



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND MICROECONOMIC REFORM

Reference: Inquiry into federal road funding

ADELAIDE

Wednesday, 30 April 1997

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND
MICROECONOMIC REFORM

Members:

Mr Vaile (Chair)

Mr Albanese	Mr Peter Morris
Mr Ross Cameron	Mr Neville
Mrs Crosio	Mr Randall
Mr Hardgrave	Mr Tanner
Mr Lindsay	Mr Wakelin
Mr McArthur	Mr Willis
Mr McDougall	

The Commonwealth, under its roads program, provides funds to the States and Territories for the National Highway and Roads of National Importance. The Committee is asked to:

1. Review the Commonwealth role in road funding and identify the most effective means of fulfilling that role;
2. Assess the adequacy and extent of the National Highway as currently declared in meeting the objective of providing a national road system that meets the needs of industry and the community;
3. Assess the level of funding required to adequately fulfil the Commonwealth role. This should take into account the current condition of the asset, depreciation and maintenance requirements, as well as new investment required to meet demand growth, changes in technology (especially increased weight limits for heavy vehicles) and community expectations of road standards;
4. Examine whether current administrative arrangements have an adequate performance focus, promote effective and efficient use of funds and adoption by States and Territories of best practice, and provide an effective Commonwealth/State interface; and
5. Assess the scope to supplement Government funding through innovative arrangements for private sector involvement in the provision and maintenance of roads infrastructure and the scope for pricing of road services to reflect full resource costs.

In undertaking this review the Committee is to take into account the National Commission of Audit principles of clarifying the roles and responsibilities of Governments with the overriding objective of improving the outcome to clients and achieving value for money for the taxpayer.

WITNESSES

ARGENT, Mr Trevor, Director, Investment and Planning, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081	428
CASS, Mrs Janice Dora, Member, Road Transport Reference Group, Local Government Association of South Australia, 16 Hutt Street, Adelaide, South Australia 5000	448
DINGLE, Mrs Margaret, Secretary/Treasurer, People for Public Transport (SA Inc.), 120 Wakefield Street, Adelaide, South Australia 5000	467
HAZEBROEK, Ms Angela Rosemary, Manager, Northern Adelaide Regional Organisation of Councils, PO Box 270, Salisbury, South Australia 5108	476
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PAYZE, Mr Rodney John, Chief Executive, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081	428
PEARCE, Mr Ian Campbell, Director of Public Affairs, Royal Automobile Association of South Australia Inc., 41 Hindmarsh Square, Adelaide, South Australia	460
PITMAN, Mr Colin John, Member, Technical Committee of NAROC, Northern Adelaide Regional Organisation of Councils, PO Box 270, Salisbury, South Australia 5108	476
VAN EVERY, Mr Bruce Edward, Member, Road Transport Reference Group, Local Government Association of South Australia, 16 Hutt Street, Adelaide, South Australia 5000	448
ZEICMAN, Mr Andris, Senior Economist, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081	428

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Present

Mr Peter Morris (Acting Chair)

Mr Albanese

Mr Lindsay

Mr Ross Cameron

Mr McArthur

Mrs Crosio

Mr McDougall

Mr Hardgrave

Mr Wakelin

The committee met at 9.06 a.m.

Mr Peter Morris took the chair.

ARGENT, Mr Trevor, Director, Investment and Planning, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081

PAYZE, Mr Rodney John, Chief Executive, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081

ZEICMAN, Mr Andris, Senior Economist, Department of Transport, 33-37 Warwick Street, Walkerville, South Australia 5081

ACTING CHAIR (Mr Peter Morris)—I formally declare open these proceedings of the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform. Our inquiry is into federal road funding. Today's inquiry is part of a 12-day set of hearings around Australia, which includes inspections. We welcome your appearance here. We have also noted your submissions. I will ask a couple of questions to begin with and then our main committee members will follow. I know that they are anxious to raise with you certain issues that are in your submission. Some \$140 million has been allocated to the realignment of the Mount Barker Road, part of the national highway link between Adelaide and Melbourne.

The inquiry is not seen to be a forum for advocating the funding of specific road projects. With the nature of inquiries, it keeps coming forward in that fashion but that is not its major role.

We are investigating the underlying principles for funding Australia's national road system. Although this committee does not require the swearing of oaths, committee hearings are the legal proceedings of the parliament—they are an extension of the proceedings of the parliament—and as such warrant the same respect as the proceedings of the House itself. Mr Payze, is there any brief opening statement, in addition to what you have in your submission, which you would like to make?

Mr Payze—I would like to make an opening statement which gives emphasis to some of the points that are in the submission. I will first set the national context for our submission. The importance of transport to the economy and social wellbeing of this country goes without saying. Transport can be seen both as a cost and as an opportunity. Either way, however, a good transport system facilitates cost efficient production and trade with other countries.

The economic prosperity of Australia in the future will depend on how the nation can compete in increasingly competitive global markets. It is in that overall context that we need to have a look at the importance of road funding. In this task, Australia needs national unity and cohesion, which can be achieved through a policy of national development aimed at achieving national goals. We should see our transport services no longer as separated modes but as integrated systems. It is, however, the road system which provides connectivity between all modes.

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.

In that regard I point to three things: leadership in the setting of national goals and objectives for any national road investment program, in developing the performance standards and the criteria for evaluation of investment options, and in the managing of the investment program. However, any national road investment strategy must have regard for matters of equity and regional diversity. Also, criteria for evaluating investment opportunities need to balance the economic, the social and the environmental objectives.

The last point on national context that I would like to make is that cooperation and involvement with the three levels of government—Commonwealth, state and local—in achieving national transport goals is of paramount importance to this state.

I would now like to address some specific points about the role of the Commonwealth. South Australia believes that there is a strong continuing role for the Commonwealth in the road sector in Australia. Firstly, it is in the area of taxation redistribution. The federal system in Australia is such that the Commonwealth raises the majority of taxation revenue whilst the state and local governments have a smaller and narrower taxation base, which allows them to raise only limited amounts of revenue.

Without Commonwealth redistribution of its revenue to the states, much of the economic infrastructure for which state and local governments are responsible in a management sense could not be adequately funded. In the absence of changes to the system of federal-state financial relations, and more particularly to the Australian taxation system, the redistribution of funds from the Commonwealth to state and local governments in our view must continue.

Secondly, as previously stated, the Commonwealth also has a critical role to play in the formulation and the achievement of national goals, objectives and outcomes. The Commonwealth is able to provide a perspective that transcends state and regional interests. Therefore, it can provide leadership in setting future directions, planning for those outcomes and the standards at the strategic and national level.

Thirdly, in the area of road funding generally, the leadership role which the Commonwealth is able to play, through its involvement in road funding, has been reflected in the past in the way that it has accelerated the introduction of initiatives at the state level, such as competitive tendering, quality management and microeconomic reform generally. It has also promoted and facilitated the introduction of nationally uniform policies and legislation through the National Road Transport Commission. These outcomes will lead to efficiency and effectiveness at state level as well as nationally, and they should be continued. Road funding plays a very integral part in providing for that to happen.

Briefly, in terms of the national highway system, South Australia strongly endorses the Commonwealth's objectives for that system and for it to continue having a fairly significant role to play in the program management associated with the national highway system. You would be aware that the Commonwealth funds national highway construction and maintenance, although these activities are managed by the states. South Australia supports the continuation of this arrangement of responsibilities under performance agreements negotiated with the Commonwealth.

Under such performance agreements, the national highway objectives would be explicitly stated after consultation with the states. It is difficult to see, therefore, what value would be added by any increase in

Commonwealth involvement with the day-to-day activities of actually managing that road system or part of the road system. So South Australia believes that, whilst there is a role for the Commonwealth as a funder of roads, responsibility for managing roads—that is determining the needs and managing the assets—should rest with the states.

I want to make some general statements about road funding. I think it needs to be said that, given what I have already stated about the limited revenue raising capacity of states and local governments, for equity reasons South Australia supports the continuation of the distribution by the Commonwealth of untied funding for both arterial and local road purposes. Under the current arrangements, untied funds for the arterial roads and the local roads have been set by the Commonwealth. It was indexed at \$350 million in 1991-92. While the South Australian government has supported the untying of arterial and local road funds, we believe that consideration needs to be given as to whether the indexed level is adequate in the light of changes in usage patterns which are occurring on arterial and local roads as a result of both micro-economic reform and technological developments in the transport area.

Whilst the Commonwealth has untied funds for state arterial roads, there continues to be some specific tied funding of road programs such as the black spots program. In principle, South Australia has no major objections to such funding arrangements, provided that those specific programs deliver desirable outcomes and are consistent with the national strategic objectives. I should say, though, that in the case of the current black spot program, we recognise that there are demonstrable benefits to all parties in that program, where benefits greatly exceed costs. That clearly justifies the program as it is currently constructed.

Lastly, in terms of the administrative arrangements, I would just like to make a general statement that we would see the administrative arrangements that currently exist as broadly appropriate. However, in our submission we have made suggestions of where we think the administrative arrangements can be improved.

The one area that I think is most worthy of this committee's attention is the ability to be able to effectively plan and program road projects with any sort of degree of certainty with a funding profile that has 30 June completion on it—in other words, annual allocations. In terms of specific works associated particularly with maintenance and enhancements, we believe there is the basis for this committee to consider and recommend a rolling three- to five-year program. I am sure that, given that situation and with some certainty in specific projects following the approval of a project in concept form, the states could deliver those particular road programs much more efficiently than is now the case. It is not my intention to comment any more about the private sector; however, I am happy to answer questions about private sector involvement.

ACTING CHAIR—I am sure we will come to those, Mr Payze. Thank you very much. I will apologise for our chairman. Our chairman is not able to be with us for today's proceedings, and he has asked me to stand in instead.

Listening to your contribution and looking through your submission in respect of the financial arrangements between the three levels of government and the support for untied grants but then reduced administrative input, are you satisfied that the three levels of government—the present system—is the best way to go? Wouldn't it just be simpler to hand the money at the federal level, if you want the federal people

out of it, to the state treasuries and let each of the state governments, in their own wisdom and own local knowledge, determine what should go to roads and would should not?

Mr Payze—In terms of specific provisions for roads, if we just take a very general contextual view of roads, I think there is some basis, as I said before, for the Commonwealth to look at redistributing funding back to the states by way of untied grants.

However, my view is that, if we are to see the national transport network and the road transport network specifically as a national network—and, after all is said and done, I do not see it changing its function at state borders—I believe we need to take a strategic approach to the way in which we invest in the improvements to that network; that is, specific achievement of national objectives, whether they are in relation to trade, in relation to export trade, in relation to equity or in relation to environmental issues. Unless we do that, I believe we will be passing back to the states a responsibility to take a fairly parochial view to issues which are of a clearly national purpose.

Therefore, I see that we need to have three levels of Commonwealth involvement. One that deals specifically with a national investment strategy for transport, specifically related to the road transport network.

ACTING CHAIR—Of which roads are a part?

Mr Payze—Yes. Coming down a level then, in order to deliver that redistribution of revenue raising back to the states for arterial roads and local roads for which they have a specific responsibility to manage, there may be issues surrounding national agendas, such as competition policy and micro-economic reform that put disabilities back on the states, which I believe untied funding can deliver. Then the third level is in respect of specific programs, such as the black spot program or whatever else might come out of a review of national goals.

So I do not see that we can achieve that national framework and that national perspective if we just go ahead and deliver back the redistribution of revenue through the untied grants system.

ACTING CHAIR—Are you processing or in any way prioritising proposals that go forward for the black spots program?

Mr Payze—There is a committee that deals with the administration of that program in this state, and they are prioritising projects accordingly.

ACTING CHAIR—I am going to ask the member for Corangamite to ask questions in a few moments, but before I do I have another question. Do you see the linkages to the national highway system as adequate? Do you support the view of an extension of it, or would you rather that system remain and have the other categories of roads?

Mr Payze—I think that, until we can actually reach some sort of consensus of view about the outcomes that we want to achieve from a national road network, it is very difficult to make other than

parochial statements about whether the national highway network should be extended. I believe, if we are to achieve national objectives, we need to consider connections to ports and airports. We need to resolve the issues surrounding the role of any national highway network within the urban environment—both of which, I believe, are somewhat contentious.

ACTING CHAIR—In respect of the untied funds out of that program that come into the state of South Australia at both the state level and the local government level, are you satisfied that all of those funds have actually been applied to roads?

Mr Payze—I am satisfied to say that my minister committed that the untied arterial road funds will be placed through the state budget and expended on roads, yes.

ACTING CHAIR—And in the local government?

Mr Payze—I cannot speak for the local government.

Mr McARTHUR—That was my question. I just wanted to pursue that untied funding argument. Is your department confident that, if the Commonwealth continued the untied funding arrangement, you would get your fair share of funds over a 10-year period?

Mr Payze—Could I just ask for an explanation of that question? Is that in terms of all road funding being untied?

Mr McARTHUR—Yes, so that the state government would not use some of that untied money for, say, the health budget or the education budget in the South Australian government activities.

Mr Payze—I could only answer that question by saying that the current arrangements that provide specific purpose payments under section 96 of the constitution enable conditions to be placed by the Commonwealth. Untying would relieve the ability to be able to make any conditions to those. Those funds would therefore be at risk of state government treasuries to make a judgment. I cannot guarantee what the state governments would do.

Mr McARTHUR—I am asking you what your department's view is.

Mr Payze—Our department's view would be that, if the funds have been determined to be specific for road funding purposes, they should be used for road funding purposes.

Mr McARTHUR—Which one are you more confident about? If the state governments get untied grants, are you more confident that the state government will give you the money, or would you prefer the Commonwealth to give you some tied grants which you knew were going to flow to you but had some strings attached in terms of some of the administrative supervision? Which bet do you want to take on?

Mr Payze—No, I do not know that I would take a bet on either of those. I think there is a role for both and I would take a risk, as I have established, on both. There is a purpose for direct hypothecation to direct improvements to a national system of road transport. I also think there is a need for the redistribution of revenue back to the states with the quantum being based on some notional needs of the state for road

transport.

Mr McARTHUR—Is your view to this committee that South Australia is better allocating a sum of money to roads, hospitals and education rather than the Commonwealth if these grants are untied?

Mr Payze—I think the state is better able to determine the needs for road expenditure in the state and to manage the delivery of road projects in the state. I am not saying that the state has the same ability as the Commonwealth to raise the revenue for those purposes.

Mr HARDGRAVE—I welcome your evidence this morning. In a lot of ways it has got me more and more convinced that a lot of these untied grants in fact have not worked. Whilst the states are well able and well placed to look at more localised imperatives, it is this national agenda business that I keep coming back to and which we are obviously focused on. Who puts that agenda together? Obviously you would want an input into it. You want to be able to compete for ideas and compete for funds and put a submission. Would that be the way you would see it working?

Mr Payze—The states and the Commonwealth need to be seen to be working very much in partnership to determine what the national transport goals are. I think there is a lot of effort happening in that regard in terms of work that is being done under the Australian Transport Council umbrella and the work of the National Transport Planning Task Force and the subsequent review of that. I am not despondent about actions that are happening. I think that we need, however, to start getting some focus on what they are as distinct from the process of delivery.

Mr HARDGRAVE—A concern that is developing, in my mind anyway, is that there tend to be state based, often political, imperatives that will override the importance of the national outcome, the national agenda. You are quite right in suggesting infrastructure to ports, et cetera, should occur, but then perhaps a local freeway linkage, which might be politically worth while, may suddenly soak up the funds. This is where untied grants may in fact be money being poured into a bucket and not getting to what the outcomes should be. Do you think that is a fair comment?

Mr Payze—I think that is a risk.

Mr HARDGRAVE—So there is a risk of that occurring. Would it be reasonable for the Commonwealth to perhaps look at ways and means of tying the states down to achieving certain national outcomes?

Mr Payze—Prior to the 1970s—the chairman might remember—when we had grants distributed generally to the states and the states determined where they spent them without any Commonwealth involvement in trying to focus significant investment to the national good, it was fine. We had guaranteed funding. Whether we achieved the most effective delivery of road programs out of that system, I would question. I actually see the need for differentiating between the need to redistribute revenue for road funding purposes generally and the need to achieve a national investment strategy for roads.

Mr HARDGRAVE—Following that through, is there a mismatch at borders? Do you find that? The member for Prospect made an aside to me just then. I suspect that at the Queensland-New South Wales border there is a huge mismatch where you have an airport that straddles the state borders of the two states and the national highway in that Gold Coast area is completely mismatched.

ACTING CHAIR—Give him a break. He is a South Australian. He is not going to be able to answer that.

Mr HARDGRAVE—I do not want you to talk about New South Wales and Queensland; I am talking about South Australia, Victoria, et cetera.

Mr Payze—Let us say that there has been a significant difference in standard between the national highway on the South Australian side and the national highway on the Western Australian side up until the time that Western Australia managed to get an investment.

Mr HARDGRAVE—So you could literally get, even if it is not the case I know,—

Mr Payze—There is connectivity across every state border. There may be idiosyncrasies surrounding investment priorities.

Mr HARDGRAVE—So you could literally end up with a four-lane highway on one side of the border and a dirt track on the other side?

Mr Payze—You could.

Mr HARDGRAVE—And that is because of a paucity of national outcomes being thought of?

Mr Payze—Yes.

Mr HARDGRAVE—Okay.

Mr LINDSAY—Mr Payze, would your department have close relations with the federal department?

Mr Payze—Yes.

Mr LINDSAY—What suggestions have you heard over time as to how the model of the way that the federal department works might be changed for the better?

Mr Payze—I have spoken about the need to establish some very clear transport objectives for the national road investment strategy. I am being very general there, and I am not saying necessarily the national highway investment strategy because it could be other than that. In other words, I am seeing the national highway development strategy as part of that. I have spoken about the need for that. I have spoken about the need to retain specific purpose payments to achieve national road investment objectives.

I believe that, if we have a look at the way in which the national highway system is being administered at the moment, there could be some improvements made to the way in which funding is distributed between the three levels of investment. I will explain what I mean by that. With any extensions to the system or major new investments, we could, and we are quite prepared to, live with the approval process on a project basis.

Coming down to enhancements to the system as it exists at the moment though, I believe that we need to reach some agreement on the performance standards that we can expect from the national highway system and work towards developing performance agreements between the state and the federal government on how we would deliver those performance standards and how we can be guaranteed rolling funds to do that. When we go down the next level to maintenance, I think of bulking up maintenance needs, provided that there is also a service level agreement between the state and the federal government on what outcomes are to be achieved, and then guaranteed funding for that sort of work should occur. I understand that we have discussed that proposition.

Mr LINDSAY—You avoided what I asked you, but I understand why you avoided what I asked you. I will go in another direction. You said in evidence this morning that administrative arrangements are basically appropriate.

Mr Payze—Generally appropriate.

Mr LINDSAY—This committee has had several pieces of evidence to say that the approval requirements that go through Canberra are onerous and delay things tremendously—they can delay projects two to 11 months, for example. Has this state suffered that and, if so, what would be your suggestion to overcome that?

Mr Payze—I think it is fair to say that we have suffered delays in the approval process. I will ask Mr Argent to answer that more specifically.

Mr Argent—My comment is that in regard to the example of 11 months that was quoted we have certainly never experienced that sort of delay. There have been occasions when the process has brought about some delays. But I should make it clear to the committee that the process that the federal government requires of us in the project approval process is not unlike or dissimilar to the process we go through with our own state government for state projects so it introduces, in our view, a discipline that we are comfortable with. Our only area of improvement might be the time it takes for bits of paper to move around buildings and to be signed by ministers, and I guess that it is not much different in Canberra and in Adelaide.

Mr LINDSAY—We received evidence that would suggest that that process might be a duplication of what happens in the states. If that process were removed, would that concern your state?

Mr Argent—I would not think so.

Mr LINDSAY—In evidence this morning, you talked about how determining the needs and managing the assets should rest with the states. But this committee has received evidence that the federal government

should set the national priority, the outcomes it wants to achieve, because there is always the problem of who decides what the priorities are. If the federal government moves in that direction, have you a suggestion as to what sort of model should be used for the Commonwealth to end up with a national view across all of the states? Would you guys expect input into that? How would it be managed? How would you get your five- or 10- or 20-year vision so that it was equitable to everybody, equitable to the regions, socially equitable? What is the mechanism the Commonwealth should use?

Mr Payze—That is a very complex question.

Mr LINDSAY—It is something we need to wrestle with, though.

Mr HARDGRAVE—To paraphrase Mr Lindsay's question, what is the Department of Transport South Australia's rationale for road construction? Do you spiral out from Adelaide? Do you start from the Western Australian border? How do you do things?

Mr Payze—We start by trying to define strategic outcomes first. Then we have a look at the opportunities that exist to achieve those outcomes and then we look at the investment priorities, the options in investment priorities. At the moment I think we are tending to deal with road investment on a very ad hoc basis, project for project, with each project having to stack up on its economic worth as distinct from whether there are other issues of regional development, of regional diversity, that need to be directed into that benefit-cost equation. I do not think you can do that. The process is very difficult and I can only see a process of cooperation and partnership to reach agreement on the national goals. Then the objectives and the projects will flow out of that, quite frankly. It is difficult to contrive a process that will meet the sort of criteria you are suggesting that everybody will be satisfied with.

Mr LINDSAY—Okay. One more question, in relation to roads of national importance. What is your view on that? Do you think that process should be led by the Commonwealth?

Mr Payze—My personal opinion is that roads of national importance should be seen in the same context, if you like, as the national highway system development. If there is a justification for roads of national importance, why are they, other than by definition, different from an add-on or extension to the national highway network? I do have some difficulty with that.

Mr ROSS CAMERON—You are executive director of the department of transport, so that includes roads and other—

Mr Payze—It does not include direct responsibility for public transport; it does not include direct responsibility for commercial port operations. It does include responsibility for transport policy advice, the management of the road transport system in South Australia that the state has responsibility for and other marine facilities and rail safety.

Mr ROSS CAMERON—Does anyone ever feel that your responsibility for transport advice, coupled with your direct responsibility for the road network may produce a conflict of interest in terms of strategic advice that may be biased in favour of, say, road transport as against public transport?

Mr Payze—I would like to think not. In fact, I would like to think that all our advice is unbiased. I would have to say that in a cultural sense my department is an extension of the highways department; I still hold a statutory authority position of Commissioner of Highways. So the culture comes out of the road transport agency.

Mr ROSS CAMERON—What about this issue: I feel I am a patriotic Australian and all this discussion about national goals and national priorities appeals, but what would you say to a cynical person who said, ‘That whole argument is really advanced as a stalking horse for the bottom line, which is to give roads authorities a point of external leverage in their competition for funding against other state budget agencies’?

Mr Payze—I just do not go along with that, necessarily. I think if you do not set national objectives and you just perpetuate ad hoc decision making then you will not achieve national goals. The view that you are expressing that this is just a means by which road authorities can get their fair whack is not the case. The political process is established to do that.

Mr ROSS CAMERON—I am not necessarily expressing that view.

Mr Payze—I have another comment to make on top of that: how you achieve that is quite a complex issue indeed.

Mr ROSS CAMERON—In relation to this question of national goals and priorities and the subsidiary question of where roads fit into the broader transport priority, when people talk about South Australia’s transport needs I do not hear at the moment a lot of discussion about the national highway scheme. The big talk would be, say, the Darwin to Adelaide rail link. I hear people talking about the need to upgrade the airport terminal. If you took those two projects you would be talking about a Commonwealth contribution of possibly \$250 million on the railway, and I understand the airport would cost you, say, \$120 million. We are talking about substantial sums of money. Should the decisions about road funding or about a national highway network, for example, be subordinated in the decision making process of Commonwealth involvement in a total national transport strategy?

Mr Payze—If you accept that we have a system of roads and that the Commonwealth should take some responsibility for a national network of roads—I agree with that and that is part of our submission—then it is not unreasonable to suggest that there ought to be continuing funding to maintain that network to a requisite standard. Investment decisions on top of that base that relate to transport initiatives should be compared with other transport initiatives. In other words, roads should not be seen as the sole investment opportunity in the transport area to achieve national goals. However, if we do not set national objectives how are we going to make judgments on the need to see our economy as a series of regional economies as distinct from just a national economy and how do we foster regional economies by the provision of satisfactory infrastructure to support regional development?

If we were just to invest on the basis of rational economic decisions our risk is that most of the national funding would be spent east of the Divide. In a national context to achieve national objectives I think that that is a real risk. Issues surrounding this nation’s view of transport sustainability have yet to be

addressed.

Mrs CROSIO—In your submission to us you emphasised a continual rolling program of at least three to five years. What is the time gap that you are experiencing now?

Mr Payze—We get funding allocations on an annual basis.

Mrs CROSIO—Before you begin construction of a certain piece of the highway or whatever you know that you are going to have a certain amount of continuity. Is it a gentleman's agreement type of thing? It is not there on paper too?

Mr Payze—The approval process requires a three-stage approval. Once stage three approval is given for a project it is notionally accepted that there will be guaranteed funding to complete that project.

Mrs CROSIO—Have you ever had an experience in the past where that has not followed through?

Mr Payze—We have proceeded with stage one and stage two and then we have stopped on a number of projects before stage three approval has been given.

Mrs CROSIO—In your submission you were a little concerned that the coming through of some of the monthly payments is being manipulated.

Mr Argent—The formula that has been used to date relies on estimates of forward expenditure for the payments to be made. It is rather a complicated little formula. Wherever estimates are used it gives a wonderful opportunity for the recipient of those funds to manipulate them if they wish. They are not going to get any more at the end of the day but the actual flow can be manipulated. However, I understand that since our submission was prepared the federal Department of Transport and Regional Development at officer level at least are introducing some changes that will overcome some of those problems that we have alluded to.

Mrs CROSIO—So you are very modestly saying that it may not have occurred if you had not put the submission in before this committee?

Mr Argent—I would not suggest that at all.

ACTING CHAIR—Could I just ask you to spell out the process as it is now.

Mr Argent—I am not an accountant, but the process at the moment is that the monthly payment is calculated from consideration of the expenditure to date—the forward estimates, the estimate for the following month and the month after that. Three-quarters of that is taken into account. That is the formula. It is quite a complicated little process. Whilst what has been spent is factual, it is the second month that is the opportunity for manipulation if one wishes to do so.

Mrs CROSIO—My next question also follows on from that, particularly in your submission when

you were talking about your national highways. A consensus of view has come up in this morning's address to us and also that administrative arrangements need to be changed. Just from your point of view, how would you suggest that those administrative arrangements are changed to form a better consensus of view between the Commonwealth and the states on national highways?

Mr Payze—If I can start from the investment that relates to the maintenance of the national highway network. I think there should be agreement on bulk annual provisions, which are determined on the basis of the service levels of maintenance that are required to keep that network up to a reasonable standard of operational efficiency. That could be a three- to five-year allocation.

I think there is a need to reach agreement on the performance standards we expect of the network from a traffic point of view, which would also bring to bear the requirements to upgrade certain sections of the network in an operational sense—whether it is the provision of passing lanes or service centres or realignments on some curves—to get a consistent service level for the network. I think funds for that purpose could be agreed and funded on a bulk basis annually and provide notional allocations for three to five years.

When we get to extensions and major improvements to the network, I believe that we would be quite happy to accept the three-stage approval process on a project basis as we do now. We believe that the federal government and officers need to be involved in major projects very early in the planning process to judge the conceptual viability of a project rather than making judgments at the back end that this is the time that we will construct it.

Once you have made a decision that this project has viability, there is a commitment to proceed with various activities after that. To have significant expenditure to achieve land acquisition and pre-construction activities and have that investment sit while it waits for funding for construction purposes as the latest stage in my view is inefficient.

Mr McDOUGALL—You have spoken a lot about strategic planning but at the same time you have acknowledged that even you yourselves work on a demand basis and a fixed basis rather than a planned basis of the future. You have said mainly that the responsibility of strategic planning—I believe this is the way you have put it—lies with the federal government. What sort of strategic planning has the South Australian government done both on the road network for the future and also on an integrated transport strategic plan? Have you got one in place? Have you got one under way and when do you propose to have it out?

Mr Argent—I will answer the questions in the sequence they were asked. We talked about the national highway system first of all as an element of the road system. The state develops, as all states are required to, a forward strategy for the national highway system. There is only five years, admittedly, but we undertake that and we prepare one of those on an annual basis and review that.

In a broader context, we are in the process of developing a road network strategy for the state. Above that, a transport strategy which will be the government's blueprint for all modes of transport is in the process of being developed. To answer your question specifically, there is not one in place; there is one under development at this time.

Mr Payze—There is a planning strategy for the metropolitan Adelaide area which is committed to by government and publicly published. That planning strategy addresses all aspects of urban development and the interface of transport and other services to urban development. So there is a public document that deals with the urban metropolitan planning strategy, but, as Mr Argent has said, there is no formal transport document relating to it.

Mr McDOUGALL—As we expect this inquiry will be reporting to the parliament some time in November, will those plans be available? Can they be submitted to the inquiry for future reference?

Mr Payze—I am not too sure we can make a commitment on that specifically. But, if they are completed by that date, I would have no problem with having them delivered to the committee, subject to my minister being happy for that to occur.

ACTING CHAIR—Mr Payze, in your submission you make a number of mentions in response to a question of the national transport planning task force, but you have not mentioned anything before us in response to questions. I gather from reading your submission that is a very important part of the foundation of what you are putting to us.

Mr Payze—What we are saying is that we think there have been efforts. We should continue in those areas developing a set of national transport goals. Then we should develop a road investment strategy that links with those goals as a process. I think it has started, and I would not want to say that we have been working in a vacuum.

Mr McDOUGALL—In light of that and the question basis that this is a funding inquiry into roads, will those plans incorporate how you plan to use the private sector in a funding, in a construction and in a maintenance operation and how you plan to develop the concept of using developer contributions in all forms of industry and in urban development, both urban wise and rural and regional? Will that also be incorporated in the strategic plan?

Mr Payze—An examination of the options for private sector funding will be included. I think I need to make some comments about private sector investment in road infrastructure. There are a number of areas of private sector involvement in road program delivery. In terms of competitive tendering and the use of private sector investment, at this point in time I think we are almost wholly delivering the national highway program by competitive tender. I do not think you are referring necessarily to that.

The only reason the private sector will invest in public infrastructure is if they can get a return on their investment. That means that any investment must have a revenue stream to the operator to make it commercially viable. That brings to bear issues such as whether to put in tolls or shadow tolls or whether governments should put in equity investment to match a private sector investment to make it commercially viable.

When we are looking at private sector investment, we should not look at replacing any government responsibility for the road network. It should be an opportunity to bring specific transport initiatives on-

stream earlier than they would have otherwise been delivered through the normal taxation system.

Mr McDOUGALL—Would you agree that private sector involvement might be in the form of development contributions on the basis that the money that they are going to raise is not directly on a toll or a shadow toll but through the profitability of a development which will flow from being able to have a transport route—whether that be road or rail—to a port or an airport to achieve their investment objectives? Would you include that type of funding contribution in your strategic plans, rather than the idea of a cash flow to get cash out simply by a toll method?

Mr Payze—If there was a single, clear beneficiary, your case might have some merit. When we start looking at urban development and developers' contributions, you get into the political area, and I do not want to comment on that, because the issue for me is whether new development should have to pay a price for urban infrastructure that has traditionally been provided through the taxation system.

ACTING CHAIR—Mr McDougall, he is saying on page 15 of his submission that they do. The answer to your question is yes, in your submission there—specific projects, on page 15 of your submission.

Mr Payze—Yes.

Mr McDOUGALL—My real argument is how much of that is being considered within a strategic framework of planning, in relation not only to roads but to an integrated transport system?

Mr Argent—Certainly from our perspective, in terms of the emphasis on roads, we are trying to lift our sights above that to the broader context of transport. It is fair to say that in South Australia, whether we like it or not, because we do not have—in the road sense at least—the sorts of volumes that generate the private sector opportunities in the eastern states. We have been very selective in our thinking in that regard. We have not ignored the opportunity. There are two cases cited in there for road projects at least that do offer—we think—some opportunity for private sector involvement in the future. To answer your question at the broader transport level, I have to be honest and say that we have not wrapped our minds around that at this stage.

Mr McDOUGALL—I have one final question. We have had evidence from Austroads, and I think I have a bit of an understanding of what they do. In your discussions and your points in regard to planning, do you see Austroads as a vehicle for that drawing together of the states which will enable them to make a combined contribution in planning to the federal body? If not, which body exists that could be that vehicle and, if the body does not exist, how many should we scrap to create the body that is going to work?

Mr Payze—Austroads has a role to play. But Austroads is representative of road transport agencies around the country, and I believe we need a much broader perspective than just Austroads.

Mr McDOUGALL—Does it exist in the current framework?

Mr Payze—No, I do not believe so. But the framework under the Australian Transport Council is being reviewed at the moment.

Mr WAKELIN—I will try to cover three or four areas where I have been. In terms of subject they relate to state national strategy and trade, which you mentioned in your submission. I am particularly interested in the transport task related to the changes in AN and how—in your strategic thinking—that is affecting things and what some of the outcomes from that might be. In your submission, you mentioned changing grain pathways—and the state relies significantly on grain exports. Could you make some general comments on that general issue of the integrated transport task, which is following on a little bit from Mr McDougall.

Mr Payze—If I can simply say that we have been doing some work with the grain industry, looking at the consequences of two distinct changes to their transport system. Firstly, the use of much larger ships of large deadweight, which will have an implication in terms of commercial development of our ports and the cooperative bulk handling as a result of that. We have had a significant strategic look at the way in which they will handle the storage and transport of grain and whether they have the capacity to handle storage at the port terminals or whether they should be looking at a different strategy of rationalising their storage systems inland of the ports—and then the interrelationships between those storage facilities and the commercial ports with the railway and road network—to achieve the sort of delivery rates required by the industry. It is not in its final stages but our belief would be that, if we rationalise the storage facilities, there could be a change to the road transport need to actually service those storage facilities, which could impose a greater load on the local road system for local catchment and transport to strategic storage facilities.

That is the basis of what was in our submission, which attempts to address the fact that we can achieve economic benefits outside of the road transport system that actually impose a cost on the road transport system. Unless we get some redistribution there, we will have some difficulty with the way in which local government and we can handle it.

Mr WAKELIN—Hypothetically, if the Eyre Peninsula AN sale resulted, at some future point, in rail falling over, it would have huge implications for the road system. Have you considered that?

Mr Payze—I am not too sure that I am in a position to make a direct statement about that at this inquiry. We are examining the implications of AN transferring from a public sector ownership authority to the private sector. We are not in a position to be definitive about the combination surrounding what options might result from that change of ownership, but we are examining all options.

Mr WAKELIN—I understand that. But in a strategic sense the national transport task, the state transport task, the rail, the integrated transport system and the way rail may emerge in the future certainly have to be part of your thinking, don't they?

Mr Payze—Absolutely.

Mr WAKELIN—As you may recall I have a particular interest in research and I will lead on to that. With regard to technological change, it seems to me we have great difficulty in keeping up. We have the road train issue and we have done some work with passing lanes and that sort of thing, which is appreciated in the regions. But I think we have this issue of the transport industry being ahead of the ability to provide the infrastructure. I quote Highway 1, for example, with some pretty near misses and fatalities occurring.

I am interested in your strategic view about the ever increasing road trains, which have a greater demand—I think we would all agree—on the national highway, and the ability in road safety to get past: just practical things. Our ability to provide that infrastructure is not keeping up, I suggest, with the demands on that capital investment. Could you make a comment on that?

ACTING CHAIR—If there are any questions that you are not in a position to respond to, there is no problem in responding with a note later.

Mr Payze—I would like to make the comment that the demands on the transport system are brought about by various aspects of change, one of which is the drive of industry to be more efficient and to look at different types of vehicles. Whether it is a change to the load on the road system or a change to the demand by way of the number of vehicles on the road system, there is always the need, therefore, to look at changes. That is part of the strategic process.

Mr WAKELIN—What I am trying to get to in this inquiry is exactly about that general process: national and state responsibilities. What I am trying to get an oversight on is that we, it seems to me, have great difficulty keeping up and whether we have better mechanisms. That is part of the role of the inquiry: to try and assess where we have these clearly more dangerous situations emerging because of changing technologies and what effort is being made in terms of strategic investment. They are the sorts of issues that I am trying to get at.

Mr Payze—We are examining all of that; in fact, the whole issue of mass limits review is on the agenda right now. The need to be able to express a very positive view about the introduction of mass limits needs to have the other side of the equation, which is the consequences on the road infrastructure. We are trying to get to grips with that at the moment in terms of which system.

Mr WAKELIN—Do you see something emerging out of research which is helping us? I think you have been involved with international research over the years.

Mr Payze—I am Chairman of the Australian Road Research Board. We have been doing a lot of work in terms of the productivity of road transport vehicles. But it is being driven by the Austroads national research agenda.

Mr WAKELIN—My last question is on the administration of the black spots program. Could you offer us any words of wisdom on the issue? They have come and gone—they were there, then they were gone and they are back again. Internally within the state, are you finding particular issues which impinge on their effectiveness? Can you answer from a national perspective as well? So can you tell us the guidelines nationally through to a state perspective?

Mr Payze—The decision as to the program being there, gone and there again is a Commonwealth political one and I would not make a comment on that.

Mr WAKELIN—No.

Mr Payze—Trevor, do you wish to make a comment on that?

Mr Argent—Bearing in mind the timing of the announcement of the black spot program and setting up the administrative arrangements for 1996-97, I think the reaction by everybody is, 'It's all flown very nicely, thank you.' 1997-98 is yet to be tested, but I have no reason to believe that the arrangements that have been put in place are not working. They are effective and should work well.

ACTING CHAIR—Mr Payze, can I just say to you that that is a very important question. Maybe you can follow that up with some more information on the likely impact of that—the implications for maintenance, the implications for road damage, the implications for suspension systems. We can liaise between the staff on that.

Mr ALBANESE—You informed us that you had responsibility for roads effectively but not public transport. What department in South Australia has this? Is there a separate department?

Mr Payze—There is the Passenger Transport Board. There is very strong liaison between the two authorities but they both report to the same minister.

Mr ALBANESE—I guess my question comes down to coordination on both your level and in terms of when we are considering this inquiry's terms of reference. Do you see any problems with the way in which you coordinate, re assessment of the economic and, most importantly, the environmental sustainability of public transport use as opposed to building a new road? Are there any contradictions with that separation of powers that you have at the moment, do you think?

Mr Payze—I would say no, provided the liaison is good at the strategic level, and it is.

Mr McARTHUR—We had a submission from the Royal Automobile Association of South Australia, who are coming before the committee later in the morning. They recommended:

... that a commercialised entity, referred to here as the Federal Roads Corporation, be formed. It should be established with a clear mandate to direct road investment towards projects which satisfy explicit national economic and other objectives.

What is your reaction to that proposal?

Mr Payze—I have not given it any great thought. I would have to simply ask the question as to what benefits such a framework would have over what we have got at the moment.

Mr ROSS CAMERON—When I got off the plane early this morning, it was a beautiful Adelaide morning but we walked about 100 yards across the tarmac to the covered area. What do you do when it rains?

Mr Payze—We provide umbrellas. In truth, the state is looking at a redevelopment of the air terminal and that is a very, very significant and important issue for this state.

Mr ROSS CAMERON—My question is this: what is more important—that we coordinate more effectively the planning and delivery of federal road funding or that we more effectively integrate all transport priorities across the various modes?

Mr Payze—We see a national road investment strategy as part of an overall transport investment strategy to be achieved nationally.

ACTING CHAIR—I have a couple of quick questions to leave with you, and you need not respond now because we are running out of time. You mentioned on page 11 of your submission:

. . . the current amalgamation of Local Government Authorities into larger economic units . . .

Can you elaborate for us on the significance of that, because it does not tell us anything about that? Could you tell us something also, as road administrators, about what you see are the priorities of the future expenditure between maintenance and construction?

Terms of reference No. 4 refers to best practice. Given your extensive involvement across the roads industry professionally, can you tell us something in response about where you see the benchmarks are in terms of construction and maintenance and where you are drawing the examples on performance in relation to those? On behalf of the committee, thank you very much to Mr Argent and Ms Hunter for arranging this afternoon for the Mount Barker experience. Thank you for your participation and your promptness in response. Mr Zeicman, there will be another day for you. You shan't escape.

[10.10 a.m.]

CASS, Mrs Janice Dora, Member, Road Transport Reference Group, Local Government Association of South Australia, 16 Hutt Street, Adelaide, South Australia 5000

HURN, Mr Brian Morgan, Vice President, Local Government Association of South Australia, 16 Hutt Street, Adelaide, South Australia 5000

VAN EVERY, Mr Bruce Edward, Member, Road Transport Reference Group, Local Government Association of South Australia, 16 Hutt Street, Adelaide, South Australia 5000

ACTING CHAIR—Welcome. We have looked at your submission and have some questions which we would like to ask you. What part have each of you played in the preparation of the submission?

Mr Hurn—Each of us has had meetings.

ACTING CHAIR—A joint effort.

Mr Hurn—It is a joint effort, yes.

ACTING CHAIR—The proceedings of the committee are an extension of the proceedings of the parliament. We do not swear an oath before this committee, but they carry with them the same responsibility as participation within the parliament. We thank you for your attendance and for the submission. Is there a brief opening statement which you would like to make before we begin questions? Otherwise it comes out of your question time.

Mr Hurn—I will try to be very brief and, if you will excuse my levity and impertinence, I heard beforehand that we were concerned about rain at the Adelaide airport. As farmers in this state, we are desperately needing two or three inches of rain. The sooner that comes, the quicker—

ACTING CHAIR—We will remind the honourable member when he returns.

Mr Hurn—Thank you for giving us the opportunity to provide evidence on this most important issue. It is patently obvious that the road infrastructure in this state, particularly rural, arterial and local roads, is deteriorating and has deteriorated to such a degree that it is having a detrimental effect on the economy, the environment, on road safety and trauma, on the cost of living and the social impact both on individuals and on the nation as a whole. Therefore, we believe it is imperative that the Commonwealth, state and local governments combine to develop and coordinate a strategic plan to provide adequate funds to rectify this situation immediately, on a fair share equity basis which meets the needs of all industries and of all communities.

The Australian Local Government Association has made a submission, developed in consultation with state associations. The South Australia Local Government Association strongly agrees and supports it. In speaking to our submission, I would like to introduce my colleague Jan Cass, the Mayor of Loxton. She is going to speak on the effects that rail closures have on the roads and the safety and environmental aspects

that have been caused by that.

ACTING CHAIR—You are not each getting an opening statement. Otherwise, there will not be any questions.

Mr Hurn—Okay, then Mr Van Every will deal with that. We believe that the roads are a very important issue for local government. It is known that a local government association cannot sustain the level of funding that is required to maintain and upgrade these roads, particularly in rural areas where the rate revenue is limited because of the population base. We believe that this is exacerbated by the state rate capping that has put limits on local government to provide infrastructure and will have a big bearing on future councils' ability to be able to provide, upgrade and seal roads.

We also believe that, together with the constant decrease in untied road grants from the Commonwealth, it is virtually impossible for the local government to maintain roads, especially the local roads—and local government is responsible for 80 per cent of the roads in Australia, as I believe you well know, Mr Acting Chairman.

It is realised that all tiers of government have their budgetary constraints, but ways really must be found. Funding for the national highway system must be extended to the roads of national importance—that is, to the link roads and the special local roads that link the major roads in our state and our nation. Because of the close of the rail services, those link roads are being used by heavy transport. They are virtually being torn to bits and they are very hard to maintain.

As an example, for instance, in the mid-north in 1993 there were 11 important link roads that were identified as needing urgent upgrading. Eleven of those roads took about 189 kilometres, and to seal those would cost over \$16 million. So far there have been only two of those done.

The latest study in the northern areas where there are four councils—and they have identified important link roads for grain and tourist transport, et cetera—shows there are some 235 kilometres of road there and the annual cost of maintaining those roads is estimated at \$674,000. We believe that that is going to continue. The cost will increase to maintain those roads. But, if they get down too far, there will be a far greater cost to upgrade them. We believe that this is clearly unfair on the local residents who can and should expect equal social justice. The importance of these roads should not be ignored, particularly in the nation's wider view of perhaps defence and tourism in the economy.

These are only small examples in part of South Australia. I would like to table a research document prepared by the South Australian Centre for Economic Studies which shows the figures for the whole of the state. I believe that you have just been handed those. I believe that you are also aware of the South Australian deep sea ports in the rail grain report that has been handed to you.

I would just like to reiterate the fact that this is not just a matter of roads. As has been said, there are no votes in roads, but there certainly are votes in road safety, road trauma and accidents, the environment, the cost of living, the cost to industries and the social aspect for rural people who basically would look for equal social justice. I think that I could leave it there, in view of your determination that Mayor Cass—

ACTING CHAIR—I was just trying to help so we get an opportunity to raise some issues with you. We will incorporate what Mayor Cass wants to say on that. I have before me the *Impact of increased road transport of grain: final draft*, prepared for local government associations by the South Australian Centre for Economic Studies, October 1995.

Resolved (on motion by Mrs Crosio):

That the document become an exhibit for the purpose of the inquiry.

ACTING CHAIR—Mrs Cass, listening to what Mr Hurn has said, and reading through your submission, is your association happy with the existing set of arrangements between the three levels of government or does it see a better system?

Mrs Cass—We believe there should be a better system put in place. We believe we are perhaps at the bottom of the tier and we get what is left over.

ACTING CHAIR—There are a lot more of you, though.

Mrs Cass—There are a lot more, and we maintain a lot more roads. Many of those roads are unsealed and are very difficult and very costly to maintain. We believe there are increasing problems coming about, many of them not of our own making. For instance, the report you have just been handed is purely about the roads that are at risk because of AN's closure of railway lines in the early 1990s in South Australia and the impact that has had on local government.

That closure left silos on rail lines that were sometimes many kilometres of dirt roads from the nearest bitumen road, but they still have to be serviced. Increasingly, the people are wanting to service those with heavier transports and longer and bigger transports—B-doubles in many cases. We believe that is extremely dangerous. It is dangerous from the point of view that those unsealed roads cause a lot of dust. If you have not driven on unsealed roads you have no idea of the dust problem from semi-trailers.

Many of the roads that service those silos are narrow and not suitable for transport of that heavy size. It is extremely dangerous for the rest of the community trying to pass those vehicles, even on-coming vehicles. It is difficult because once you move off that road, you are on to a grader wheel. Once you get into that grader wheel you have to be extremely careful that you do not lose control of the vehicle. You cannot see once the vehicle goes past. You cannot stop, because if you stop you are at risk of being hit from behind if anyone is coming up behind you. If you keep going, you are at risk as soon as you pull back on the road. If there happens to be a second trailer behind and you do not realise it, then it is very easy to hit it. Those roads really are very dangerous and that certainly was not of our doing. It was a decision of AN to close. I believe it was probably at the direction of the federal government, actually.

Mr HARDGRAVE—I was pleased by that comment about things being away from arterial roads. It seems to me that one of the problems that has developed over time is that state authorities have allowed things to be put in places that are a long way away from arterial roads. It seems to me to put tremendous pressure on what should be normally local roads. That has obviously been your experience.

Given that there is obviously always a hit for the federal government to be funding everything, I take it you are not literally meaning that suburban streets should be funded by us, but you see a need for local road funding. I wonder if you could flesh this out a little more. Is this more to compensate for the fact that things are so far away from what normally would be an arterial road, or are you trying to do new things?

Mr Van Every—The difficulty with funding is twofold. There is the rate capping issue that was raised earlier in terms of constraints on local government's purse. It is the rural areas, where the rate base is sparse and you still have those large distances and costly roads to maintain, which provide the difficulty for local government. The problems exist more in the rural areas. Rate capping, combined with the distance and the ability to raise rates through land based taxes, is a difficult way to fund roads in those remote areas.

Mr HARDGRAVE—So you really are talking about major arterial roads linking communities?

Mr Van Every—It is a combination. In terms of some of the areas, there is social equity. You have three or four ratepayers fronting onto a road that is maybe 15 kilometres long. The difficulty of those three ratepayers to fund their access is an equity issue, I believe. That is one of the issues we would like to raise in conjunction with the major linking roads.

Mr HARDGRAVE—I would imagine, with the greatest of respect, three or four ratepayers on a 15-kilometre gravel road are going to have Buckley's getting a two-lane bitumen curb and channelled road when you cannot get arterial links for 300,000 or 400,000 people to use.

Mr Van Every—With respect, they are not seeking a sealed road or anything greater than their existing road. It is the difficulty of maintaining even the gravel surface due to climatic conditions and so on.

Mr HARDGRAVE—It has been implied by a number of the different state submissions that there is a great grey area about whether local government actually spends the money they are given on roads, that a lot of great swimming pools are being built in a few different councils.

Mr Hurn—I understand that we are under parliamentary privilege here. It is the first time I have been under it. I understand what you are saying but I think we can well justify and substantiate where the money is going. I believe that the three tiers of government each have a responsibility. What we are looking at is that it has to be commensurate with what it is responsible to the whole nation for, if you like. The highways, the rural arterial roads certainly and the special local link roads are very important.

There are some state and federal governments which have big areas of land from which they get some income—forestry et cetera—and the local government has to pick that up and service those roads. That is why we believe there has to be whole study on this inequity and we cannot put it on a per capita basis. It should be on perhaps what people's contributions are to the nation's wealth and on the road length. For instance, you might have one or two grain growers on the west coast who are contributing \$2 million or \$3 million to the national wealth in export, yet they have to buy a lot of fuel and repair a lot of trucks. I think you understand that story.

ACTING CHAIR—The short answer to Mr Hardgrave's question is that money provided by federal government to local government intended for roads is in fact spent on roads.

Mrs Cass—Four- or fivefold over.

Mr HARDGRAVE—What is good is that we have inspired some good comments in the evidence we were just given.

Mr ROSS CAMERON—This issue of social justice and equity gets rolled into virtually every submission the inquiry has received. I just want to understand exactly what you mean by it. You make the statement in your submission:

Remote rural communities should be subsidised by more populous regions as their economic input benefits not only the immediate community, but the Australian economy overall.

The implication is that urban roads do not benefit. Is that the implication, that urban roads do not benefit the economy as a whole? I am not sure what the force of the statement is. Surely every road is contributing.

Mr Hurn—There is a perspective in the bush that the people contribute a fair bit to the national economy but in the metropolitan areas there are alternatives—taxis, trains, trams, buses, et cetera—and they are all on sealed roads basically. Whereas in the rural areas people rely on a car and it does not matter whether they are going to church, shopping, banking, playing sport or recreation or just seeing people. If you have to take children to school a long way away and get two or three punctures, which we can prove and show you that they do, we believe they ought to be supported and helped.

Mr ROSS CAMERON—According to the logic of your own argument—which is that you ought to be treated on the basis of contribution to national wealth—I would suggest to you that, if you do a study of the contribution to national wealth of a typical suburb and compare it to the contribution to national wealth of a typical rural and remote community, with the exception of a number of gold mines and major resource centres, you are going to find that, per capita, it is not going to be a favourable criterion to you.

Mr Hurn—I understand and appreciate that. I know we have mentioned national wealth and income, but you cannot look at it in isolation. There are a whole lot of things that you must put together.

Mr ROSS CAMERON—That is what I am saying. If we include the criteria you are recommending, it is going to result in less funding for rural communities, because the urban ones will beat you every time on contribution to national wealth.

Mr Hurn—They may or may not.

Mrs Cass—You also have to recognise that there are communities which are very sparsely populated in our state. We have just amalgamated with one such community where there are some 250 residents in that area. They have over 600 kilometres of roads. A quarter of their area is national park, so there is absolutely no rate revenue on that whatsoever, but there are roads running through it and around it that all have to be

maintained by that local community. They have not been able to do it without a lot of voluntary help. The ratepayers voluntarily get out there and do their roadworks because they do not have the money to do it otherwise. It makes it very difficult for those people. It is unfair to ask people to do that, I believe.

Mr ROSS CAMERON—My final comment is that, if you wanted to make length of road the criterion, you would also find that the urban communities would beat you every time. In terms of the logic of your own submission, you do not advance the cause by seeking to assess contribution to national wealth or length of roads, because it is not going to help you.

Mr Hurn—That may be an interpretation, Mr Cameron. There is a lot of through traffic because the rail system has gone and there are very heavy trucks going through from industries that have nothing to do with that particular council. As I mentioned before—and I have documentation that I can show you—some roads have had to be graded 27 times in a year, just to maintain a reasonable road link. That is all caused by through traffic through that area. Therefore, that is what I am saying should be taken into consideration.

Mr McARTHUR—Could the Local Government Association make a comment on the observation that a lot of your roads have now reached their finality in terms of their 40-year lifespan and there is a tremendous backlog of capital reinstatement of roads which has been exacerbated by the removal of AN and the consequent heavier wheat trucks? Would you care to give the committee a comment on that, as we have heard those remarks in other states as well?

Mr Van Every—You are right in your assessment of the age of the infrastructure, and we are faced with that. One of the areas we need to pursue—and are certainly pursuing through local government—is better maintenance practices, to ensure that the dollars are spent effectively. Whether we can retrieve the situation from where it is currently is a technical problem. With road maintenance, you would be well aware that a stitch in time saves nine and, unfortunately, as you have indicated, some of the roads have declined beyond that point and, therefore, there will be a backlog of roading issues. Whether that is an issue to be funded directly through from the federal—

Mr McARTHUR—You have not told me how serious it is. Have the roads run out of their economic life or haven't they? Are you just going to patch them up and carry on?

Mr Van Every—Theoretically, the life of a road is judged at 40 years. Practically, they can be extended beyond that by maintenance practices. The cost of that maintenance practice rises every year, depending on where you are in the decline state of the road. We would be continuing to patch as long as we possibly could. Some roads, in fact, are returning to unsealed condition because of the inability to maintain.

Mr McARTHUR—The road network is in reasonable shape. Is that what you are telling us?

Mr Hurn—That is totally incorrect, Mr McArthur.

ACTING CHAIR—Mr McArthur is seeking personal advice because he represents a large rural electorate!

Mr LINDSAY—The committee has received a fair body of advice suggesting that the Commonwealth government should set the national direction, national perspective, national strategy for the national highway system. The state governments have given us evidence that trying to determine what should receive priority across all the state boundaries is a very difficult process. Your evidence today has suggested that the Commonwealth should become involved in funding all arterial and local roads that connect to the national highway. That adds another dimension.

How does the Commonwealth set priorities if it is going to go down that track? Would you be prepared to devolve responsibility of trying to work out those priorities across Australia to your respective state government and let your state government argue on behalf of local government to the Commonwealth? Is that the process that should occur?

Mr Hurn—I think local government would want to have a say and help in what their roads are.

Mr LINDSAY—Directly to the Commonwealth government?

Mr Hurn—Through that tier of government.

Mr LINDSAY—No, I want to be sure of this. You do not want to deal directly with the federal government? You would be happy to deal through your state government to the federal government?

Mr Hurn—The local government of South Australia would be prepared to deal directly with the federal government in its funding asset management because we believe that we have the expertise and that if we had the money we would be able to do it. We would also be prepared to deal directly with you in determining and identifying those link roads, those special roads, as required because we are at the coalface and we believe we know exactly what roads and what network should be done to improve the whole road system. Would you agree with that?

Mrs Cass—Yes. The road system has changed, is continually changing and is changing even more. For instance, south of Adelaide, large transports increasingly need to move through interstate, particularly through the Sturt Highway to Sydney and Canberra. They come up through Tailem Bend. That traffic will increase once the tunnel is finished, no doubt. They come up through Tailem Bend, but once they get to Tailem Bend, to get through to the Murray Bridge Road, which goes from Murray Bridge to Loxton, they have to go through a section of road from Tailem Bend to Kulde, which is a local government responsibility.

Mr LINDSAY—I interpret your response as a lack of confidence in your state government. Am I wrong?

Mr Hurn—That is not so. But we believe that if that was the will of the federal government we would be prepared to deal directly with you. We are prepared to do it with all tiers of government.

ACTING CHAIR—I think some local government associations already do that, don't they?

Mrs Cass—Yes.

Mr WAKELIN—I want to start with the issue of rail. Obviously you and I know South Australia a little better than the rest of the committee, but I want to ask you about the implications of the sale of AN. You have already gone through significant transition. Has the LGA—and Bruce may have some research on this—done any work on the total transport task? We understand that once rail goes, the implication comes back on to road. In my own region, you can say that it moves from one better road to the next better road until it has cut the lot out and you hope to survive to the end of harvest. Do you have a strategic position on this issue about rail? Is there some kind of documentation about rail and a view on the future of rail's relationship with road as to the transport task?

Mrs Cass—I am not aware of any documentation that is available in South Australia because this has only just come up in recent times. But it certainly is causing major headaches and major problems, particularly for rural councils, who are very aware of the demise of rail, even the rail we have left now. If it is sold and not maintained as it is currently, then it is going to cause huge problems.

There are going to be thousands more semitrailers, B-doubles and the like on our road systems and it certainly concerns us greatly as to what will happen. We are one of probably the most interested parties in what might happen with AN and its sale because of that situation. Certainly the silo systems will be a huge worry. Many of those silos are still fed by rail at the moment, but, should that not continue, it really concerns us as to what will happen with our road system. I believe the road system will not be able to cope at all if all of the traffic which is currently on rail has to go onto road.

Mr Hurn—Particularly as the bridges and roads were built 20 years ago without this in mind.

Mr WAKELIN—We are back to an inability of infrastructure, it appears, to cope into the future with increasing demand. That issue is increasingly coming out. In a general sense, partly in response to Mr Cameron's interesting view of the world, I would say—in terms of a subsidised urban transport system and in the context of 70 or 80 per cent of the exports of South Australia coming out of the regions and programs like better cities, et cetera—that the equity issue is a reasonable one to argue because of the demand on that road system by all South Australians. That 70 or 80 per cent of exports coming out of the regions is an important economic factor to our state's development. Do you have a view on that?

Mr Hurn—Without trying to cause dissent on this side, or across the table, talking about equal social justice, it has been recorded, I believe in the last three or four years and before that, that the local STA had buses in the metropolitan area run at a loss of \$180 million that was not even available to the people in the provincial cities, let alone the ordinary rural councils. For instance, I am in the Barossa Valley and we have to provide our own transport, if you like, for the disabled and underprivileged. So you are talking about cross-subsidisation. One can take that, but that is a point, Mr Chairman.

Mr McDOUGALL—You may or may not have been here when the state department was giving their evidence. I asked them the question, in regard to their strategic planning, what they had done. They were putting to us that the Commonwealth has to do a lot, and I do not suggest that we do not, but they did give us a response that they were in the process of doing both a strategic plan for roads and a strategic plan for integrated transport in the total sphere. Has the Local Government Association and individual local governments had an input into that planning process?

Mr Hurn—I am unable to answer that directly. I believe we have. I will be able to confirm this in writing and give it to you as soon as possible.

Mr McDOUGALL—I would appreciate that.

Mr Hurn—I believe that we have. I know that there are strategic plans around the place and that local government representatives are on them, but I can give you more detail at a later date.

ACTING CHAIR—We would appreciate that, Mr Hurn.

Mr McDOUGALL—I quickly read this executive summary of the impact of increased road transport of grain that you put before us. I was quite surprised to see that you sent out 55 questionnaires and only 22 of the councils returned them, and 13 of the 22 returned the questionnaire with insufficient data. That is leaving about nine councils out of 55 that actually gave you a contribution to a questionnaire that allowed you to bring forward a study. Do you feel that that is adequate enough to be able to argue the point that you are trying to raise?

Mrs Cass—I was very much involved in that study. Can I answer that question? The original questionnaire that was sent out went to a number of councils which were not involved, which did not have closures of railways with silos on them. They might have had rail closures, but there were no silos on those, because the Local Government Association was not aware of where all the silos were. However, the ones that did reply were followed up. Some did not reply because of various circumstances—changes of staff and various other reasons or they got lost in the system. However, they were all followed up. All the councils that did have silos on roads did give clear evidence. It was even collated and checked to make sure that nobody had overestimated what the costs might be. It is a conservative study.

It was all collated by the same individual who was an expert in the field. He made sure that every one of those councils did reply and that everything was collated on the same evidence. As you know, if you ask two people what the cost of doing up a road will be and they answer off the top of their heads they will both give you a very different answer. They followed it up and worked out the costs on an equal basis, but the whole thing was based on a conservative estimate. It was on the original study that those answers were given.

Mr McDOUGALL—We have taken evidence around Australia—we have not quite got right around. Some evidence was given to us from the mining sector that they need road infrastructure to be able to carry out their development. In some cases they have made considerable contributions towards that infrastructure—either in construction or in financial grants—to be able to get that done. I say ‘in some cases’. The evidence you have given us here today has been about the grain industry. What responsibility does the Local Government Association see that the private sector and the grain industry have for making a contribution towards the infrastructure costs of resolving the problems that you have or do you believe that they should not have any responsibility at all?

Mrs Cass—I will start the answer. The grain industry is made up of individual farmers and they are all ratepayers. We are dealing with a rate paying situation; they have already contributed their share. They are already contributing to the local government cake for doing those roads. When you stop and think about it,

the main service that most of the grain growers get from local government is their roads in the rural areas. I believe they already do contribute to the doing up of the roads.

Mr McDOUGALL—Couldn't it be said that the mining industry pays rates too, and that they—

Mrs Cass—Do they? I do not know. We do not have a mining industry in our area.

ACTING CHAIR—I have some questions that I would like you to respond to in writing, because we have run out of time. Firstly, in looking across your area of local government—and using the extensive knowledge that I am sure Bruce has—what do you see as being the prime areas for improved efficiency in road works—in both construction and maintenance? You are major expenders of money on road works across the nation: what are the prime areas for improving efficiency in the actual maintenance works?

Secondly, arising out of an earlier report, local government prepared an inventory of their road stock—what they would like to spend on roads the following year and what they actually were spending. That is two or three years into the past. Could you give us some information on what that process has established in South Australia where you have had a clear indication of what your local roads are worth? What should you be spending? What were you spending? What do you propose to spend? That kind of information would help us a great deal.

The other matter that you mentioned, Mr Hurn, in your opening remarks about rate capping having a big bearing on the ability of councils to raise revenue is also an important one. It goes to the task of the contribution to be made by the respective levels of government. If you want to elaborate upon that, that also would be useful.

On behalf of the committee members, thank you very much for your contributions, for your time and for your submission. We will provide you with a copy of the *Hansard* transcript as soon as it becomes available. Thank you.

Mr Hurn—Thank you for listening to us and for the manner in which you have done it.

[10.51 a.m.]

PEARCE, Mr Ian Campbell, Director of Public Affairs, Royal Automobile Association of South Australia Inc., 41 Hindmarsh Square, Adelaide, South Australia

ACTING CHAIR—Mr Pearce, welcome to this morning's proceedings and thank you for your submission. If you could shorten your opening statement that would help give the committee more time to elaborate on some of the questions and issues involved.

Mr Pearce—The whole issue of funding for roads has been of great importance to the RAA and the other auto clubs for many years. The benefits of improvements to the road system have been set out in many, what we consider to be, robust reports to government over a long period of time. There is an additional focus at this time on the global marketplace, the need for micro-economic reform, the need for efficient and effective transport systems, the need for Australia to become more internationally competitive and a greater focus on exports. The role of the transport systems is of course most important in that respect and there is a need to remove impediments to efficient operation within Australia to enable us to compete internationally.

However, our perception is that the value to the nation of an efficient road system still tends to be subordinated in terms of government decision making. It tends to be down the bottom of the priority list. It tends to be ad hoc in nature; a variation in annual budget decisions. I can instance the Mount Barker road, where work is finally proceeding on that particular project. We have been agitating for that for many, many years and it is only now just happening.

We think that there is a need to develop a strategic transport plan for the nation, to put in place a plan for funding to determine what the infrastructure needs are and to set in place a process for addressing those needs. I think that would replace what we perhaps see as the current system where a certain amount of funding is provided each year without necessarily having any reference or any direct relationship to an overall plan.

We do recognise that it is not just a matter of looking at the supply side of the equation, that it is not a question of just building more and more and more roads as an end in themselves, and that there are of course other issues to look at: urban form, improved public transport, the question of rail and the question of management of the existing system. However, in our view, a plan still needs to be put in place to provide for the necessary infrastructure. The need for these other issues, such as looking at urban form and the fabric of the transport task within particular areas, should not be a reason for adopting what almost might be considered to be a zero construct position. It is a big country and we have a heavy reliance on roads.

The RAA was a party to the Australian Automobile Association submission, which has been submitted to the inquiry. The notion of a federal roads corporation is certainly worth investigation, coupled with the notion of separation of charges and taxes to determine what is a tax and what is a charge. We have supported that concept in principle—that is, a proportion of the federal excise should become a charge for road use and basically quarantined for improvements to the road system. That would, in effect, take that revenue off budget. We do have some concerns—that is, the need to have some surety that any reduction in excise, should this model be adopted, will be maintained so that at the end of the day road users do not end up

simply paying more. There have been a couple of examples of that previously.

ACTING CHAIR—What work has your association done in seeking to establish means by which we can get better value for money spent on roads?

Mr Pearce—We think that is an important issue. The short answer is that we do not have the resources within our own organisation to attempt to measure the value for the road dollar that is achieved by our road authority here in South Australia. It certainly is an important issue that the money is well spent but we really do not have the resources to try to quantify in a robust manner the efficiency with which the road dollar is spent by the road authorities.

ACTING CHAIR—You do not do any research into the methods of road construction and maintenance. Is there any research done by the national office into which areas perform better—state or local government?

Mr Pearce—We have not done that at the RAA.

ACTING CHAIR—That might be something that you could take up with them. I go now to your submission. You suggest that a federal roads corporation be established to direct road investment. What advantages do you see of that proposal in comparison to the existing set of administrative procedures?

Mr Pearce—If I might reiterate one or two points in my opening statement, our perception is that the quantum of funding for roads tends to be a year by year basis. There is no long-term surety in terms of funding for governments. If we adopted a federal roads corporation model it would in fact provide some sort of relationship between what road users pay in terms of a road user charge—and that would need to be developed and it is certainly not an easy exercise to go through that process—and road needs.

The corporation would be involved in determining what the infrastructure needs were for the nation in terms of benefits to the national economy and it would tend to provide some nexus between road user charges and road needs. We see that as a difficulty with the current system, that there tends not to be a direct nexus between the two.

We have long called for the development of a national plan on transport needs, which is not purely roads but the whole transport system, because it is so important to the nation. There have been, I guess, various attempts at doing that. The notion was recently raised of a national infrastructure advisory body. Perhaps that could be a mechanism to really set down some form of national transport blueprint for the nation.

ACTING CHAIR—Like the National Transport Planning Task Force report.

Mr Pearce—We were very pleased when the National Transport Planning Task Force was established. In fact, at the time we had been, again, calling for the development of a national plan. We felt that the terms of reference of the NTPT should have been a little broader, in that it was purely on interstate freight. Nevertheless, it was still a good report and it was certainly a step in the right direction, from our

point of view. Currently, we are looking at using the findings of that report as a stepping stone to go forward to developing the ultimate plan that we envisage.

Mrs CROSIO—I must admit for the record that, when I put my hand up, it was an indication of not being able to hear Mr Pearce at the very beginning. However, this has given me the opportunity of saying that, as you are well aware, we received a submission in February from, and are interviewing in June, I think, the Australian Automobile Association. Has each state had input to this submission? It is a very long and involved submission.

Mr Pearce—Yes. The methodology for setting up or completing that submission was through a small subcommittee of representatives from the automobile clubs. The RAA was not directly involved in that subcommittee. There was draft mark 1, draft mark 2. It was circulated for comment around all the constituents.

Mrs CROSIO—I would then follow through as to part of it. Referring to Commonwealth road funding, do you think it should be, through your association, directly linked or sourced from the fuel excise collections, in other words?

Mr Pearce—I think at the end of the day the money largely will come via fuel excise collections. But there is a need to separate what is a tax and what is a charge. We have proposed that differentiation for a long period of time, again to provide some direct relationship between the road needs and the actual charge that road users pay.

At the moment, all the fuel excise goes into general revenue, and an allocation is made by the government of the day in terms of the amount which will be provided in the form of road grants. In our view, that annual allocation tends to be somewhat ad hoc. We think, by separating out what is a charge and what is a tax, there will be greater transparency in the system.

Further, on that point I might add that we would like to see a system established whereby each of the three tiers of government are perhaps more accountable for the roads under their control, have greater accountability in terms of revenue raising, so that we do not have this situation where a state government might say, 'Well, we can't do that project because we haven't got enough funding from Canberra.' It is the question of the vertical fiscal imbalance that I guess I am alluding to: that the Commonwealth has the broader revenue raising powers and basically raises most of the money, yet the states have responsibility for spending most of that money.

Mr WAKELIN—You have mentioned the quarantining of the excise and answered in the general context. The history of it has been that it has been quite difficult to quarantine for a variety of reasons. You probably have answered this as well as you could in the previous answers, but is there anything new in this quarantining process that governments might look at to make sure that the excise can be allocated directly to roads?

Mr Pearce—The proposal that the AAA has put forward in this submission is, as I said, another form of quarantining. I think it is a little different from the notions in the past of a roads trust fund. It is a bit like

the ABRD, the Australian bicentennial road development program, where an additional tax was applied and the revenue from that tax went into an ABRD trust fund.

If we established simply a trust fund and said that the federal government would allocate so many dollars into that trust fund, I think that would achieve what we are seeking, so long as we had in parallel with that an overall transport blueprint of what are the deficiencies in the nation's transport system and what is the plan for overcoming those impediments to efficient transport operation. At the moment there is really not a direct relationship between the payments by road users and the funding for roads. In our view we need to develop a direct nexus there.

The federal roads corporation model is one way of doing that. Another way would be to establish a trust fund: determine what the needs are, determine a management plan for funding those needs, and set up a trust fund arrangement which would provide sufficient funding to, in fact, address that issue.

Mr ROSS CAMERON—I will read a couple of very short excerpts from the AAA's submission and just get your response to them. At v.3 the submission notes:

. . . clear evidence of under-investment in urban roads, particularly those which contribute to national economic development . . .

That is elaborated on in further detail at page 19 of the submission. The third paragraph talks about the Economic Planning Advisory Council report in 1995, which noted that:

. . . 'there has been under-investment in some areas (*such as urban roads*) and over-investment in other areas . . .

Then the following paragraph says:

A further indicator of the backlog of projects is the quoted cost of traffic congestion in Sydney and Melbourne, each of which reportedly experiences congestion to the tune of \$2 billion per year . . .

Obviously this is a national report. Do you have a view in South Australia about the relative priority which ought to be attached to urban road requirements as against regional communities?

Mr Pearce—We have not undertaken a direct study of that. Again, we have a resource difficulty in that respect. The report refers to the earlier EPAC report.

However, AAA did commission consultants to look at the economic benefits of additional road investment. It was on the basis of that report, the findings of the consultants that were engaged to do that study, that there was an underinvestment in urban roads. I am not sure if that report has been referred to the committee. If not, I can undertake to arrange that. But it was a rather rigorous economic assessment that led to that statement.

Mr ROSS CAMERON—That may be the report mentioned on page 17 of the submission, which says in the third paragraph:

The study concluded that 'estimates of ultimate benefits to the national economy from major urban road improvements should involve increasing the benefits conventionally calculated to the freight sector (for time and cost savings) by about 50 per cent' . . .

Mr Pearce—I think that is an additional report. That was the RAC Victoria report.

Mr ROSS CAMERON—And this is a separate consultant. So basically every report that is referred to gives a solid endorsement of the great investment in urban road networks?

Mr Pearce—That has tended to be the outcome of various rigorous economic studies that have been undertaken.

Mr McDOUGALL—We were given evidence this morning from the state Department of Transport that they are doing a strategic study into both the road needs of the state in the future and also the integrated transport needs. Has your association had an input into that? If not, will you be having an input into it?

Mr Pearce—Yes, we have been involved. We have been disappointed at progress in developing the South Australian plan. In fact, it is something that we believe should have been done years ago. We were involved in a recent workshop held by the Department of Transport and other transport stakeholders to assist in developing a strategic plan. So the short answer is yes, we have been involved. I am not sure what the time frame is for the completion of that study but it is something that should have, in our view, been done a long time ago.

Mr McARTHUR—I was interested in your submission concerning a comparison with the US national highway system. I will quote the paragraph:

The US NHS represents only 4 per cent of America's total road length, but carries 42 per cent of the total travel and 75 per cent of the heavy truck travel. Some 75 per cent of the US NHS is in the rural areas and 25 per cent in urban areas. However, 60 per cent of the travel on the US NHS is in urban areas.

Do you think there is an interesting comparison as to why the Commonwealth government should develop a national highway system along those lines because of the relative travel and transport needs of heavy traffic? Do you see a valid comparison between the US example and Australia?

Mr Pearce—I think the principles are still the same that there is a need to determine a national highway system, whatever we want to call that. It is important for interstate freight. We also need to look at freight movements within urban areas. That should be part of a redefined or expanded national highway.

Mr McARTHUR—Those relative figures are interesting—the four per cent and bigger traffic densities on the national highway system in America. Do you think that Australia has those relativities or is it different?

Mr Pearce—I think perhaps the geography of Australia is a factor there, with the concentration on the eastern seaboard, whereas the US system basically goes right across the country. It is far more extensive. I do not know whether we quoted the relative Australian figures.

Mr McARTHUR—It is not clear exactly what you mean with the Australian relativities.

Mr Pearce—What page was that, Mr McArthur?

Mr McARTHUR—It is under 4.2 of your submission.

ACTING CHAIR—It is on page 9 of the submission.

Mr McARTHUR—Mr Chairman, in the interests of time, I wonder if we could get a comment on that. I think it is a very worthwhile comparison. It could lead the committee to make an observation of the US experience and how we might develop a national highway system relative to the transport needs rather than relative to the parochial or distance needs.

Mr Pearce—Having referred to those words, Mr McArthur, we have alluded there to the relative differences in geography between Australia and the US. If it is a given that part of the national highway system should include connections between all the major centres in Australia, as we have indicated in our submission, then that means that our national highway system would carry a smaller proportion of traffic relative to the US situation. I think we were just simply making the point that there is a difference between Australia and the US in terms of geography.

ACTING CHAIR—The US has 52 states to connect and we have eight. You can respond to the questions from Mr McArthur in writing.

Mr HARDGRAVE—Based on the assessment of money being linked back into road funding, in your association's viewpoint would road users of all types be happy to pay extra if they knew it was dedicated totally to road construction?

Mr Pearce—I do not think that they would be prepared to pay extra. It really comes back to the relatively higher tax on fuel compared with the whole raft of taxes that apply at the present time. It is fair—and we have indicated this in our submission—that road users ought to pay for the use of the roads and externality charges that should be determined, but we have a situation where—to put our views into perspective here—the top sales tax rate on luxury items such as jewellery and video cameras is 31 per cent and the equivalent sales tax rate on fuel is approaching 150 per cent. There is an inordinate transfer of tax burden on to fuel. Obviously, it is easier for the government to collect that.

To come back to your point, road users would be prepared to pay for meeting road infrastructure needs, the proviso being that the general revenue contributions are more in line with the general rates of taxation.

ACTING CHAIR—Mr Pearce, we thank you for your submission and contribution this morning. We will make a copy of *Hansard* available to you as soon as *Hansard* has completed it.

[11.19 a.m.]

DINGLE, Mrs Margaret, Secretary/Treasurer, People for Public Transport (SA Inc.), 120 Wakefield Street, Adelaide, South Australia 5000

LANDER, Mr Frank James, Adviser to Mrs Dingle, People for Public Transport (SA Inc.), 120 Wakefield Street, Adelaide, South Australia 5000

ACTING CHAIR—Mrs Dingle and Mr Lander, welcome to today's proceedings. It is nice to have you here. Thank you for your submission. We have had a look at your submission and there are some questions that members of the committee would like to ask of you relating to it. Do you wish to make a short additional statement before we ask you questions?

Mrs Dingle—I would like to read the first part of my submission. Frank may make some comments on road funding.

ACTING CHAIR—Is it a repetition of something in your submission? We have read that. Is it something fresh or new?

Mrs Dingle—It is a repetition so perhaps Mr Lander can say something.

Mr Lander—From the Rail 2000 perspective, and I am assisting Margaret in that capacity, we are very concerned with the level of funding and the pricing of road transport—the access to the road system. We believe that there is not a level playing field between road and rail. Rail is required to bear and to carry all of its costs but road is not. There is not a level playing field. The issue of externalities—in particular the congestion and accident costs—should be included in road funding decisions and the charges for road transport, and a portion of the fuel excise currently paid should be seen to be a contribution towards greenhouse gas issues.

We are very concerned that heavy road vehicles, that is the heavy articulated trucks, are being cross-subsidised by private motorists and lighter trucks to the detriment of level playing field competition.

ACTING CHAIR—We have looked through your submission and you have given us an indication of where you are coming from. We will ask you some questions relating to that, but please elaborate, if you want to.

Mr McARTHUR—I am aware that you are interested in the rail versus road relativities in south-east South Australia. Would you care to give the committee the benefit of your wisdom in those comparisons of transporting heavy materials, that is, timber, and the inter-reaction of a rail network with the road network in that part of South Australia?

Mr Lander—Mount Gambier is one of South Australia's largest industrial centres. The main industry is the timber industry. A large proportion of it is exported to other states and overseas. At present all of that freight is on road because, since the Melbourne to Adelaide line was standardised, the Mount Gambier

railway lines have effectively been cut off—they are isolated broad gauge.

The South-east Economic Development Board is strongly supporting the standardisation of the lines with a view to resuming freight services on those lines. A consortium was put together consisting of the largest road operator in the region, K&S Freighters, a subsidiary of Scott Corporation for those of you who know Alan Scott. Their view was that they would much prefer their freight on rail than on road. They wanted their trucks to go to the factory and pick up their freight in a container, take it a few kilometres—in some cases even a few hundred yards—to the railhead and then for rail to do the line haul to every capital city destination in Australia. They believe that that is the most efficient and effective way to transport their freight. Does that answer your question?

Mr McARTHUR—What would be the benefit to the road network of that proposal?

Mr Lander—There would be a lot fewer trucks on the local road network and the regional network because all those trucks end up on the federal road system. Road damage cost attributed to that would be avoided. There would also be spin-offs because potentially the rail would be cheaper for the shippers. Those are probably the main benefits that I see.

Mr ALBANESE—I have a couple of questions. I congratulate you on your submission, which is a very useful contribution and provides a context within which we are considering these issues. You talk about the need to build the externalities—such as pollution, accidents, congestion, et cetera—into the costing of provision of roads. Would you like to elaborate on how you would calculate those costs and, if there are any, could you give examples of how those costs have been calculated?

Mr Lander—There have been a lot of studies done on those sorts of things. It is very hard to put a precise dollar value on, say, air pollution. You have to look at how many extra people you think will die because of nitrous oxides and so on, and that is very difficult. For things like the unfunded accident costs that society has to bear, a lot of studies have been done on those, and they are putting a dollar figure on those—so many cents per kilometre travelled and things like that. It is imprecise but it is ballpark. Those figures have been calculated.

Mr ALBANESE—It would be useful for us as a committee to have any of those at a later date, perhaps—through you, Mr Chairman—if there were any studies such as that. I do not expect you to have them at your fingertips.

Mr Lander—We will make that available.

Mrs Dingle—I would like to add something. The gross domestic product is calculated to include negative and positive aspects. So, if you have a road crash, the economic activity generated by fixing up the car and dealing with the injured people is included in it. If you, say, walk somewhere, it is not included in the gross domestic product, but if you drive your car it is. So the gross domestic product as calculated now is an imperfect indicator of national welfare, and this ought to be taken into account. I mentioned that somewhere in the submission.

Mr ALBANESE—On page 13 of your submission, which is where you make your last point, you put forward arguments using examples of Sydney tollways and also the Melbourne City Link proposal of compensation. They provide incentives to the private sector to build private tollways, but built into those contracts are examples of ways in which the public sector is prevented from providing, say, a competing public transport network. Can you provide any examples in South Australia where you think that has happened, either directly or indirectly?

Mrs Dingle—Indirectly, possibly the Hills Tunnel—the upgrading of Highway 1 through the hills—has tended to encourage more trucks to go that way and less rail, although that may not be urban public transport.

Mr Lander—I would support that. We have examples in Sydney where it is far more direct. In South Australia it is very indirect. But, once you have made the investment in road, there are not enough dollars around to make another investment in, for example, rail. The tunnel is a good example, and so is that new southern expressway which seems to have been pushed through very quickly. Once you have it there, and the thing is filled up with cars, it is very difficult to say, ‘We need another one. We need a railway now.’ Having done it, that is in effect a massive disincentive to put in a public transport system. So, in South Australia, it is very much an indirect issue.

Mr HARDGRAVE—Let us face it, it could easily be suggested that your submission is all about jacking up road transport costs to make rail transport look good. Around the world people are ripping up railway lines and walking away from rail transport. I make that comment as a rail buff, but I am lamenting it. I am simply trying to spark a comment from you. How do you counter those sorts of comments?

Mrs Dingle—The fact is that basically they have not put very much investment in rail. Rail also pays fuel excise, just like road; they have track charges. I think you need to upgrade rail to a similar standard to roads and have a fairer sort of charging system—perhaps to charge both rail and road for damage done to the infrastructure. Then, when you have a real level playing field, you can let them compete.

But at the moment I think they have underfunded both rail and public transport. Rail infrastructure is not good. Urban public transport tends to be infrequent and therefore people do not use it. For instance, if you had a 10-minute or 15-minute bus, train or tram, you are more likely to use it than if it runs once an hour. They say, ‘Nobody’s catching this half-hourly or hourly train or bus, so let’s cut services further.’ I think, once you have a level playing field, you can then see what happens. Frank may have some comments.

Mr Lander—Yes, I will comment on that. I think Margaret’s point about there not being a level playing field is extremely valid. However, I would take exception to two of your comments.

Mr HARDGRAVE—I would like to say that they are not my comments; I am simply trying to provoke a comment from you.

Mr Lander—Well, I am provoked. Let us say that they are definitely not pulling up railways all over the world and walking away from them. In fact, in almost every major city in the United States, Europe and Asia, they are doing everything they can to lay down railways. I do not know of any major city in any part

of the world which is pulling up railways. There must be at least, at any one time, 20 or 30 major urban rail projects going on around the world in large cities.

In actual practice, it is one of the amazing things of the age that rail, technology rail, which had been in decline since the Second World War, is now in massive resurgence. It is riding high everywhere in the world—either light rail, which is tramways, or fixed rail, which is trains as we know them.

Mrs Dingle—I would like to add a further comment that in Los Angeles, which is the freeway capital of the world, they have started building railways because they realise that simply building more freeways will not cope with the transport problem.

Mrs CROSIO—I looked at that last year, and it is working very efficiently.

Mr HARDGRAVE—If you look at the billion or two that has been spent in Hong Kong to link the new airport structure, that proves your point as well. But what I am trying to get at is that we have seen a trend over the last 20 years to walk away from public transport. It has almost reached the point where, even if it were free, people still would not use it because of the inconvenience factors and societies being very car oriented. So there is a very big mind-set change you really have to try and create, or you have to try to upgrade your infrastructure. Isn't that what you are challenging us to do?

Mrs Dingle—Yes, and I think also to look at the funding for both. It is not just infrastructure in the case of urban public transport, because I do not know whether trains and buses count as infrastructure. But in rail, and so forth, this is definitely needed, especially in country areas for freight but also in cities.

Mr HARDGRAVE—Then help me out with this: in a society where people are complaining because there is a light grey cable being strung from telegraph pole to telegraph pole out the front of their home, how will they cope with the concept of rail infrastructure being placed in the front or the back of their home? People do not like these sorts of things.

Mrs Dingle—In most cases I think we would be using the existing railway lines, those that are there already, plus some upgrading.

Mr HARDGRAVE—But you just said before that people are actually building new railway lines.

Mrs Dingle—But when it comes to, say, light rail, I think there is a possibility of having it without overhead wires, but the infrastructure of running a tram along the street is considerably less obtrusive than having a six-lane highway in front of your front door.

Mr HARDGRAVE—There is a very big problem here in trying to get society to accept what you are saying. That is what I am getting at.

Mrs Dingle—I do not think there is a very big problem. In Western Australia they built a railway line to the north-west suburbs, I think, and the patronage increased by about 40 per cent over the previous bus. They had bus feeders to it. We probably are not going to build any more heavy rail lines in the city of

Adelaide in the near future. You certainly could improve the suburban services, especially the one to Belair where they closed stations and have a single track. That is a real point of contention and the people up Unley way are up in arms because they have closed several of their stations.

Mr Lander—You said we are about jacking up road costs. No, we are not about jacking up road costs, but we are about getting an equality of funding for road and rail. It needs to be acknowledged.

Mr ROSS CAMERON—When you talk about equality of funding, is it not a case that rail is like the Rolls Royce solution to a lot of these problems, but often the level of population density just would not justify the huge comparative investment in infrastructure of rail, would it?

Mr Lander—Sometimes if it does not warrant a Rolls Royce you just buy a Holden. The Rolls Royce is fixed-rail heavy rail, a la Sydney's Tangaras and things like that, but the Holden solution is like rapid transit which is basically a tramway system and which is a fraction of the cost to build and operate and so on for a small population density.

Mr ROSS CAMERON—I think Mrs Dingle was saying you were not expecting new heavy rail links out of Adelaide. It is not quite clear, Mrs Dingle, from your submission whether you are supportive of the proposed Adelaide to Darwin rail link?

Mrs Dingle—Yes, I am supportive. I had not mentioned it in the submission. I did not think it was very likely that in the near future they would have new suburban rail corridors in Adelaide. They may well have light rail but I did not expect heavy rail ones. Certainly I support a Darwin to Adelaide link. I think it would be economically desirable with tourism.

Mr ROSS CAMERON—On page 4 of the submission it says that in 1995-96 you expect 64,000 vehicle movements between Adelaide and Darwin. Is that total vehicle movements?

Mrs Dingle—No, that is projected truck volumes which is taken from the BTCE Working Paper 14.1. That is just trucks.

Mr ROSS CAMERON—I was not clear—from the previous paragraphs—whether that was just referring to trucks or whether it was referring to total vehicle movements.

Mrs Dingle—I think I have some more stuff further down, but the top figure is for trucks.

Mr ROSS CAMERON—Let us assume that it is just for trucks and that trucks would be one of the principal attractions for freight for a heavy rail link between the cities. If we work it on the basis of 64,000 movements currently, my understanding is the link would cost about \$1.3 billion. So if you do an annualised cost of capital in terms of what you could get for that money if you invested it somewhere else, say 10 per cent of the figure is the cost of capital, you are talking about \$130 million a year for that \$1.3 billion investment. If you then apply that to the number of vehicle movements you are talking about it is effectively a \$2,000 investment in each one of those vehicle movements per year for a trip between Adelaide and Darwin. That seems to me to suggest that it is not worth the money, in terms of what you could do with that

annual \$130 million.

Mr Lander—I will follow your argument. It really does illustrate this whole inequality of considering investment decisions. You have looked purely at the short-term or immediate dollar value of rail and asked, ‘Will it pay its way?’ You said it is going to cost \$2,000 per vehicle movement. I will not argue with that. But the point is: what about the other benefits, the regional spin-off developments and all those other benefits that would accrue from it?

When a road system or a road project is evaluated, the costs are usually even worse than that per vehicle, but to justify it other regional benefits are included such as regional development and all sorts of other less tangible benefits.

Mr ROSS CAMERON—You have to churn out a lot of greenhouse gas to get \$2,000 per vehicle on any piece of road infrastructure.

Mr Lander—It is not just greenhouse, which is an intangible; it is a regional development project.

Mr ROSS CAMERON—I accept the argument that you need to take into account a broader range of economic costs and externalities, but in my mind rail is not a solution to every transport problem. If you are going to put forward a proposal then it does have to stack up on your own criteria. When you look at the huge underinvestment in urban road networks that we have around the country and try to make it viable for us to be investing \$2,000 in every truck movement between Adelaide and Darwin, it seems to me to weaken the credibility of the case.

Mr Lander—We are not comparing apples with oranges.

Mr ROSS CAMERON—I am not making any comparisons at all. Are you saying to me that it is more expensive to the community to move those vehicles by road when you take into account externalities and the fact that there are about 64,000 vehicles?

Mr Lander—When we consider the regional development advantages of providing that rail link and the other full range of benefits, the cost is not \$2,000. I do not know what it is—probably something like \$500 per vehicle.

Mr ROSS CAMERON—That is a \$1,500 saving, isn’t it?

Mr Lander—You assume the 10 per cent cost of capital. Road projects are certainly not evaluated on 10 per cent; they are four per cent or something like that, aren’t they?

Mr ROSS CAMERON—I am talking about the cost of capital whatever you do with it.

Mr Lander—When the Commonwealth invests money in roads, it certainly does not use a 10 per cent criterion to evaluate projects. I think for the Commonwealth it is about four per cent. If we use the same thing for road, we are down to \$800 per vehicle. The cost of getting freight—

Mr ROSS CAMERON—I am saying that the cost of capital does not change depending on the project you are investing in, whether it is road or rail, whether it is the government or the private sector.

Mr Lander—It does. You have applied 10 per cent to rail whereas a road project is evaluated at four per cent.

Mr ROSS CAMERON—I know, but the cost of capital does not change. It may change very marginally for the Commonwealth to borrow it as opposed to the private sector. The value of the project may change, but the cost of the capital does not change.

ACTING CHAIR—Colleagues and Mr Lander, I think we are going down a road or a rail track that we should terminate.

Mrs Dingle—Could I just say a couple of things. There are other factors. The railway would result in more things going by sea from Darwin. However, it might disadvantage Melbourne. If there is a rail track there, there is also tourism potential. If you have a train across the continent, a number of people would want to ride on it. There are also other factors which should be taken into account.

ACTING CHAIR—You might like to elaborate on those and drop us a note back later, given the time limitations we have. I do not want to restrict any response that you can make, but Mr Wakelin is desperately wanting to ask some questions too.

Mr WAKELIN—In terms of rail freight from one side of the country to the other and the issue of the national track access compared with a national road transport system, which sails through a border as if it were not there, would you care to make a comment on the national track access as far as rail goes?

Mr Lander—Certainly, for the interstate rail network, we believe the formation of a national track access body is critical. If we are to open up that network to full competition, private operation and so on, we believe it is critical and that funding for it should be on an equal basis to road funding.

Mr WAKELIN—How much of an impediment do you regard that lack of that process and the lack of that body working well when compared with road? It is difficult to measure.

Mr Lander—I would say it is extremely significant. There is no consistency in charges. It is not too bad going from east to west, but it is a total disaster going north to south. It is not too bad coming through Adelaide. The one system that really has its act together very well is AN's track access. They really have a good consistent charging regime. The one that is the worst is New South Wales.

Mr WAKELIN—The public perception of public transport versus other alternatives seems to take in this whole issue of cultural change that colleagues talked about earlier. Could you make a comment which could give something to the committee which might encourage the community to have a stronger acceptance, stronger usage, et cetera, of public transport? Are there one or two things that stand out to you?

Mrs Dingle—Public transport is a relatively green method of transport compared with the private car.

I don't expect that every trip could be made by public transport, but it should be seen as a mode of transport for everybody. It is often seen as a community service obligation, which it is to some extent because there are people who have no other transport. But overseas this is generally used by people going to work, people travelling for leisure, people going to school—it is used by people going to school here. It should be seen as a general method of transport for all people and all types of journeys, although there are some particularly different journeys that cannot be catered for. It should be frequent and interconnected, and it is not sufficiently in Adelaide.

Mr WAKELIN—Just one quick supplementary question: do you have a view about the comparative advantage or disadvantage in the access of public transport between urban and regional communities?

Mrs Dingle—I think we should have access between country towns—especially between Adelaide and different country towns. We do have bus services mainly rather than train services, which would be better. I think large country towns ought to have their own public transport systems. Smaller country towns that are only a mile long, well, maybe not, but you should be able to get between them. The current government tendency to close down little hospitals, nursing homes, private enterprises and bank branches in small towns is very much disadvantaging people in country towns. Most of them would have a car, but those who do not simply cannot get anywhere. I think that is bad.

Mr Lander—If we want to talk about regional public transport, we only have to go across the border and look at Victoria with the west coast railway and their highly successful passenger operation from Melbourne to Geelong to Warrnambool, which was reputed to be losing \$6 million per annum just a few years ago. It is now turning out a small operating profit with an extremely low level of subsidy implied in that. There was a 20 per cent increase in patronage. It certainly can be done by the private sector, but one of the conditions is that they have to have access to the track.

ACTING CHAIR—I notice your reference on page 2 of your submission to untied road grants. The thrust of that is in the last two paragraphs and is the view that untied road grants ought to be extended to include the provision of urban public transport. Thank you, Mr Lander and Mrs Dingle, for your submission, for your appearance and for your prompt response to questions raised with you.

[11.50 a.m.]

HAZEBROEK, Ms Angela Rosemary, Manager, Northern Adelaide Regional Organisation of Councils, PO Box 270, Salisbury, South Australia 5108

PITMAN, Mr Colin John, Member, Technical Committee of NAROC, Northern Adelaide Regional Organisation of Councils, PO Box 270, Salisbury, South Australia 5108

ACTING CHAIR—Ms Hazebroek and Mr Pitman, welcome to today's proceedings. We are on a tight time schedule. We appreciate your presence and your submission. I know you have a brief opening statement. How many minutes will it take, Ms Hazebroek?

Ms Hazebroek—About 2½—very quick.

ACTING CHAIR—And it is not what is already in your submission?

Ms Hazebroek—No.

ACTING CHAIR—Go for it.

Ms Hazebroek—Well, I guess it is in the submission—it's a quick focus on that and a little bit more information. Obviously, northern Adelaide caters for the major interstate and intrastate freight routes and links to state level freight terminals. We are not telling you anything new when we tell you that Main North Road is increasingly slow and congested and unsuitable for heavy freight vehicles.

I have provided some maps to members which show the number of traffic signals and traffic control devices on the two alternative routes—the Main North Road route and, the alternative, Angle Vale and Heaslip Road-Port Wakefield Road route—and also some supporting material which talks about the time of travel and shows that the travel time difference for Main North Road and the Angle Vale Road is over 10 minutes if all red signals are encountered. That is a significant delay in the effectiveness particularly of freight transport movement. Time is money, and with just-in-time warehousing those vehicles are wanting to get quickly to their destination. So you can see why many of them prefer the Angle Vale and Heaslip Road route.

We have certainly developed de facto freight routes in the north. One of those is Angle Vale and Heaslip roads. The other one is Philip Highway, or John Rice Avenue, to Salisbury Highway. Both of those routes are currently unsuitable due to road construction and there are a number of safety concerns, particularly with some of the Philip Highway-Salisbury Highway adjacent residential development, which makes those routes unsuitable for that kind of heavy vehicle traffic.

We do believe, however, that the completion of the planned works on Main North Road are essential to improved current conditions. However, any further upgrade of Main North Road to an eight-lane expressway would create a major barrier to east-west movements, and as a region we would oppose the development beyond the six lanes currently planned. Obviously, our preferred future direction is a new

national freight link to connect Sturt Highway and Port Wakefield Road, with the resultant upgrade of Angle Vale Road, including a township bypass, and Heaslip Road. We believe that doing that in the foreseeable future will enable strictly controlled access from adjoining land uses because it is going largely through what is greenfields and proposed future horticultural zone. So that designated freight route could have extremely good travelling conditions for vehicles in the future.

Also, there is a real need to address current conflicts between heavy vehicles and residential traffic on Port Wakefield Road. Again, our preferred future direction is that Main North Road is retained in the national highway system as the preferred access for tourism and business vehicles. That concludes my introductory statement.

ACTING CHAIR—Looking at the nature of that additional material, I think it ought to be incorporated in *Hansard*. I understand that is possible. Is it the wish of the committee that the maps and the documents headed ‘Access issues in northern Adelaide’ and ‘Preferred future directions’ be incorporated in *Hansard*? There being no objection, it is so ordered.

The maps and documents read as follows—

ACTING CHAIR—Looking at the map you have there, Ms Hazebroek, going back to Angle Vale Road, which runs across from left to right—

Ms Hazebroek—The two triangles at the top, so that is the township of Gawler—

ACTING CHAIR—Gawler is at the top right corner?

Ms Hazebroek—Yes.

ACTING CHAIR—Mr Pitman, can you just run your pen down it, or whichever way—

Mr Pitman—The Angle Vale Road route is along the top here and down through Angle Vale, Angle Vale township being in this area. Heaslip Road is the route that leads through to Port Wakefield Road, which is currently the start of the national road infrastructure, and that of course leads directly to the industrial area of the west of the city. Main North Road is, of course, the one with all the dots on it. In between those two roads is a road called Philip Highway and Salisbury Highway, which tends to be a freight lead-off road for freight coming down Main North Road and exiting through the urban areas and into industrial areas west of the city.

ACTING CHAIR—Why can't they upgrade the existing road then?

Mr Pitman—The existing Main North Road is being upgraded. However, there has been, to our knowledge, a delay in the upgrade. By the way, the upgrade has commenced to the north, which is rather an interesting phenomenon. It commenced where the lowest traffic volume is and is being upgraded to six lanes. It is outstanding that funding by the Commonwealth has been delayed pending a review of the status of both Heaslip Road, Angle Vale Road and Main North Road as the freight routes to the city.

Whilst that particular action is a commendable action to review those two freight routes to the western parts of our city, we are arguing that the continuation of the upgrade of six lanes on Main North Road, which is the one on the right hand side of our page, should continue to a point where traffic does go to the west to the freight areas of the business district of Adelaide. We are saying that the next stage of the upgrade, which includes grade separation at all those intersections where there are dots, should not proceed. We believe it is not economic to proceed with that. It is more appropriate to upgrade the Heaslip Road-Angle Vale Road route at a substantially reduced cost in lieu of Main North Road.

ACTING CHAIR—What is the attitude or the response of the South Australian Department of Transport to your association's proposal?

Ms Hazebroek—They are very supportive.

Mr Pitman—They are quite supportive of that approach. However, they are equally concerned that the delay in funding Main North Road to and including the intersection of Montague Road and Main North Road, which is at the southern end of that section, is not appropriate. There has already been an upgrade in the north which has attracted traffic in the north into a bottleneck—a road which is decreasing in status as it

gets closer to the city. We are saying that that should be upgraded.

In terms of freight movements, it is not an attractive route because of the large number of stopping and starting actions. Heaslip Road, as is currently the case, should be the freight route and certainly should be added to the national highway system as the freight route leading to the western suburbs of the city.

ACTING CHAIR—Listening to what you are saying, and recalling a number of the submissions from people we have had previously, it seems the view is that if you get something added to the national highway system that is the way to get it upgraded. That is a state road, isn't it? The state department supports the proposal you are putting. Why aren't they upgrading it?

Ms Hazebroek—They are waiting on the outcome of the national highway study. The brief has been prepared for that study and, as I understand it, tenders will be let shortly. That is a \$300,000 study funded by the federal government and the state government. It will review the future long-term strategy. Quite clearly, if it is determined to be an appropriate freight route, then it will need to be funded and the state will have to contribute to the funding of that.

Our view though is that it is an integral part of the national highway system because it is carrying major volumes of interstate traffic to South Australian ports and rail and air terminals. It is also a major regional development road for traffic within South Australia, particularly from the Riverland and the northern areas.

Mr Pitman—The problem we have at the moment is that Angle Vale Road and Heaslip Road are becoming de facto freight routes, because freight is not using Main North Road. For all the effort the federal government is putting into Main North Road, it is not being used as the freight route. With that in mind, we are saying that all the actions taken by federal funding agencies to upgrade that road are not addressing the de facto freight route which is currently emerging as the freight route for interstate traffic.

Mr WAKELIN—Having travelled down the Port Wakefield Road and then turned right before Grand Junction—the road that swings in around the Barker wetlands—would that link in? I ask because your issue about the freight trade connection to the port seems to be very appropriate to the usage of that road, which is a relatively new development.

Ms Hazebroek—That would connect straight in and that is the route that freight is preferring. Many vehicles that are preferring to come down Heaslip Road deal with a very difficult intersection onto Port Wakefield Road but still go straight out onto the new South Road connector, which is an extremely good route for the port and a very good freight route. That kind of level of construction attending to the intersection with Port Wakefield Road and back up Heaslip Road with the bypass of Angle Vale Road would give you an absolutely excellent interstate freight route.

Mr WAKELIN—Hence the point you make that the Main North Road not necessarily being the preferred route is part of this issue, as well as currently preferring that route.

Mr McDOUGALL—We heard this morning from the state Department of Transport that they are in

the process of doing a strategic plan for road and for integrated transport. I know that this inquiry was not to deal with an individual project, which is what we are obviously dealing with here. Have you, as an organisation, been involved in that process? If you have been involved in that process, how much was this project involved in the process and how much interaction have you had, on a strategic level, with the department on your specific problem? From a quick read of that map I see a railway line in there. How much of that strategic issue has been involved by bringing another form of transport in? You seem to me—from the short bit of time I have been here—to be at odds with each other. You are trying to stop an upgrade of a highway from a transport route and there does not seem to be a strategic plan put in place. Am I right?

Ms Hazebroek—The relationship between the state and this region of councils is extremely good. We did a regional strategic plan, the northern Adelaide plan, which has been accepted by the state cabinet as a planning tool. The Department of Transport has been at the forefront of state departments in taking that plan on board and in using it in the drafting of its briefs for studies to look at future road directions. The review of the national highway system through Adelaide, looking at the alternative routes, is a very direct response to the initiative that our region has taken and the support that we have had from the Department of Transport, at the highest level, in terms of taking that further.

We are working, on other levels, with the freight industry. We are doing freight logistics studies through our Economic Development Board and we are working with a greater region of Adelaide that includes the north-west region to look at the whole issue of freight logistics, just in time warehousing and effective movements of new kinds of freight. With regard to the rail infrastructure, it does not serve the Riverland, Mildura and the areas into northern Adelaide. That rail link goes to Port Pirie and across to Western Australia, so it does not serve the majority of the traffic which uses that route.

Mr Pitman—Just on the issue of integration of road and rail to port and airport, we have undertaken an integrated transport study in the north. That integrated transport study will be used as a basis and to provide information for the state integrated transport study. From our point of view we will be heavily involved with the study that the state is undertaking on road, rail, and pedestrian and cycle movement, which we endorse. So we are not at odds: we are actually at one.

Mr HARDGRAVE—Following up on Mr McDougall's point, the same thing struck me—that there was a problem there. It seems to me that that then lends itself to the question of local government's role in the planning process. I think local governments have been, very much so, largely responsible for so many of the traffic difficulties we have now because there has not been sufficient demand put on potential developments to be located near existing major infrastructures. Is that a fair comment from your point of view?

Ms Hazebroek—Yes.

Mr HARDGRAVE—So what are you going to do to say, 'Instead of needing a new road now, because this industrial estate started there,' or 'because this particular freight operation is over there, what are you doing to try to get it all in one spot and married up against existing infrastructure'?

Ms Hazebroek—That is precisely the argument for doing something about the Angle Vale Road and

the Heaslip Road now. The city of Munno Para, soon to become the city of Playford, has in place planning controls that will ensure that there is not a plethora of land uses that feed onto and complicate access and cause conflicts with that as a major route. There is a very strongly horticultural zone where there will not be residential development—there will be continued agricultural activity. Then on the other side, because we are getting in in advance of that pressure, you can actually create the kinds of traffic conditions which improve that and not put there the kinds of land uses that generate significant traffic volumes or require cross-intersections with that major freight route.

Mr HARDGRAVE—Are you going to then try to prise some of the existing failures or problem-causing developments out into areas where you would like them to be?

Mr Pitman—Metropolitan Adelaide planning processes are under review every five years. The position at the moment is that the last review confirmed urban consolidation as a strategy for metropolitan Adelaide. That is occurring. The land release strategy for metro-Adelaide at the moment is such that inner urban land release is taking place. The two land developments in the north which will impact upon transport in the north are the MFP development, which is 4,000 units, the release of the defence land at DSTO, which is another 10,000 units, and there will be a slowing down of urban sprawl in the north towards Gawler as a result of that urban consolidation. So in a metro-planning sense, there has been action taken to attempt to claw back from the position we had previously where growth was occurring and transport routes were not matching that growth.

Mr HARDGRAVE—The second question is a coordination one, which I understand your organisation is established to do. There are 55 local government authorities in South Australia which has a very small population by comparison to, say, metropolitan Sydney, as my colleague the member for Prospect acknowledged. It seems that every suburb has a council. How are you handling the planning and the planning priorities, the competing interests, the personalities, all the various things that can impact on proper planning in a city wide sense and then, when it is not being handled properly, saying, ‘Federal government bail us out because our roads aren’t working properly’?

ACTING CHAIR—That is a friendly question.

Mr HARDGRAVE—It was a friendly question.

Ms Hazebroek—You are right in that the organisation that we represent is precisely one of those bodies that brings together groups of councils for that kind of strategic planning and coordination. We currently have four member councils. After the amalgamation of one of them next week, we will have three member councils. We cover one-fifth of metropolitan Adelaide in terms of population and about one-quarter in terms of land. We have strategic alliances with our adjoining neighbours of Tea Tree Gully, which is another 100,000 people, and we deal with them around a lot of issues, including transport.

We also are members of the Greater Northern Adelaide Regional Development Organisation, which picks up the whole west and north-west, particularly around freight and transport, linkages to the port, just-in-time warehousing proposals, et cetera. That is something that we are working with. The number of councils in that group keeps shrinking; it was 22 but it is probably now about 16. That planning is happening at that

level across those councils.

Mr HARDGRAVE—I hope the shrinkage continues.

Mr Pitman—It is continuing. I would like to emphasise that the strategic plan in relation to road, rail and every form of transport, waste management and every other activity that we undertake in the north has been adopted by the state. There has been integration. The actions and directions that we are going to take have been adopted at a state and local level.

Mr McDOUGALL—Through the land use planning and development process which is taking place and which is bringing all this pressure, what levels of contribution under your current local and state government acts can you gain from the private sector for that development?

Ms Hazebroek—We do not have section 94 or anything similar in this state with regard to developer contributions. It is a major problem for private sector funding of infrastructure. It is a major concern for councils and the state government. That is not to say that arrangements are not entered into through joint ventures and through developer agreements whereby developers are encouraged to contribute to the cost of infrastructure. However, it is fair to say that there is no legislative requirement for them to do so.

Mr McDOUGALL—Not even within local government land use plans?

Mr Pitman—The land use plan in relation to road infrastructure limits the power to require the developer to contribute only to the roads within the development and not beyond the development. Similar situations do exist in other states; however, we are aware of the Queensland situation where considerable angst has been caused in the development industry where requests for external infrastructure provision in relation to road transport has been implemented. But it is not the case in this state.

Mr McDOUGALL—I would not call it angst. It has been going on for a long time in Queensland, very successfully.

Ms Hazebroek—Yes, I would share your views.

Mr ROSS CAMERON—Why doesn't the state government legislate for it?

Ms Hazebroek—South Australia is an interesting place in terms of the rights of the private sector. We probably have enshrined private rights in this state to a very significant degree. Given a state of very slow economic growth, anything that is seen to be an impost on the development industry is not favourably regarded. A number of us have talked about section 94 for social and public infrastructure for a long time in this state. We have rarely had a positive hearing because for the last decade this state has been in fairly tough economic times. So we bend over backwards. In fact states contribute to encourage development rather than the reverse.

ACTING CHAIR—Thank you very much for your contribution, your submission and your responses to questions this morning. We will provide you with a copy of *Hansard* as soon as it is available.

Resolved (on motion by Mr Ross Cameron):

That the committee authorises the broadcasting of this parliamentary hearing and the publication of the evidence given before it today.

ACTING CHAIR—Thank you everyone. Thank you Hansard.

Committee adjourned at 12.14 p.m.