widely, develop and publish an integrated strategic plan for the national transport network by 1 July 1999.

2.63 Recommendation 5

The committee recommends that the Commonwealth demonstrate its commitment to the integrated strategic plan for the national transport network, proposed in Recommendation 4, by:

- introducing greater certainty in road funding; and**
- providing an appropriate, guaranteed level of road funding to support the national outcomes agreed to in the integrated strategic plan.**

Conclusion

2.64 The Commonwealth role in road funding should be consistent with a clear delineation of responsibilities among all parties to road funding in order to avoid administrative overlap and to encourage clear accountability for areas of responsibility.

2.65 The Commonwealth role in road funding should focus on achieving national objectives. In particular, the Commonwealth should continue its role in funding the national highway system, roads of national importance, and other road programs that are considered to be in the national interest. The Commonwealth should continue its commitment to road funding with tied funding.

2.66 The Commonwealth also should take a role in standard setting where consistent standards are in the national interest. The nature of the Commonwealth's future role in road funding is discussed in detail in the following chapters.

2.67 Responsibility for program outcomes should be coupled with a responsibility for program funding in order to encourage efficiency and accountability in program delivery. In particular, the Commonwealth should use specific purpose payments for programs that are a Commonwealth responsibility in which the Commonwealth is involved in project approval and is responsible for performance outcomes. The Commonwealth should use specific purpose payments via block grants for programs that are the responsibility of other governments and in which the Commonwealth is not involved in detailed project approval.

2.68 The Commonwealth should assume a leadership role in strategic national transport planning in consultation with other tiers of government, the private sector and community groups. A strategic approach to planning and managing Australia's transport network is essential if the nation is to maximise efficiency and effectiveness. Further, the Commonwealth should demonstrate its commitment to the goals of its national strategic transport plan through appropriate funding, including greater certainty in funding.