

Preface

Planning not patching is essential if Australia is to have the best possible transport system to serve industry and community needs. This inquiry into Federal road funding by the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform found that Australia does not have a strategic plan for transport.

The Commonwealth needs to take a leadership role in the development of a national strategic plan which covers all forms of transport. In developing the plan, all three levels of government and the community need to participate to ensure its success. As this inquiry revealed, Australia's road system needs to be strategically planned.

As the title of the report infers, Australia's transport planning has, at best, been patchy. The Commonwealth role in road funding should focus on achieving national objectives and be funded by specific purpose (tied) payments.

In 1997–98 the Commonwealth is providing over \$1.6 billion in payments for roads including payments to States/Territories and local government. The Commonwealth should continue to provide specific purpose (tied) payments for the national highway system, roads of national importance and the black spot program. Increased funding of roads of national importance should not be at the expense of the national highway system.

The current procedure of untying road funding to the States/Territories and local government, then effectively retying it by separately identifying it in the Budget papers and seeking assurances that it is spent on roads, is illogical.

The Commonwealth should use specific purpose (tied) payments via block grants to achieve the Commonwealth's objective that identified funds be spent on roads, but allow the States/Territories and local government the flexibility to allocate these funds to road projects of their choice.

The Commonwealth should continue to maintain a role in funding roads, but it is fair to say if the purpose of this role is to be realised a commitment to greater certainty in road funding is essential.

One of the more contentious issues raised in the inquiry was the issue of hypothecation of a proportion of fuel excise to funding roads. There exists a strong community perception that at the Commonwealth level, hypothecation arrangements still operate, despite the fact that these have been discontinued. At the Commonwealth level the amount of funding on roads depends on government priorities and has no correlation to the level of revenue generated from the Commonwealth's fuel excise.

The case is compelling for increasing the use of competitive tendering and contracting in the provision and maintenance of road infrastructure. Private sector investment and 'ownership' in road infrastructure is relatively new in Australia and, at this stage, is limited to a few examples. Proposals for private sector investment and 'ownership' need to be examined on a case by case basis. For each project, the important questions are: what is the net benefit, and how are the benefits and costs distributed across the community?

The report received almost unanimous support. One Member took a strong, alternative philosophical position on the role of the Commonwealth and challenged a number of aspects in chapter 6 regarding private sector investment. His dissenting report is attached.

This inquiry into Federal road funding was a major undertaking and required a high level of commitment from committee Members. We were keen to seek comment from as many people as possible, and to this end we distributed more than 1000 *Information and Issues* booklets. In addition, Members undertook an extensive program of public hearings, inspections, private briefings, and visited every State and Territory including rural and remote areas.

We received generous support from many people throughout Australia. It would not have been possible for us to obtain the volume and depth of evidence without the facilitation and contribution of hundreds of people. Assistance with inspections added a flavour and relevance to the technical data, analysis and formal evidence.

On behalf of the committee, I wish to express the Members' appreciation and thanks to the many individuals and organisation who assisted us. Without the goodwill of so many people our task would have been appreciably more difficult.

I would like to thank the Hon Mark Vaile MP, Minister for Transport and Regional Development who, for all but the last few weeks, was committee Chair for this inquiry. He was generous with his time and untiring in his coverage of the issues.

Thanks are also due to the Hon Peter Morris MHR, who acted as committee Chair while the committee visited two states and for part of the report consideration phase in the later stages of the inquiry. All committee Members have expressed their appreciation of his energy and his ability to ensure all views were heard fairly.

On behalf of the Members, I wish to express appreciation and thanks for the work of the staff of the secretariat who have so ably supported the committee in its work. An inquiry of this magnitude is an enormous task and I wish to record the committee's appreciation of the contribution of Meg Crooks the committee secretary, Geoff Johnston who provided technical advice, Jason Allford for quality research, and Annette Fischer and Natalie Milner for their contribution, which in all instances went beyond the call of duty.

Paul Neville MP
Chair
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