



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND MICROECONOMIC REFORM

Reference: Inquiry into federal road funding

LAUNCESTON

Thursday, 1 May 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

BISDEE, Councillor Tony, Vice-President, Local Government Association of Tasmania, 34 Patrick Street, Hobart, Tasmania 7001	530
GALEA, Mr Harold Paul, Manager, Technical Services, Northern Midlands Council, PO Box 156, Longford, Tasmania 7301	499
LING, Mr Doug John, Chief Engineer, Royal Automobile Club of Tasmania Pty Ltd, Cnr Murray and Patrick Streets, Hobart, Tasmania 7000	490
WARDLAW, Mr Stewart, Executive Director, Local Government Association of Tasmania, 34 Patrick Street, Hobart, Tasmania 7001	530
WILSON, Mr Anthony Hilton, Deputy Secretary, Transport Infrastructure, Department of Transport, GPO Box 936J, Hobart, Tasmania 7001	510

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

Federal road funding

LAUNCESTON

Thursday, 1 May 1997

Present

Mr Peter Morris (Acting Chair)

Mr Ross Cameron

Mr McDougall

Mrs Crosio

Mr Willis

Mr McArthur

The committee met at 9.06 a.m.

Mr Peter Morris took the chair.

LING, Mr Doug John, Chief Engineer, Royal Automobile Club of Tasmania Limited, cnr Murray and Patrick Streets, Hobart, Tasmania 7000

ACTING CHAIR (Mr Peter Morris)—I declare open this hearing of the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform. I welcome members of the public and the media to the proceedings, and particularly Mr Ling. The committee is pleased to be in Launceston to take some local evidence in relation to our inquiry; this is part of a 12-day set of hearings that we are conducting.

Mr Ling, we have the submission from the AAA, at national level. Your additional submission that has been tabled with us this morning we will accept as a submission. It will be submission No. 748.

Resolved (on motion by Mr McDougall):

That the submission from the Royal Automobile Club of Tasmania be accepted and authorised for publication.

ACTING CHAIR—Mr Ling, do you wish to make a short additional statement or any corrections or modifications to what you have put before us, before we start questions?

Mr Ling—Yes. The Royal Automobile Club of Tasmania represents 111,000 motorists in Tasmania. As you would be aware, the RACT is a constituent member of the Australian Automobile Association, which has made a submission to this inquiry. Our purpose here today is to support that submission and also to raise matters in the Tasmanian context in relation to their proposal for establishing a federal roads corporation.

From a Tasmanian point of view, we see that, in determining road funding on a national basis, special consideration needs to be taken into account with regard to Tasmania because of our circumstances of being reliant on Bass Strait for interstate trade and connection to the rest of the Australian road network, and for a large proportion of our exports that need to go to mainland ports. I could speak to our full submission. How much time do I have?

ACTING CHAIR—You will have ample opportunity as the questions come to you. I would like to mention also that whilst this committee does not require oaths to be sworn by witnesses appearing before it, the proceedings of the committee are, in effect, an extension of the proceedings of the parliament and carry with them the same responsibilities. The provision of misleading evidence is a serious matter and something that would be taken into account by the parliament. But I am not expecting that to happen in these proceedings.

Looking through the major submission and turning to what you have put before us in respect of the AAA submission about an Australian road network for economic development, I will say that we are not concerned with specific road projects as such in the course of the inquiry. Because the AAA is putting forward a different system of funding, however, would you care to elaborate on how that relates to the existing sets of responsibilities as between differing levels of government?

Mr Ling—We believe that the current situation, with the federal government mostly funding just the national highway system—although that has been extended to roads of national importance—should be

further extended to cover major significant urban and intrastate roads, not just the interstate road system.

ACTING CHAIR—Given that you want to move to a new system, has your association carried out any work to examine the efficiency of existing methods of road construction and maintenance in Tasmania? Could they be doing it better down here? Could they be getting better value for money—local government, state government or national highway projects?

Mr Ling—We feel there should be more coordination in the determination of where road funds should be spent between the three levels of government. I guess, as an extension of this federal roads corporation, that the expenditure of funds should be on a needs basis for the benefit of the state overall—and that is how it fits into the national network—rather than decisions being taken on the three different levels and not being coordinated.

ACTING CHAIR—So there should be a strategy across the three?

Mr Ling—Yes.

ACTING CHAIR—The question of funding is one that is constantly put to us. Mrs Crosio has some questions she wants to ask you about funding and Mr McArthur has some other questions he wants to follow up with.

Mrs CROSIO—I would like to take your previous comment one step further, because a number of commentators have said to us that they believe a lot of the rural program seems to be in place and they want more concentration on the urban road program. Do you or your association feel that the funding of the roads should be done on a cost recovery basis; in other words, the financing of them?

Mr Ling—Yes. Obviously, the system of cost recovery from heavy vehicles and from light vehicles should be based on a road user charge system, and collection of those charges should be identified and allocated specifically to road programs, rather than coming out of general taxation. We have got concerns, as the automobile clubs expressed in the past, about the level of cost recovery from heavy vehicles and the proportion of that recovery, and that those funds recovered should be allocated to road funding.

With the NRTC charges that have come into Tasmania, the increased charges, we are concerned that those funds on a state level are not being provided for road funding in this state as additional funds. Even though those charges have been set to recover a proportion of the costs for roads, they are not being provided back to road funding for the state system as additional funds for roads.

Mrs CROSIO—In other words, you believe that that is sort of going off into general revenue somewhere?

Mr Ling—Yes. The amount of funds being provided for roads is actually being reduced. Even though there is some indication that those additional funds have been provided for heavy truck routes, in fact, the total amount of funds has been reduced. So, in fact, there are no additional funds being provided.

Mrs CROSIO—Has the association given any consideration to a more practical or equitable charge to be used, or any way it could be implemented?

Mr Ling—No. We are a fairly small club, so we have left those types of questions to the Australian Automobile Association and the other clubs to consider those matters.

Mrs CROSIO—We have received a central submission. Did every state play a part in that submission?

Mr Ling—Yes, that is right.

ACTING CHAIR—Have you provided any input to the central association in respect of the efficiency of the actual conduct of the roadworks? Are you happy that here you are getting the most efficient method of road construction and maintenance by each level of government in Tasmania, and that they do it the best?

Mr Ling—We have made some comment to the AAA submission and I guess we have some concerns about the standard of roads that have been constructed under the contract system that is operating in Tasmania, compared with the way it operated previously under the Department of Works, et cetera. But we believe there are instances in the states where the standard of the road that is being constructed is below that which it ought to have been and there have been requirements for considerable work to be done after the completion of the roads.

ACTING CHAIR—So the standard has dropped. The work has not lasted. There has had to be remedial work taken and additional costs incurred subsequently, has there?

Mr Ling—Yes. The situation, I guess, is that using a cheaper method of sealing the road, to stretch the dollar further in the initial case, has resulted in roads that are not of as high a standard as previously were constructed.

ACTING CHAIR—Have you particular projects in mind that you would care to elaborate on, or would you rather drop us a note about those?

Mr Ling—Yes. I could provide a note.

Mr McARTHUR—I just want to raise two issues. One is the proposed federal roads corporation, and I want to discuss the Tasrail sale and its effect on roads. Can you give us the Tasmanian perspective on the federal submission that a federal roads corporation be created? Why do you think that would be to the benefit of Tasmanian motorists?

Mr Ling—In general, I guess that it would remove the uncertainty of the funding that was being provided. It would enable the state government to know what funding was going to be provided on an ongoing basis.

Mr McARTHUR—That is the main objective?

Mr Ling—Yes, I believe so. And the funds that are provided to that corporation as a proportion of the road user charge and the petroleum products excise have been collected.

Mr McARTHUR—Do you think that Tasmania at the moment is discriminated against in the funding process?

Mr Ling—Yes. Definitely.

Mr McARTHUR—Definitely? Or you have got an advantage?

Mr Ling—I would say that we would be discriminated against but, obviously, we would like to see a higher proportion of the fuel excise collected—

Mr McARTHUR—No. But compared with other states?

Mr Ling—I believe that Tasmania has had a fair allocation of funds in the past and we would hope that, under any new arrangement for funding, some special consideration would be given to Tasmania, as I said earlier, because of its reliance on Bass Strait and that it would have an adequate road network to connect with the major ports from Tasmania.

Mr McARTHUR—I just move to the point you make about the sale of Tasrail. We had witnesses yesterday in South Australia who were very concerned about the connection to silos in shifting the grain harvest in South Australia and the undue amount of wear and tear on roads connecting to the rail links. What is going to happen in Tasmania if Tasrail is disbanded or, more positively, if Tasrail is put into the private sector and is able to shift considerable tonnages of timber products? What will be the effect on the road network in getting access to the rail network to shift the timber products? Is that feasible, or is that not feasible?

Mr Ling—With the two situations you have mentioned, we would be very concerned if there was a dismantlement of Tasrail. We believe that if that were to take place, there should be adequate funds provided to upgrade the road system and to provide ongoing maintenance that would be a result of the increase in road maintenance requirements.

Mr McARTHUR—Is this out of the timber industry or out of the dairy industry? Where is the major impact on the roads if you took the rail network out?

Mr Ling—Rail carries cement, coal, timber and general freight. If it is privatised and becomes more competitive and actually results in some transfer of freight from road to rail, we would be very supportive of that occurring. The concern we have got is that there may be, in some areas, closure of some sections of line, which would result in an increase in freight on the road, without any adequate funding being provided to compensate for that.

Mr McARTHUR—Has your organisation made public statements supporting the concept that the demise of the rail network would disadvantage your members?

Mr Ling—Yes, we have.

Mr McARTHUR—Have you argued this case strongly?

Mr Ling—We believe so, yes.

Mr McDOUGALL—Just following on from what Mr McArthur was talking about in regard to other forms of transport infrastructure, what areas of involvement have you as an organisation had with the state government in regard to future strategic planning on multiple transport routes, both for private purposes and for commercial freight?

Mr Ling—There is a state government review being undertaken at the moment and we will have the opportunity to comment on that. At this stage, we have not done that.

Mr McDOUGALL—Do you know when that is due to happen and when it is due to report?

Mr Ling—I believe it is due to be reported in the next month or so.

Mr McDOUGALL—And you have not had any contribution to date?

Mr Ling—No, that is right.

Mr McDOUGALL—What impact has the changes to the subsidies on the car ferry had in relation to the impact on volumes of traffic travelling on Tasmanian roads?

Mr Ling—I am not in a position to comment on that. I do not have any evidence for that at hand, but we could provide some information to you.

Mr McDOUGALL—I would be interested to see it.

Mr WILLIS—Mr Ling, on the proposals for extending the national highway system, or ARNED as it is called in the AAA submission, to the specific roads mentioned in your submission, could you just describe a bit more about what these roads are. The description of the Illawarra Road is so general I cannot understand where it is.

Mr Ling—It is a road that goes from Perth to near Carrick, so it bypasses Launceston. It is the main connection from Hobart to Burnie. It is not part of the national highway but it—

Mr WILLIS—The national highway actually comes into Launceston and out, and you want this bypass road to be part of it as well, do you?

Mr Ling—Yes. It carries a high volume of traffic and it also carries a lot of timber traffic from the western tiers, coming down and back into Launceston.

Mr WILLIS—How long is this road?

Mr Ling—It is only about 15 kilometres. It is only a short section but it is a very high-traffic section. It is a situation where it is really a de facto national highway, yet a dairy farmer moves his cows across it four times a day, which is quite hazardous to him and his family and also to the heavy vehicles trying to negotiate this road.

Mr WILLIS—When you say ‘highway’, that is the road from Georgetown to Launceston, isn’t it?

Mr Ling—Yes.

Mr WILLIS—How long is the Smithton to Burnie section? That is an extension of the existing national highway system beyond Burnie.

Mr Ling—It would be about 90 kilometres long.

Mr WILLIS—Why do you think the Commonwealth should pick up responsibility for these roads, when it already provides funds to the states for arterial roads and something like \$384 million per year is made available from federal funds to the states to spend on state roads that are not even part of the national highway system? I am not sure what Tasmania’s amount is out of all of that, but why shouldn’t Tasmania use those funds for expenditure on these roads, if they are so important?

Mr Ling—That is a good question. I believe the amount of dedicated road funds is about \$11 million for Tasmania. I guess the expenditure of that money is incorporated into the state government’s roads budget, which has been reducing each year in recent times. We would prefer to see the Commonwealth money tied in as part of setting up this Australian road network for economic development, so that decisions are made on the roads that should most receive funding and upgrading from an economic development point of view and be part of an overall program rather than be absorbed into the state government budget.

Mr WILLIS—The problem is that most roads which link one place with another have something to do with economic development. It is difficult to know where you draw the line, if you make that a criterion for inclusion in the national highway system. This seems to be saying that the Commonwealth should spend rather more on roads. Is it your view that the actual allocation by the Commonwealth of funds for roads through the national highway system should be extended whilst keeping all the other funding maintained?

Mr Ling—Yes, we would be looking for an extension of the funding.

Mr ROSS CAMERON—Tasmania has the same number of senators as everybody else has.

Mr Ling—Yes. Twelve.

Mr ROSS CAMERON—What is your population?

Mr Ling—It is around 450,000.

Mr ROSS CAMERON—That would mean you get, roughly, just over 10 times the Senate representation that my constituents in Parramatta get.

Mr Ling—Yes; that is right.

Mr ROSS CAMERON—So, in Tasmania, one seat effectively shares 2.25 senators. Just from driving around Tasmania, I reckon you have had pretty good value out of those senators in terms of the road network.

ACTING CHAIR—Could you come to the question in terms of the road inquiry?

Mr ROSS CAMERON—As a matter of equity, your submission says we ought to be looking at funding intrastate roads. I have not seen the logic behind that claim other than to say Tasmania wants more money for roads. When I look at the roads network, it seems to me that you would want less money for roads compared to the other states.

ACTING CHAIR—Is that the question?

Mr ROSS CAMERON—Yes, that is my question.

Mr Ling—I would have to reject that. I guess the situation here is that we are disadvantaged because we are an island state. With other states, their connections interstate—

Mr ROSS CAMERON—That is not a road problem, is it, unless you propose building a bridge?

Mr Ling—It is a road problem because we are restricted in access to other states. Whereas other states have—

Mr ROSS CAMERON—I would say it is a transport problem, not a road problem.

Mr Ling—Roads are part of the overall transport problem. We are really saying it ought to be an integrated approach to transport. All our exports have to go through the four major ports. We have only got four points of transporting those goods.

Mr ROSS CAMERON—I agree with you that it ought to be an integrated response but I do not see how it follows that we ought to focus on spending more money on intrastate roads in Tasmania. It seems to me we ought to be looking at the efficiency of the link, at what is happening in the ports or making access to sea freight cheaper or something like that. The idea that you respond to that problem by spending more money on roads between Burnie and Launceston does not make sense to me.

ACTING CHAIR—Is that the question now?

Mr ROSS CAMERON—That is what I am asking.

Mr Ling—Most exports are now going out through the north of the state so it has got to travel from Hobart to Burnie. As for the major connecting links, we are saying they should be considered as roads of national importance. We are only talking about small sections of road compared to the rest of Australia but they are very important sections of road that require major upgrading and maintenance.

ACTING CHAIR—Thank you. We will provide you with a copy of *Hansard* as soon as it becomes available. If there is anything else you would like to add, please feel free to provide a note to the secretariat. Thank you very much.

[9.33 a.m.]

GALEA, Mr Harold Paul, Manager, Technical Services, Northern Midlands Council, PO Box 156, Longford, Tasmania 7301

ACTING CHAIR—Welcome. We have received your submission and it has been authorised for publication. Are there any alterations that you would like to make to it before we ask questions?

Mr Galea—I would prefer to move on to question time. I have put the submission in and you all have a copy of that, so I will not elaborate on the obvious.

ACTING CHAIR—You make reference to the Commonwealth managing national assets such as roads. Why do you think roads should be managed at a national level? Usually in Tasmania it is said, ‘We in Tasmania better understand the needs of Tasmanians. We are in a better position to know the needs of Tasmanians to manage our own affairs’.

Mr Galea—That is a fair comment, except that there is an overlying statement there that I see the Commonwealth as the manager of a national economy, and they have clearly accepted that role over many years. What I am saying is that the major road links that link one region to another are actually part of a strategy to improve the national economy. If the road system is not suitable to link areas together, either for commercial needs or for community needs, then I believe that is a negative in terms of the national economy. I make that statement in that regard.

I do go on and say that once the Commonwealth set the strategic direction and know what type of outcomes they require, then they should leave the delivery mechanisms up to the local authorities—whether it is for the state roads or local government—for those other major roads within the municipality. They should leave the actual delivery mechanisms up to the road authority to work out.

ACTING CHAIR—As the Manager, Technical Services, Northern Midlands Council, are you satisfied that maximum efficiency is being achieved in the construction and maintenance works at the local government and state levels within Tasmania?

Mr Galea—There are a lot of hurdles that local government and the state government need to overcome with the way that money needs to be accounted for. At the moment, the Commonwealth is more concerned about the delivery mechanism than the outcome. In my view, there seems to be little strategic direction. If we can set the strategic direction and allocate the funds and, as I said, identify what the outcomes are, then I think local government and state government can be more efficient in the spending of those funds. A certain amount of trust has to occur and in the past that may not have been there. If local government and state government can be made accountable on an agreed set of criteria, then they can at least justify or be made accountable for those funds.

ACTING CHAIR—Are you telling us that all the roadworks carried out in Tasmania are carried out at maximum efficiency—there is no room for improvement?

Mr Galea—I did not say that.

ACTING CHAIR—I know you did not say that, but I am asking you the question.

Mr Galea—I will answer that a bit more directly. No, I do not think they necessarily are, for that reason.

ACTING CHAIR—How can it be improved? It is not simply a matter of giving more money. We are asking you to give us more value for the money you are getting.

Mr Galea—That is correct. We need to cut out some of that administration work on the delivery mechanism, on which a fair bit of money is spent in terms of accounting—cut out the administration and spend those funds directly on ground works. That may be able to be better achieved—and it will be in the future—by competitive tendering, setting the standards and then allowing the road authority to actually get on with the job of constructing the roads.

I do not think that in Tasmania, as in other states where I have been, there is necessarily full efficiency in the spending of that money. There needs to be a certain amount of trust given so that there is less administration and more money spent on the ground.

ACTING CHAIR—Is every council operating at maximum efficiency in the conduct of its roadworks and maintenance? Is your council better than the adjoining council?

Mr Galea—I think it is unfair for me to make comments on adjoining councils and the way they spend their money. As a road user—

ACTING CHAIR—How do we get a feel from what is happening down here that the money being spent or handed to the local government untied is being well spent?

Mr Galea—I think we need to sit down and actually set out an agreed set of outcomes and performance standards. We have not got them. What happens is that the federal government says, 'Okay, here's the money. Here's the way we want you to spend it,' but there is no final check on how that money is actually being spent. Yes, it is being spent on roads, but are you getting value for your dollar?

What should happen is that federally, and from a state and local perspective, we should say, 'What are the outcomes and what do you need to achieve those outcomes?' Then, from a federal point of view, you can see if that is best practice or, at least, approaching best practice across Australia, and if those outcomes are being achieved.

So we are saying that the federal people—whoever they may be—should come and see whether the job is being actually done—not the way the money is being spent—for the funds they have allocated. I should go on and say that local and state governments also put their hands in their own pockets when it comes to road funding, which is probably fairly obvious. In the Northern Midlands case, we spend over \$3 million on roads and bridges and we receive grants to the value of \$1.2, so the community itself does

substantially contribute to road funding.

Mr McDOUGALL—The last witness advised us that the state government is looking at an integrated transport strategic plan. I believe that that is probably going to be available in about a month. Have you as an individual council or has the local government had an input into that plan and can you give me any more information on it?

Mr Galea—If I can be blunt, the answer is no, no and no. The local and state governments are working on a mechanism for road approvals, which is really separate from today's subject, and that is to make road construction more publicly accountable—not the funding so much as the actual standard of construction or making sure that there is sufficient public community input in what is being done in the future. In terms of the strategic plan that you mention, I have not had input into that. The state government may well be preparing a draft and circulating it to local government for comment in preference to having a number of people on the working group developing up that strategy.

Mr McDOUGALL—We will find that out a little bit later today, I think. I noticed in your submission that there is concern about the Illawarra Road as a bypass of Launceston. I get the impression that that is because there is a need to keep heavy transport. It is for a transport purpose and a freight purpose rather than a domestic road purpose. In attacking that question, have you looked at the point of private sector funding in regard to such a bypass either as a form of capital for construction or as a development contribution by the people who need it and who would obviously gain most benefit from such a road?

Mr Galea—Actually, I am quite supportive of that concept, and I made a brief statement in the submission that I think that concept is supported. I really do believe that a local government is not in a position—for instance, for Illawarra Road—to come up with that strategy. That is probably best attacked more from a state perspective or maybe even federally. Certainly local government would find it very difficult to identify all those users and also its power is very limited once users are established outside its own municipality even though it may use those roads within. I think the concept is well supported but I do believe that it probably has to come from a more global perspective such as a state perspective.

I am pleased that you actually touched on Illawarra Road. I am sure that you are plainly aware that, in Tasmania, there are three major regions. There is the north region which is Launceston based, Hobart obviously and then the north-west. Of course, Illawarra Road does act as a convenient bypass of Launceston. It is much quicker—and suits the needs of transport trucks. It is quicker in time and in distance and it is a logical route. I was just making the point that, when the federal government does look at the strategic, this Illawarra Road should also be considered as far as being on the national highway grid.

ACTING CHAIR—The national highway was built into Launceston only a few years ago, wasn't it?

Mr Galea—Yes. There is a national highway that goes through to Launceston and there is a freeway standard road that comes out from near the middle of Launceston. I just make the point though that there is this triangle. It is much more convenient for trucks to use Illawarra Road.

ACTING CHAIR—Looking at the map, I think some long-term planners would say that, having

promoted the highway into Launceston as the national highway and now having built that, they really did not mean to go into Launceston. We should have cut across the triangle.

Mr Galea—I am probably not advocating that it needs to be constructed to a higher standard. I just think that the maintenance should be part of the national grid.

ACTING CHAIR—I want to come back to the section of your submission at item 3, about life cycle and the cost of roads, but I will come back to that after Mr McArthur and Mr Cameron have asked questions.

Mr McARTHUR—My understanding is that you had a very good grounding of road maintenance, construction and funding in western Victoria. How would you compare Victorian and mainland road problems with Tasmania?

Mr Galea—I sat back to think a little bit, because I do not necessarily see a lot of difference in Victoria. VicRoads are particularly active in constructing freeway standard roads and in Tasmania that is not generally warranted. That is probably the only difference. The management of roads from a local government perspective is almost the same and from a state perspective, once you eliminate the freeways, it is also fairly similar.

I think certainly the standards of construction are the same when they are constructing new roads. If I was to talk historically, probably roads in Victoria are more well developed. Whether it is because the population density is a lot higher in Victoria than it is in Tasmania, that is probably the case and whether in Tasmania the so-called back roads have had very little use and so they have not justified that higher standard of construction. Overall, I do not see them as a lot different, but maybe Tasmania is 10 or 15 years further behind—not behind in terms of standards, but in terms of availability of funding to bring those local roads up to the same standard.

Mr McARTHUR—Could I raise the issue of private sector involvement on owned and operated public roads? Other witnesses have suggested particularly in South Australia that there was not sufficient population to warrant such a concept. What would your comment be here in northern Tasmania?

Mr Galea—It is probably an obvious comment in Tasmania more than anywhere. We would find it very difficult to try and get the private sector interested in funding and operating public roads. I think the concept is quite sound. I do not have a problem with the concept, but they have to justify the economics. I think that in Tasmanian circles that would be hard to justify, because of the frequency, the traffic density that we have.

Mr McARTHUR—I will be a bit more definitive and ask whether you do not think it would work in Tasmania. You say that you do not object.

Mr Galea—I am beating around the bush by saying exactly that in Tasmania.

Mr McARTHUR—You do not think it would work here because of insufficient numbers of vehicles?

Mr Galea—Of vehicles using the roads, to justify the construction from a private enterprise point of view.

Mr McARTHUR—What about the Illawarra Road, for instance? What if you made that a toll road?

Mr Galea—Again the traffic frequencies along Illawarra Road are quite high for Tasmanian standards, but they are not high in terms of, say, Victorian standards, which I am familiar with. If private operators are finding it hard to justify privately funded and tolled roads in Victoria, the situation would be much more difficult in Tasmania. In the Tasmanian context, it is quite justifiable for the Illawarra Road to be on the national grid for the reasons I mentioned, but I do not think you can take the next step forward by saying, 'Let us privatise the road and have a private development.'

Mrs CROSIO—Let me take you back a step. You were talking previously about the Commonwealth's direction and how they should participate. Also in your submission you mentioned that there must be a clear strategic Commonwealth plan for roads of national importance. I will be so bold as to ask if you have any evidence as to whether the Commonwealth in the past has actually constructed or been involved in the funding of national roads without a clear strategic direction.

Mr Galea—It is a good question. My information comes only from a local government perspective and the information I glean from the state government. With local government the Commonwealth seems to be much more focused on how the money is delivered and the delivery mechanism as I said before, more so than the outcome. Let us get the priorities for roads established and say which ones we want to construct and to what standard. I do not think we have actually got to the stage of saying, 'What is the appropriate standard for Tasmania as opposed to the Sydney CBD?' Once we can get the standards arranged, then we can ensure that the road construction authority constructs to those standards.

Mrs CROSIO—Could you take that one step further? Essentially, in continual evidence that we are getting we hear that the standards are varying across the different states.

Mr Galea—They are.

Mrs CROSIO—Why do you suggest that we cannot seem to come to common agreement between our three tiers of government over what a suitable standard should be for the national highway?

Mr Galea—There is no reason why it should not be. I think there just needs to be a couple of clear thinking heads sitting together and asking, 'What should the standards be?' I do not think it is a difficult exercise.

Mrs CROSIO—Are you suggesting that some states are higher and others are not up to match or some are much below what should be accepted as a common standard of construction?

Mr Galea—I think that we have not had that overlay where they say, 'Look, let's say we've got roads of national importance, but not everything needs to be constructed to a six-lane freeway standard. Let's have categories of how important those roads are with, say, numbers from one to five, and a different construction

standard for each one.' But each state is making its own assessment about how important that particular road is and what standard it should be constructed to. When they make application, they make application on that basis instead of the other way round. They say, 'Well, there's a blueprint document for the whole of Australia. Here is the Illawarra Road. This should be constructed at the level 5 standard. That means ditto or whatever that might mean.' So any application has to be consistent with that standard. Obviously there would be mechanisms to change categories if one wished. Assuming that is correct, then we would have the standard established on a Australia wide basis instead of leaving it up to the state road authority to make up its mind on the standard.

There are good standards around produced by the Institute of Engineers and many other road bodies for road construction. But of course each state can make its own interpretation of what the standard should be in terms of road widths, number of lanes and all those sorts of things.

Mrs CROSIO—So there is no basic obligation for the state to meet when the funding is coming from the federal to the state for a specific national highway or road structure?

Mr Galea—The state would know its traffic densities along those roads and would construct a road according to those densities. So, for the very heavily trafficked roads, you are unlikely to get a two-lane road. But, at the high end, for instance, those states can still make their own determination of what type of growth rate they should allow for and whether it should be projected ten years ahead, 20 years ahead—

Mrs CROSIO—Obviously the beautiful expressway we came along last night on our way from the airport is for future growth, is it?

Mr Galea—No, I think that has provided a very good link.

ACTING CHAIR—Those questions might also be addressed to the state people later.

Mrs CROSIO—Yes, when the state people come. I find your submission very interesting.

Mr Galea—Obviously I tried to keep it brief, too. I am sure that you have got reams of paper that you have had to read, so there was no point in me going into elaborate detail.

ACTING CHAIR—You are absolutely right, Mr Galea. Thank you—

Mrs CROSIO—Your council has obviously given a lot of thought to the specific construction in your own area, naturally, but has it put any submissions to your Australian association on what direction they should perhaps be pursuing at a Commonwealth level?

Mr Galea—We have made submissions to our local government association in Tasmania, which then follows through with the Australian local government association. So we have done so indirectly rather than directly. I should mention that many local government areas—as I said, I cannot speak for all; I cannot speak for any but the northern midlands—

ACTING CHAIR—You have got a pretty fair field, though, Mr Galea, haven't you?

Mr Galea—Good practitioners in local government attempt to put away enough money to achieve life cycle cost. You can short-change yourself for five or ten years—that is okay—

ACTING CHAIR—I was going to ask that question later, but if you would care to elaborate on it now—

Mr Galea—From my perspective I am trying to think of the long term. After 100 years every road has got to be reconstructed either once, twice, 1½ times or whatever it is. Unless we put away enough money in the bank now, we are not going to achieve that. The roads are of importance in terms of moving the community or moving commerce, so we have got to keep the housekeeping right up to standard. I am thinking of the long term when I say ‘life cycle costs’. As long as there is a strategy involved. I understand there are competing interests for funds all the time. Some priorities might change from one decade to another, as long as in the long term we try to achieve life cycle costs. At Northern Midlands we are nearly doing that. This coming year we hope to achieve a sufficiently depreciated—

ACTING CHAIR—You are doing all right at the council budget table, aren’t you?

Mr Galea—Yes, I think so. I think we have expressed that to our own councillors, but from a Tasmanian perspective they find roads more important. That is more the bread and butter of Tasmanian councils. It may be different to my counterparts in Victoria, who may have a lot of other competing interests from other sectors. Of course, it is easy to take it out of roads because you do not have an immediate negative effect. Your negative effect is probably 20 or 30 years away.

ACTING CHAIR—Committee members well understand that. It just continues at each level of government. In paragraph 3 of your submission you say:

As time increases the standard of road maintenance and construction also increases due to the increased public expectation and increased weight, speed and capacity of vehicles.

I understand that you are saying there that, as you build, you will maintain a better quality of service so that attracts more traffic and heavier traffic. Are also referring to axle load limits in there? What is the impact of that at the local government level?

Mr Galea—There are many things I am commenting on there. As soon as you construct a good road, there is an expectation that the roads on either side are brought up to that standard within time. This is where I say the public expectation is to have faster and safer roads. That is not an unreasonable request. If we can all think back, say, 30 or 40 years—some of you might not be able to—the standard of roads then was nowhere near the standard it is now. You cannot tell a community that the standard 40 years ago is appropriate now. It is not.

There is a public expectation and also a commercial expectation. In the past we used to move a lot of freight mainly by rail. That is less the case now and much less the case in Tasmania. So the roads are expeditiously increasing in importance in terms of moving freight. That is why I am saying that the community as a whole has an expectation to improve the road standard.

Mr ROSS CAMERON—I was trying to get a fix on what you see the limits of the Commonwealth role as being. You talk about roads generally as being a national asset and roads as being of strategic importance and having a national role in managing the economy. We have had it put to us that the Commonwealth ought to be dealing directly with local councils on some roads of importance to a particular region. What should the natural limit of the Commonwealth's involvement be?

Mr Galea—That is probably going to require a bit more time than we have today to think that through. I said that the Commonwealth has a definite role in those roads of national importance, such as linking major regions—let us call them the highway or the freeway standard roads. I think that is accepted without too much debate, or maybe not.

The next level down is the roads the local government thinks are important in its region which link particular areas, albeit smaller populations or smaller townships. The state might not consider these roads to be highway roads. I believe the federal government has a role there to partly contribute to the funding. The untied road grants go to those roads.

In an ideal world the funding should be proportional maybe to the cost of constructing those secondary roads, if you can work out which they are and how long they are—not necessarily the full cost, but a partial contribution to the funding. In terms of governments being able to raise funds, local governments raise funds through rates, which is based on property values, and that has nothing to do with road links and has nothing to do with area. That is where assistance is required from the federal government. For those roads in the second tier of importance, which may be important only to local government, the federal government should have some onus or part responsibility because their method of income is from different sources.

Mr ROSS CAMERON—I think I now see where you are going, but the argument is not that the Commonwealth has anything intrinsic to add to this exercise except dollars when it comes to local roads. If there were a mechanism for local governments to raise sufficient revenue, or indeed for state governments to raise it, the argument for Commonwealth involvement in local roads would just evaporate, wouldn't it?

Mr Galea—If there was another mechanism for local government to raise the funds, yes. But let's look at it from a practical point of view: the federal government have in the past contributed to local roads, and they have raised income through other sources, whether it is a fuel tax, fees, registrations or whatever the taxpayers pay, to fund those. The federal government walking away from that doesn't leave local government any avenue at all to raise those equivalent funds from those sources, because the federal government is unlikely to eliminate the raising of that income from those sources. I suppose the original intent with the raising of that funding was partly to contribute to roads.

Mr ROSS CAMERON—Your submission talks about the need for a strategic approach rather than this sort of adhocery. If we take this strategic national approach that you are talking about—which presumably would look at things like contribution of individual roads to the national economy and perhaps to the export effort, perhaps number of passenger movements, number of freight movements, volume and weight of freight and that sort of thing—isn't it likely that Tassie would lose?

Mr Galea—But are Tasmanian roads constructed to the same standard and require the same maintenance as the Westgate freeway in Melbourne or any other outlet from, say, a major capital city? I think an exercise needs to be carried out to see how the figures work out, but I suggest to you that the proportion of freight vehicle movements and so forth may well be equivalent to the proportion of money being spent on Tasmanian roads. It may not be, but I don't think anyone's got the figures.

Mr ROSS CAMERON—And you would be happy to accept the outcome if, for example, it resulted in a dramatic reduction of funding to Tasmanian roads?

Mr Galea—I couldn't say yes to that, but I think the exercise needs to be done to see what the proportions are and then another debate happen.

Mr WILLIS—I want to ask you about something in your immediate vicinity—this Illawarra main road. What's wrong with it at present?

Mr Galea—Nothing. Illawarra main road is a reasonable standard road. It is not a freeway road; it is only a two-way road. I was just suggesting that the maintenance of that road should come under a national system. It's a state road at the moment; it's not a local government road. It should be a national road because under the national system there's more justification for maybe eliminating accesses to Illawarra Road, and also because of construction. I'm not sure whether you are aware of the major program which has been carried out over the last couple of years—it is an ongoing program—for rural properties that have been split by roads to construct underpasses so that we don't get stock moving across highways, which is an obvious problem. The underpasses could be justified more for Illawarra Road if, as I say, it comes under another hat and has another level of importance and there is a recognition of its status.

Mr WILLIS—So these sorts of underpasses are the only sorts of upgrades that you see as being required?

Mr Galea—Probably, yes. In terms of immediate construction, I'd say that is probably the case.

Mr WILLIS—If the Commonwealth took over responsibility for that, would you also see the Commonwealth retaining responsibility for the national highway into and out of Launceston, or would this replace it?

Mr Galea—No, I think most definitely the other highway going into Launceston needs to be maintained. I'm just saying that, from a practical point of view, Illawarra Road is used as the bypass for commercial traffic, pedestrians and normal public traffic. I'm sure elsewhere in Australia roads act as a very convenient bypass at a major centre like Launceston. But other roads into Launceston are equally important because Launceston generates a massive amount of traffic—massive in Tasmanian circles—and justifies them being there.

ACTING CHAIR—Mr Galea, thank you very much for your contribution this morning. We thank you for your submission that you previously lodged. We thank you for the information required to respond to this morning's questions. If there is something you want to add that you haven't added, feel free to drop us a

note.

Mr Galea—No, I'm happy.

[10.18 a.m.]

WILSON, Mr Anthony Hilton, Deputy Secretary, Transport Infrastructure, Department of Transport, GPO Box 936J, Hobart, Tasmania 7001

ACTING CHAIR—Mr Wilson, thank you very much for your submission. It has been received, examined and authorised for publication. Before we commence with questions, would you like to make a brief additional statement? I am thinking of something like two minutes. Being the professional you are, you can achieve that.

Mr Wilson—Thanks very much for the opportunity to be here. Welcome to Tasmania. I wish to raise just a couple of points which I guess are for emphasis as much as anything: the importance of transport as a business for Australia, with roads being a key component of that, and issues which are facing us at the moment, like the mass limits review. There is a need for some leadership in that area, where major benefits are for the national economy, yet at the moment it seems as though decisions are dependent upon a large number of jurisdictional issues.

The national highway, I guess, is fairly much a catalyst in Tasmania for our export business. It connects all the ports and is the spine route. It is critical for Tasmania's export performance. There is competition, which I guess will come after the Tasrail issue is resolved. Again, it emphasises the importance of the business approach of road pricing and future investment policies based on the competitive position that rail will bring in that mode. In all that, it seems critical to me that the Commonwealth has a leadership role with the national highway.

Then there are the administrative arrangements. I really do sense the need for it to be very much a business arrangement. Some of the issues that we have dealt with in the past which have cost the program considerable sums of money have involved the administrative arrangements—that are there, apparently, for good reasons. But, for instance, us needing to get approval for Works Tasmania as a contractor has caused us a number of delays at different times and cost the program many hundreds of thousands of dollars. They might seem relatively minor issues in a program, but they do become rather frustrating and do cause, I think, some inefficiencies which could readily be addressed in the administrative arrangements.

There is one other point on the private sector role. Within Tasmania we have moved to a 10-year lump sum performance based maintenance contract which we have called for expressions of interest upon, which we see as being a significant move to get the private sector involved. But that is in a role of asset management and broader maintenance issues and not in the capital expenditure side. I have not, I must say, seen opportunities for getting the private sector involved in the capital expenditure projects in the state.

Generally we do not have any toll facilities in the state at the moment. We generally have not got such a concentration of activity on the highway to be able to toll economically at the moment. Maybe that will change with technology. Certainly it is our interest to get the private sector involved in the performance based maintenance contract. They are probably the only extra points and points of emphasis that I want to make, thank you, Mr Chairman.

ACTING CHAIR—Thank you, Mr Wilson. I will start with a few questions, and then we will move around the committee as colleagues indicate to me their desire to ask questions. I am looking at the second last dot point in the summary on page 7 of your submission. You say:

Work on the NHS can cease when the standard becomes adequate.

What we understand generally is that the major task of road expenditure in Australia is to do with maintenance, not with construction. You are not saying that maintenance is not required, are you? What are you getting at there?

Mr Wilson—No. We are saying that there is a component of the national highway, particularly between Devonport and Burnie, which is yet to be brought up to a standard in terms of level of service as opposed to maintenance. So there is a requirement there for a significant capital program.

ACTING CHAIR—What is your break-up between maintenance and expenditure on NHS in Tasmania—roughly?

Mr Wilson—Maintenance and rehabilitation is about \$8 million of a total program of just over \$20 million, \$21 million or \$22 million. This year it went up to about \$28 million.

ACTING CHAIR—And you see that as escalating. We have been told by an earlier witness that there is insufficient consideration given to through life cycle costs in respect of maintenance?

Mr Wilson—Yes. There are some arbitrary decisions made in maintenance, I think. For instance, the five per cent reduction over a period of time across the board seems to be fairly arbitrary to us inasmuch as some of the other states do not let contracts for maintenance. They have some scope to be able to get productivity gains that way. We have had maintenance out to tender for three years so we did not have that sort of scope. We saw the even funding of maintenance, not reflecting the fact that roads have a varying age and varying requirements. In this submission we put in what we thought was the optimal rehabilitation and maintenance schedule. It showed that it was increasing by about \$1 million by the fifth year—to recognise the needs of the aging network.

ACTING CHAIR—Are you satisfied with the level of competition in the tendering for the work that you put out? Is there a strong level of competition or is it a comfortable arrangement?

Mr Wilson—No, we have very strong competition for capital works.

ACTING CHAIR—From mainland firms or from Tasmanian based firms only?

Mr Wilson—We have a number of mainland firms registered for tendering. Maintenance has been out only once to tender and it did go to the local former Works Tasmania organisation. There was competition at the time. Fulton Hogan from New Zealand were second runners in that. This time round we called for expressions of interest on Friday and we have had 19 firms pick up tender documents in that four days.

ACTING CHAIR—So you are anticipating an increasing level of competition?

Mr Wilson—Yes.

ACTING CHAIR—Can you elaborate on your opening comment about the need for leadership in the mass limits review? The increasing load limits and the impact on road surfaces are an extremely important question.

Mr Wilson—There is no link at the moment between transport demand on the network, the task that it has to perform and the actual investment program. We have three levels of government involved on the revenue collection side and three levels of government involved on the expenditure side and there is no link which allows us to readily say, 'These are the benefits, these are the beneficiaries, this is the flow through,' and which logically leads us to an investment program. I have considerable difficulty getting, for instance, the Treasury in this state to see the benefit in investing in the bridge program when most of the benefits of the mass limits review would be broader Australian economic benefits as opposed to some direct benefit that Tasmania can put its hand on and say, 'That's a benefit to us.'

ACTING CHAIR—Are you trying to say that if the axle load limits go up—if this mass limits review results in higher axle loads—that will have a detrimental impact upon bridges that currently exist in Tasmania and will generate a need for expenditure on strengthening those bridges?

Mr Wilson—It will at least bring forward the rehabilitation program on those bridges. There are two components, as I see it, of the extra costs. There is the cost of strengthening. If you were given the life time of the bridge and you were doing some major work on the bridge the extra cost of strengthening beyond rehabilitation would not be that great if you were doing it at that time. Bringing it forward is the other component. If you increase the two tonne on the axles now, even on road friendly suspensions, the bridge program would have to be brought forward quite dramatically, particularly for some types of bridges which are susceptible to the dynamic load that will come from that.

We are working our way through. Between now and the end of June we will have finished our desk top analysis of those structures and we would hope that within the first three or four months of next financial year to have done some field testing to determine what redundancy we do have in those structures. That is one component of the bridge question. The other component is the extent to which we can improve the enforcement of our over loads. That is a very significant component in determining what strengthening is required on the bridges.

ACTING CHAIR—The chairman could not be here today but he has a particular interest in this question of the likely acceleration of expenditure on bridge upgrading and the inadequacy of the existing bridge system outside national highway systems and so on. So if this is more specific you might like to drop a note to us on that and I can pass it on to the chairman.

Mr Wilson—Yes, we can do that.

ACTING CHAIR—You mentioned also approvals for projects costing hundreds of thousands of dollars. What were you referring to there? Are there particular examples where this administrative procedure has resulted in that kind of waste expenditure?

Mr Wilson—The administration procedures at the moment require that if there is a government owned contractor then the referral for that as the preferred tenderer on any particular contract must go through to the federal minister for his approval. Works Tasmania has been corporatised and we do not have any connection through to them as an agency. We treat them as any other contractor. If they come to the preferred tender position, normally, if it was any other contractor, we would be able to award the contract there and then. But there is an extra step put in the process because it is Works Tasmania and sometimes that can take up to two months to get an approval.

ACTING CHAIR—Why did you tell us hundreds of thousands of dollars are being lost?

Mr Wilson—Because it may well mean—and it has in many cases—that instead of letting the contract in January, in the construction season, we let it in March and April, then there is an extension of the contract through the winter, there is a resale of the works, a rework. With Parramatta Creek, for instance, we did a substantial rework because we got caught with the weather with a late award of the contract due to the approval process. That would not have happened if it had gone to another tenderer.

ACTING CHAIR—What is the background to that? I have a recollection that that procedure was established because there were complaints from the private sector that, somehow, the state tendering for works itself was getting some sort of inside running, or something like that. It is a hazy recollection.

Mr Wilson—It is a carryover from the days when we had in-house resources who also bid. When I say in-house they were day labour resources, direct labour resources, who put together bids and competed on that basis with the private sector. But, since then, we have advanced to the point where we do not have any direct labour in the state in our department. All our works are done by contract and the state owned construction arm is a corporation.

ACTING CHAIR—Has this been taken up between ministers at the Australian Transport Council?

Mr Wilson—It has. It has not resulted in a change.

ACTING CHAIR—Right. But it is incurring unnecessary expenditure?

Mr Wilson—Yes.

Mr McDOUGALL—I listened with interest to your comments with regard to the connection of the national highway system in Tasmania to ports, and I assume you also meant airports as well, to connect important segments of freight. What work has the state government done of a strategic planning nature? I preface that question by saying that we have had evidence in other states that suggests that the Commonwealth should do some strategic planning, which I might agree with. But what has the state Department of Transport done of a strategic nature for roads and also integrated transport so that we are

looking down the track at what your needs are in the future?

Mr Wilson—In relation to the ports, if you take Burnie, which is right on the national highway, we have emphasised the connection both of road and rail to Burnie. I guess as a natural location it hardly needs any more strategic integration between those networks. In other areas we have looked at the road connections particularly to the ports and airports, and put them forward each time there has been a national priority program, such as national arterials or roads of national importance.

As a result of that strategic planning the road out to Hobart airport was funded under a Commonwealth program—the national arterial program—in recognition of the need for that connection between road and air. The Bell Bay port was also recognised very early on as a road connection under the national arterial program and before that under another road program whose title I have forgotten. Each of those were put forward because of the strategy that the state government had of getting the connection between road and sea particularly.

Mr McDOUGALL—What input do local government, commerce and other interested road users have in the development of that strategic planning process?

Mr Wilson—There has been a wide community consultation, particularly in more recent times with the commercialisation of the ports. In each of the ports we have had local government involvement because local government was interested in being involved in the management of those ports. So it has usually been more on a specific issue, such as commercialisation of the ports or, in the case of the airports, the sale of the airports. There was a public consultation process. We have not produced a document which specifically could be titled a transport strategy for the state. It has always been on a particular issue.

Mr McDOUGALL—Do you see the use of a state strategic project?

Mr Wilson—Yes, we do; but we are looking at a rewrite of our legislation, which will require that being produced on a periodic basis.

Mr McDOUGALL—And timing-wise, what would you be looking at, bearing in mind that we have got to report to the parliament by November?

Mr Wilson—Not in that time frame.

Mr McDOUGALL—You have talked about the private sector, and I understand the problems in relation to the private sector being involved in capital infrastructure with relation to population numbers, but how does the state feel about developer contributions specifically for major roads to ports for specific purposes, or for major roads needing to be linked with the national highway, or for upgrading parts of the national highway to serve the particular purpose of a commercial transport need? Has the state the power to raise developer contributions? If not, why should it not have that ability?

Mr Wilson—It has not got the power, under the planning legislation, other than for infrastructure that is directly associated with the particular development site; and so access from the site on to the road network

would be a component of the approval, but doing works remote from the site which were required as a result of traffic generated has not been the norm. The only time that it has really come up as a possibility has been with major projects, such as the pulp mill, where we are talking about a \$1,000 million project and perhaps a \$40 million road program to get the initial infrastructure in place. The pulp mill did not go ahead, but that was at least on the table for it. Other projects would be mainly the timber industry, but that again mainly involves building the roads on their own land and getting some connection on to the network.

Mr McDOUGALL—You are saying that, currently, for the commercial activity that is being carried out, the national highway system is in a condition that would cater for the upgrade of vehicles—and it looks like happening throughout Australia—in relation to their commercial needs on the road; and that your national highway system and connectors would be up to a standard to be able to absorb these new transports; and, where they are not up to the standard, who should then pay to absorb those new transport methods.

Mr Wilson—Yes. It is not up to the standard—certainly in the case of a number of key bridges for the mass limits review. It would probably not take big dollars to get it up to standard—the national highway being relatively young and most of the bridges having been designed in the past 20 years or so—but there are a couple of National Trust structures that will give us a bit of a headache in finding a solution for them. One in particular is in Campbell Town, right in the middle of the national highway. Because they are separated projects, they do not relate to a particular industry, and so it would be the total transport industry and the charges that are raised through registration and vehicle use that I would have seen as being the avenue for getting those funds.

Mr McDOUGALL—Have you the avenue of being able to put in something like shadow tolling for certain types of commercial vehicles to make a contribution towards those upgrades?

Mr Wilson—We have not. Treasury are very opposed to any hypothecation, and they would see shadow tolling as hypothecation. We have not really been able to get it on the agenda, as a department. The closest we get to any direct contribution is through the permit system.

Mr McARTHUR—There are three matters I wish to raise. With regard to the annual appropriations, in your submission you talk about capital projects requiring funding across financial years. I am interested in the technical problem of the pavements being difficult to dry out because the seals cool too quickly at this time of the year, and also in your observation about funding these projects for more than the 12 or six months time schedule and the window of opportunity for actually making the road construction.

Mr Wilson—It is interesting to me that, in the work that we are currently doing in looking at getting the private sector involved in maintenance and rehabilitation, undoubtedly the area where they have the big advantage is that they do not have the constraint of annual budgets and an approval process which gives you the tick in about November to do a job when, by the time you have called tenders for it, you are halfway through the construction season. That has been our experience in the past on annual budgets and annual programs.

One way of alleviating that is through rolling programs, which allow us a guarantee of approval and allow a contract at the appropriate time from an efficiency point of view. That is mainly with the

rehabilitation type projects. With the major construction projects it has not been a problem to us, because they need to be funded over two or three years at the rate of funding that we get. So it is in that area of rehabilitation projects.

Mr McARTHUR—Could you help us a bit on the drying of pavements? Why is that so—

Mr Wilson—Our construction season finishes, effectively, somewhere around April.

Mr McARTHUR—When does it start?

Mr Wilson—I could say show day! At about the end of October.

Mr McARTHUR—So you have got a very small construction period in Tasmania?

Mr Wilson—A small period to get the maximum benefit out of the sealing aspects of it. You can do other things on a project through the winter but you do not want to be sealing too late.

Mr McARTHUR—My next point is the untied funding. I would like your clarification of what you are saying in your submission. Are you for untied funding or against it? I cannot quite ascertain what you are saying here.

Mr Wilson—I am more for funding tied to a transport outcome. Certainly, in terms of the National Highway, I find it much easier to be part of a national highway strategy, working to that strategy, and the funding being allocated to projects within that strategy than I do to operating within the state system, where state priorities would require a different—

Mr McARTHUR—Even so the state Treasurer might actually reallocate your road money to something else. They would not do that in Tasmania, would they?

Mr Wilson—They might.

ACTING CHAIR—You get nipped a bit now and again!

Mr Wilson—We are pretty vulnerable.

Mr McARTHUR—You are still not sure whether you want tied or untied funding?

Mr Wilson—I prefer it to be tied to a project—certainly on the National Highway.

Mr McARTHUR—Are you happy with tied funds through the state government?

Mr Wilson—Not necessarily even through the state government. I see the National Highway as having a national outcome.

Mr McARTHUR—Directly funded by the feds? If you had some money coming from the federal government, through the state government and tied to road funding, wouldn't your department be happy with that, that nobody could siphon a bit off for some other activity?

Mr Wilson—If it is tied to a strategy, I am happy, that's what I see. Whoever is actually tying it needs to own the output for which it is being delivered. If you are giving it to the state government for state arterials, I would prefer that it be tied to that as a program but not as a project, because the state needs to own the projects that it implements on its own state network.

Mr McARTHUR—My third comment is on the matter that I raised with a previous witness. If Tasrail were sold off or disbanded, how would that impact on your road structure, the whole network? Secondly, we have heard from other witnesses in South Australia who are concerned about the access to the rail network for shifting grain, in South Australia's case. Could you give us an observation about the movement of timber products in Tasmania, by the rail network and with help from the road network?

Mr Wilson—The rail network has had a declining share of the timber products, for varying reasons, in the state. I guess it is relatively short-haul, and also the source of the timber shifts around quite a bit. Also, the history of the state was that there was a rail levy which was imposed on road users, on trucks that were running parallel with the rail, up until four or five years ago. So that is another reason why, when that was lifted, there was a shift to the road transport.

There are a couple of things there, I guess. When the rail is in private operations, the real issue that I think will come up will be road pricing—that there is, through the regulatory process, an even playing field. I think that will be quite an issue in Tasmania. I think also one of the issues may well be that there aren't at the moment any major rail sidings where you get a break freight of any sort except right in the wharf areas—in Hobart itself, for instance.

I think they will be wanting to put them in other locations and access to those will become an issue perhaps even for the national highway. One of the logical places would be Bridgewater, which is right on the national highway. It does have some implications even for the forward investment program in the national highway, because Bridgewater Bridge is a particular investment required down the track which might be changed by what happens on the railway. It is a shared rail-road structure. So there are some of those issues which will come forward as a result of the rail changing into the private hands.

Mrs CROSIO—Mr Wilson, your submission and a number of other submissions we have received also from the states are all talking on a three-year funding program, saying that it would be far more feasible to have it, and you have touched on it in some of your address. My feeling is how do we come across a three-year road funding program. Is it attached to the building of the specific highway or is it attached to the term of government? If so, how would you build into that a change of government policy and government funding allocations? Anything, I suppose, from the evidence we are hearing, has got to be better than the 12 months ad hoc type of submission. But why, all of a sudden, three years? Why not two? Why not five? Why do we come to three?

Mr Wilson—I guess three is almost the minimum that allows you to do reasonable budget allocation

across the construction seasons for us. Two wouldn't be too bad for a project that had a reasonably short lead time. But the three-year program really allows you to get it approved in one budget for you to actually let it in towards the end of that year and running into the two years. It really gives you two years of reasonable construction continuity—

Mrs CROSIO—How would you build in that continuity as far as the two tiers of government, both state and federal, not changing policy are concerned?

Mr Wilson—Again, I come back, I suppose, to a national highway strategy which I think should to a large extent almost be independent of political direction for a significant bulk of it, in as much as it is based on some economic outcome rather than necessarily some particular political outcome. I am really talking about a component of the program. I am not saying that the whole lot of it need necessarily be on that basis, but you need to be able to program your major projects and your rehabilitation work on that basis.

Mrs CROSIO—Something quite different: in your submission you touched on the reinforcement of bridges. Is that correct: you have got something like 1,200 bridges in the national highway system?

Mr Wilson—No, not in the national highway system; in the state—

Mrs CROSIO—And 2,500 in local government on top of that?

Mr Wilson—Yes.

Mrs CROSIO—So it could possibly be that 3,700 bridges may need to be rectified in some way or another?

Mr Wilson—Yes. One would hope that a lot of those you could pick up in their normal replacement cycle. A lot of the ones on the council roads are timber bridges, so they have a life of, say, 20 years. Also, on a council road network there is a fair chance that you will get alternative routes—certainly in the urban areas you will get alternative routes.

Mrs CROSIO—I asked that, because a particular truck went down a certain timber bridge in my own area. It could not take the load, she collapsed underneath it and down she went.

Mr Wilson—The problem with the local roads is that councils generally do not have a good inventory of the condition of their bridges, although they know where they all are, but the inspection program has not been there in the past. It is only as the councils have amalgamated and have more professional skills available to them that they have actually done it.

Mrs CROSIO—In the years gone by they were not built for the loads that we expect in the future.

Mr Wilson—No. Also, for timber bridges the load capacity is probably more affected by the environmental condition of the bridge than its original design because of the rate of deterioration.

Mr ROSS CAMERON—At page 2 of your submission, in the second sentence of the first bullet point, you say:

The States do not have access to a sufficient revenue base to fund that work—
we are talking about roads of national importance—

at the required level on an ongoing basis.

Likewise, on page 3, in the third bullet point, you say:

It is not feasible for the Commonwealth to withdraw from road funding as the State and local governments would not be financially capable of assuming responsibility for the maintenance or future development of the NHS.

Is it fair to say that the entire logic for Commonwealth involvement is the fact that it can raise the revenue with the greatest ease?

Mr Wilson—Certainly with our present methods of raising the revenue that is true, with a fair proportion of the revenue coming through excise. Councils do not have any access to direct charging for the use of their roads. The states do, at least through fuel tax and through vehicle registration.

If you take the national highway with its major capital programs, the order of expenditure on those is equal, at least, to the order of expenditure on the rest of the state network in Tasmania. So you are talking about a doubling of the state contribution if there was no contribution from the Commonwealth.

Mr ROSS CAMERON—There are two lines of argument that are advanced about what the Commonwealth's role should be. Sometimes it comes forward, as in your submission in your summary box on page 3, where you say:

The NHS . . . is the most strategic of the nation's road systems and enables the Commonwealth to provide a firm lead in land transport.

Why should the Commonwealth provide a lead in land transport?

Mr Wilson—Land transport has such a major impact on our export performance.

Mr ROSS CAMERON—Education has an impact on our export performance. If you take that approach, is there anything in which the Commonwealth should not be providing a firm lead?

Mr Wilson—Transport above all else in Australia, I think, requires that integration to achieve that maximum efficiency in the export area. It is an integration across areas where the Commonwealth has significant involvement in the marine area and the aviation area. I just see it as being so vital.

Mr ROSS CAMERON—Beyond the dollars, do you feel that we are actually adding something in terms of the strategic national perspective to the discussion?

Mr Wilson—I think you only have to look at the mass limits review to see that it would fall flat on its face if the Commonwealth pulled out.

Mr ROSS CAMERON—That is encouraging.

ACTING CHAIR—What view is the Tasmanian government espousing on the mass limits review?

Mr Wilson—We would take the view that if the gains are there, as the NRTC indicates they are, then we will bend over backwards to prioritise whatever works we can to allow it to come in as early as possible. We will be looking for a cooperative approach, primarily between the state and the Commonwealth, but it does involve the local government as well.

Mr WILLIS—You would be aware that in the federal budget for 1996-97 there was a reduction in funding for the national highway system, then there was the introduction of the black spots program and some funding for the Pacific Highway which sort of made up the funding to where it had been before. Out of all of that package, has there been any reduction in direct federal funding to Tasmania?

Mr Wilson—There was a significant reduction, of about \$7 million or \$8 million, in what was actually allocated in the budget on the national highway. We could not adjust our program accordingly because we have basically got one major project. We agreed with the Commonwealth to arrange contractor financing. Because the Commonwealth had agreed to the total project and to the time frame of three years, they agreed that it would be this year that the blip was going to be in the budget. What actually happened was that we arranged contractor financing to the tune of \$8 million on the Penguin to Burnie section. Now the Commonwealth have found that they could meet that payment this year because of slowing down of projects elsewhere in Australia. So the answer to your question is that we have ended up spending as much this year as we did last year.

Mr WILLIS—So the original cut was restored through the year. Is that right?

Mr Wilson—Yes.

Mr WILLIS—If there is a continuance in subsequent budgets of the reduction that was initially proposed, what would be the impact on the road system in Tasmania?

Mr Wilson—Up until this year we were funding two major projects on the national highway. Effectively, the cut in funding at the beginning of the year pulled us back to one project on the highway. We had a program of about seven or eight years to have finished between Launceston and Burnie. That program will now go out by probably four or five years with the reduction down to one project in any one year.

Mr WILLIS—You propose that there be four additions to the national highway system in Tasmania. It is unclear in your submission as to why they should be additions to the national highway system, rather than roads of national importance. In fact, there seems to me to be a lack of clarity about what the difference actually is. Can you explain the significance of any difference between incorporation as part of the national highway system and being a road of national importance?

Mr Wilson—I see the national highway system having continuity primarily through the export ports and as having a national strategy associated with that. Whereas roads of national importance could be picking up points of major tourist attraction—such as, say, Port Arthur—where a capital injection at a point in time changes the level of service of that road, but the state can continue in terms of maintenance of that facility, though it probably needs some boost at some time to be able to get a capital project up.

Mr WILLIS—So you do not see roads of national importance as being roads that are taken over by the Commonwealth in any way; it is just a supplementary funding payment?

Mr Wilson—I see that as being a need into the future for various reasons. I sometimes use the example of the Tasman Bridge in Hobart: it is a \$200 million facility, which is four years of the total state roads construction and maintenance budget. I would think at some point, if that needed replacing, there would need to be some program which would allow for that, given that it was something of significance. So there are various reasons why I think a program for capital projects of an importance other than national highway strategic network importance would need to be funded.

Mr WILLIS—With those four roads that you suggest be incorporated as part of the national highway system, are any substantial major upgrades required for any of them? Are you saying to the Commonwealth, ‘You take over a major expense that we would otherwise have to incur’? Or is it simply taking over maintenance costs?

Mr Wilson—There would be some capital investment required. Certainly west of Burnie there is a component of capital required probably for eight or 10 kilometres before you get to a two-lane road where the capacity of the two-lane road would be adequate well into the future but there is a section which does require some four-lane capacity. Most of the other works would be perhaps overtaking lanes, that sort of scale of works, not so major that you are talking about building new alignments.

On the road to Bell Bay, the traffic volumes are only of a two-lane order, so it is safety and overtaking. The road into Hobart is probably only maintenance to the wharf. I am just trying to think of the fourth one we put in.

Mr WILLIS—The Illawarra main road.

Mr Wilson—We have talked to the Commonwealth a number of times about that. It does form a natural component of the national highway network. It is an upgrade on the present alignment that it needs. The pavement itself—

ACTING CHAIR—It is a double dip too, isn't it?

Mr Wilson—It is in the sense that it parallels the existing—

ACTING CHAIR—You are looking at a time horizon of 20 years when you do your planning at state level and you have not long concluded the completion of the national highway links into Launceston. You are back now saying, ‘We were wrong’.

Mr Wilson—It is not so much saying we were wrong. It is saying really, in recognition of the route that the vehicles take, they basically split fifty-fifty on those. Launceston is a hub. To get in and out of Launceston you obviously need those two legs of the triangle. The traffic from Hobart to Burnie does not go via Launceston; it goes along the Illawarra main road. It is simply a fact of life, I guess. It is almost like an interchange—

ACTING CHAIR—You wonder why the feds get suspicious, don't you?

Mr Wilson—It is almost like an intersection that happens to be a triangle.

Mr WILLIS—You don't think it is reasonable that, if you are going to propose that, the Commonwealth says, 'The road into Launceston and out of Launceston can be yours and we will take over the ring road or the by-pass road'?

Mr Wilson—It would not be unreasonable for the Commonwealth to say that from any further capital improvement point of view. I think the maintenance on those roads is pretty well determined by the level of commercial traffic on them. It is not much different on those two.

Mr WILLIS—Do you see any role of all, apart from maintenance, for private sector involvement in road provision in Tasmania?

Mr Wilson—I do not see one at the moment. I would like to think there was an opportunity but I cannot see it at the moment. I think it would firstly depend on some sort of technology to overcome the cost of collecting tolls if you were doing it as a tolled facility. The traffic volumes are not such that you could economically build a toll facility. I guess I would have to say, no, I cannot see a real opportunity at the moment.

Mr WILLIS—You would be aware that yesterday a report was released which was commissioned by Austroads which found that urban motorists around Australia were not paying enough, that rural drivers were being overcharged in their fuel prices and that there was a need for fuel prices to be increased from 10 to 25 cents a litre in all cities, which presumably includes Hobart and Launceston. Do you have any view about that?

Mr Wilson—Yes, I do. I suppose for most purposes Tasmania tends to be regarded as a rural community for the sorts of things that John Cox in his analysis was talking about on the environmental cost of congestion. I would not see that in Hobart or Launceston as being significant. Personally, I really only see it as being Melbourne, Sydney and possibly Brisbane. I do not even see it as being Adelaide and Perth and so on. I probably have a different view to John Cox.

Mr ROSS CAMERON—On the previous question, others have argued that it is the lack of investment in urban roads that has caused the congestion and that the way to fix the problem is to spend more on urban roads rather than raising taxes. In Tasmania's case, the question of integrating transport modes to deliver efficient outcomes obviously becomes important, especially at the four ports. In terms of the Commonwealth's involvement in helping deliver transport solutions, is there sufficient consideration given to

that kind of intermodal link?

In the same way that we are trying to develop a more strategic overview for road funding, is there a need for a more strategic approach to total transport planning nationally? Should we have transport projects of national significance rather than, say, roads of national significance?

Mr Wilson—I think we should have a transport strategy which recognises those links. It may be that there is a project which comes out of that—it could be something as simple as road railers—that needs some research work done that will not get done by individual modes or the private sector.

In Tasmania's case, I think the intermodal issues are relatively simple but I would suspect that in some of the other major cities—and we mentioned the congestion in Melbourne and Sydney—if we were talking specifically about trying to reduce the congestion for freight, and not at the same time open the capacity for commuter traffic, then I would have thought there was a strategic project that would need to be looked at in that regard—maybe truck routes into ports or whatever in those major urban areas that would deliver very substantial benefits not just for that state but nationally. So I think there is an answer. A second Sydney airport is another example of something which is more than just a state issue.

ACTING CHAIR—Mr Wilson, I just have some short, sharp questions to wrap up on. The question was raised earlier about revenue capacity. On page 2, you say:

The States do not have access to a sufficient revenue base to fund that work at the required level on an ongoing basis.

Some states have a fuel levy and some do not. You have a fuel levy in Tasmania, don't you?

Mr Wilson—We have a fuel levy, but it is not hypothecated at all to roads.

ACTING CHAIR—But you do have that capacity to raise revenue in the same manner as the federal government. So if there was a displacement or a substitution by state for federal, you do have a capacity there?

Mr Wilson—We do have that capacity.

ACTING CHAIR—You do have access to the Premiers Conference in respect to these matters and to the Grants Commission in the case of financial advantage and disabilities.

Mr Wilson—Yes, all of those.

ACTING CHAIR—I suspect you are feeling fairly lonely there as the transport voice at the table at budget time within the state.

Mr Wilson—All those avenues are commandeered by Treasury.

ACTING CHAIR—Further down that same page, at the fifth dot point, you make a reference to

some roads that have been transferred from state to local government or vice versa. You mention 'in about 20 per cent of the state highway' and so it goes on. You raised some concerns about that. Did that transference from state to local government also carry with it, from the state to local government, additional funding to cover the maintenance of that extra task?

Mr Wilson—It did. It was done through the Grants Commission. It was a one-off payment and an ongoing maintenance component. It was done at a point of convenience because it was at the time of untied funds from the Commonwealth for local roads. The Commonwealth was paying the state a component of those because the state had some local roads.

ACTING CHAIR—Yes, forestry roads.

Mr Wilson—It was really a transfer of the state's share of that through to the local councils. We did not give them all the roads but we gave them all the funds. They, in fact, got more than the per kilometre share—

ACTING CHAIR—They got a good deal out of it.

Mr Wilson—I think the council got a good deal in terms of a window of opportunity.

ACTING CHAIR—Local government is following you in a few minutes so we can bounce that off them. On page 11, at the third dot point, you say:

The Department of Transport and Regional Development may need to take a more active role in AUSTROADS to see that nationally consistent models are used for this purpose.

We have had Austroads before us and heard commentary from various witnesses and state authorities about Austroads. What specifically are you getting at there?

Mr Wilson—For consistency in applying any cost-benefit analysis or any of the financial models, that there be a common basis for road user costs, or whatever model we apply, so it is a national consistency not a state matter.

ACTING CHAIR—Who attends Austroads—you or your secretary?

Mr Wilson—I do.

ACTING CHAIR—So this is addressed to you?

Mr Wilson—Yes, it is. We are working on that particular issue in Austroads of getting a road user cost model which the states then could use.

ACTING CHAIR—In the last paragraph on page 13, you refer to the reduction in maintenance of five per cent and elsewhere you referred to the four per cent administration—I think that comes up a little bit

later on the next page. You have dealt with the reduction in expenditure for maintenance, but further up on that page you say:

In Tasmania's case the exclusive use of competitively bid contracts ensures a high level of efficiency.

Are there benchmarks on how well you are doing it in this state that the committee can utilise for elsewhere that you might like to provide to us?

Mr Wilson—Other than to say that we must be getting the best price that is available in the market, we have not actually got a process for comparing that with the other state road authorities and what they expend within their own direct labour forces on maintenance. But we certainly found that we got a 20 to 30 per cent improvement in output through competitive tendering.

ACTING CHAIR—You mentioned this earlier. What you were saying was that you were ahead of the game, you went to competitive tendering for maintenance works and you made that improvement, so you then cannot make a further improvement.

Mr Wilson—We have not got the capacity to meet that five per cent.

ACTING CHAIR—You told us earlier that on that tendering you only had one contractor—I think the former works group of Tasmania and one other contender from New Zealand.

Mr Wilson—No, I said they were second. There were others in, but I just used Fulton Hogan as the example.

ACTING CHAIR—But, subsequently, there were something like 18 expressions of interest?

Mr Wilson—Yes. Before, we had about six.

ACTING CHAIR—On page 15 of your submission you refer to the four per cent of the annual allocation for the national highway program. You say:

. . . a lack of recognition that the cost of nearly all of these—

referring to the various system reports—

is not related to the quantum of capital works in a year and therefore the 4% is a nonsense.

That is pretty strong language to your federal colleagues. We have had submissions and evidence from them that the four per cent is extravagant—that is my word, not their word. 'Excessive' is probably a better word. Certainly, from the committee's viewpoint, I am sure the chairman would like to see a more specific explanation of why you think the four per cent is inadequate and how you counter their suggestion or claim that the four per cent is, in fact, excessive.

Mr Wilson—Those two comments are quite compatible because, if you have got a big program and you have got four per cent for a given set of outputs, you are probably doing very well. We have got a fairly small program and four per cent does not cover the sorts of costs which are almost like the flag fall costs for the network.

Things like preparing the strategy, doing the access control process and so on, are all independent of whether you have got a big capital program or not. States with a big capital program are getting four per cent of that for managing the network. That four per cent does not go on administrative overheads; it goes on management services, effectively, so there are specific outputs which we have to produce for that.

They are not project related, they are network related. If you have got a whole lot of projects on your network and you are getting four per cent into your own budget, it is a nonsense that it is not connected to the output that you are being asked to deliver. It is four per cent of a number that varies from year to year.

ACTING CHAIR—It is a matter that we can take back to the department. On page 19 of your submission you say that the question of whether the Commonwealth is getting value for its road dollars is irrelevant and that funding is untied because it is a mechanism to correct vertical fiscal imbalance, can you assure us that all the untied funding intended for roads in Tasmania was, in fact, used for roads?

Mr Wilson—No, I cannot.

ACTING CHAIR—You cannot?

Mr Wilson—I cannot, no.

ACTING CHAIR—Why not?

Mr Wilson—My Treasury colleagues could have, perhaps, if they had been here. But as far as our department is concerned the money goes into the Treasury coffers and then we get an allocation which does not refer back to that as far as the budget we are concerned with—that we get as a department. Treasury would say that that is a state cabinet decision which is not of relevance to the department. I respect that that is what untied means. If you looked over the last four or five years you would see that there was an agreement that our untied funds would increase. That was at heads of government level, for Tasmania specifically, although that is not built into our forward estimates necessarily, as a department.

ACTING CHAIR—I think that is a matter that we need to take up with the chair and with the committee, and with other resources, to follow through. On the question of the accountability being irrelevant or getting value for dollar being irrelevant, you do not really mean that, do you?

Mr Wilson—That is a Treasury comment. When I say a Treasury comment, that was their contribution to the—

ACTING CHAIR—Mr Wilson, thank you very much for your frankness in your response to questions about your submission, which we accepted and appreciated earlier. We will provide you with a

copy of *Hansard* when it becomes available.

Mr Wilson—Thank you for the hearing.

[11.17 a.m.]

BISDEE, Councillor Tony, Vice-President, Local Government Association of Tasmania, 34 Patrick Street, Hobart, Tasmania 7001

WARDLAW, Mr Stewart, Executive Director, Local Government Association of Tasmania, 34 Patrick Street, Hobart, Tasmania 7001

ACTING CHAIR—Welcome to today's proceedings. The chairman is unable to be here so I am standing as deputy in his stead. Do you have any comments to make on the capacity in which you appear?

Councillor Bisdee—I am a member of the Local Government Roads and Transport Forum, which is a partnership between the IMEA—the engineers—and the Local Government Association nationally.

ACTING CHAIR—We have got a minor administration problem because we were under the impression that there was not a separate submission from the Local Government Association of Tasmania, but you were telling us that there was one. When was that lodged, Councillor?

Councillor Bisdee—It is dated January 1997.

ACTING CHAIR—How many spare copies have you got there?

Councillor Bisdee—I have a copy I can give you—as long as you do not ask me any questions!

ACTING CHAIR—We shall get some copies of that done; we have had some sort of crossing of wires there. Separate from that, is there a brief additional statement that you would like to make?

Councillor Bisdee—I would like to make a couple of pertinent and valid points which support our submission that local government in Tasmania is a major stakeholder in the road network. Currently within the state there are 14,000 kilometres of roads for which local government is responsible and for which it receives \$80 million under IRF funding. Most of those roads are in rural areas and therefore have a very sparse rating base to support them. Currently, the Tasmanian councils are spending \$60 million on roads and bridges per year and, of course, \$18 million of that is provided by the Commonwealth. We have identified that the expenditure needed on an asset preservation basis is of the order of \$92 million per year, and so there is a considerable shortfall of some \$42 million overall.

I would like to bring to your attention the problem that we have with bridges in the state. We have more bridges per kilometre than has any other state, and that is primarily because of the terrain and the climatic conditions within the state. We also have 1.41 vehicles per head of population within the state—which is a higher rate than in Victoria or New South Wales.

ACTING CHAIR—Not Victoria.

Councillor Bisdee—On the figures we have, it is higher than in Victoria. Another factor which

impacts upon the ability of the local authorities to fund the network is the very decentralised nature of the state, and the wealth generators provide us with some particular problems in funding that network. A lot of our wealth generators have a major dependence on local roads. Tasmania has mining, agricultural and forestry industries which are very diverse and are spread throughout the state; they are not in a concentrated area. The income of local council authorities from property rates is \$42 million, and 20 per cent of that goes to roadworks. This needs to be increased to 35 per cent to maintain the asset on a life cycle basis.

The only other point that I can make before going to the submission is that we are concerned with a number of aspects of the funding. Presently, we do not receive recompense for the heavy vehicle categories—such as the public transport and passenger coach categories—using the road network. At this point, I will refer to the submission, and it is unfortunate that you do not have a copy of it. We have put forward three major recommendations in our submission.

The first one that we recommend is the establishment of a national partnership representative of all interests to develop and maintain a planning and management system for the roads of strategic significance to furthering Australia's national interests. Recommendation No. 2 is that the Commonwealth, of course, continues to play an active role in the funding of the national highway system.

Particularly in Tasmania, we wish to see extended the national highway system in several areas, particularly from Burnie to Smithton, including the present link road which we refer to as the Illawarra Road which is here in the north, which is a major link road which, at the moment, is a state road and not part of the national highway and it serves as a Launceston bypass, and the continuation of the national highway from the present southern end to the port of Hobart. The present national highway system does not actually extend into the capital's port.

The third recommendation is that the NRTC, or National Road Transport Commission, should be retained for at least another five years, because they are doing some extremely valuable work nationally on national standards in transport regulation. Basically, these are the three recommendations. I am happy to answer any questions. I will ask the executive director if there are any comments that he wishes to add.

Mr Wardlaw—No.

ACTING CHAIR—Councillor, you heard some of the questions to and responses from Mr Wilson earlier. With regard to the untied moneys intended for roads from federal level, are you able to say whether all of those moneys have been used on roads or have they been lost elsewhere around the council tables?

Councillor Bisdee—Although they are identified, they are untied. I cannot sit here and categorically say that they have not been used for other purposes, but those other purposes would be road related. I would suggest that a number of councils, especially those that have a high proportion of bridging within their local area, have probably used those funds for bridge replacement instead of on the roads. I am not immediately aware of any local authority that has actually used those funds for reasons other than road related infrastructure.

Mr Wardlaw—Just following that on a little bit further, drawing perhaps on my personal experience

in working for several councils before taking on this position, I can confirm that in those councils I have worked for the funds coming through the grants commission for roads have been dedicated to road works in those cases. From personal experience, I can say that it has happened. But across the state, I would think that it would be very unlikely that councils would not be dedicating those funds to road works.

ACTING CHAIR—I thought that it would be something that the association would be vigilant about ensuring happened.

Mr Wardlaw—We are.

Councillor Bisdee—Exactly. I could not agree more. We are short-funded already. To take those funds away from the road is only going to depreciate the asset at a much faster rate.

Mr McARTHUR—How would you know if the state government did change the allocation?

Councillor Bisdee—If the state government changed the allocation?

Mr McARTHUR—Yes. How would you know?

ACTING CHAIR—They are two separate issues.

Councillor Bisdee—Yes.

ACTING CHAIR—They are answering in respect of the untied money intended for local government.

Councillor Bisdee—Yes.

ACTING CHAIR—Mr McArthur is just extending that now, I believe, into the money that went to the state government similarly intended for roads that may or may not have gone to roads. Is that what—

Councillor Bisdee—We would not know that.

Mr Wardlaw—We cannot comment on behalf of the state government.

ACTING CHAIR—Don't tell me you do not have a view about that.

Councillor Bisdee—We would like to know the answer.

ACTING CHAIR—Mr McDougall, maybe you have got it.

Mr McDOUGALL—I do not know about having the answer to that, but I have a few questions. I have been asking people about strategic planning and we have heard a lot about strategic planning. We have

heard a lot about state governments' departments of transport tell us how important it is that the federal government does strategic plans. I am not having much success in finding strategic plans in place by state governments. What work has local government done in regard to the development of strategic plans and how much work have they done with the state for the development of an overall strategic plan, both in relation to the road network and an integrated transport network?

Councillor Bisdee—I would just like to comment first and then Stewart will comment on the present situation. Basically, since the amalgamation of local authorities here in 1993, part of the requirement of the local authority was to formulate a strategic plan. All councils within the state have, in various forms, established those strategic plans. Not all of them would include strategies on roads, but I would suggest most of them do. I think it is imperative that they contain those within the strategic plan.

However, from the point of view of local government, there is no direct requirement for strategies on roads, but there is for the local authority overall. At the moment we are looking at a state policy with roads which Stewart will comment on, but at the moment a lot of councils within the state would have within their strategic plan the aspect of roads and their importance to that authority.

Mr Wardlaw—Under the Local Government Act, councils are required by law to produce a five-year strategic plan and they are required to update that every year, plus they are required to develop an operating plan annually. That is to cover the works and services of each individual council. So, the extent to which councils would include roads in those plans would really depend upon their particular circumstances. For example, there is one plan I can recall reading that talked about the need for the council to lobby governments to upgrade a particular standard of a state road because it was in the economic long-term interests of that council. They are the sorts of things that are in the strategic plans, the upgrading and probably the higher classification of roads to provide a better standard.

In so far as the strategic road network is concerned, the association has been in dialogue with the state Department of Transport over recent times about working with it on the development of a state road network strategy. That is something we are committed to. We believe that that strategy will enable a more rational allocation of financial resources.

Similarly, there has been a lot of discussion between local government and the Department of Transport over probably two years on the development of state policies which actually put in place a consistent set of policies which are adopted by a process through the state that override all planning schemes in local government which gives you standards of access and things like that.

We have not adopted a policy in that regard, but we have talked about it and we have come down to a process by which we can achieve those standards by other means. We have made quite a lot of progress in getting some really sensible and rational relationships going.

Mr McDOUGALL—The councillor mentioned that 20—

Mrs CROSIO—Before you go on to the next question, who has said that councils must do it by law? Is it under your Local Government Act?

Mr Wardlaw—Yes, under the Local Government Act, and that was done in a 1993 act which came into effect in January 1994. I should say that as we are progressing in using this strategic planning requirement that the state government and local government are generally increasing the rigour of that as we go along by being a bit more prescriptive about the things that have to be in these plans. That is evolving quite nicely.

Mr McARTHUR—Is it working?

Mr Wardlaw—Yes, I think it is working. When we started off nobody knew much about doing these plans and so for the first year or two they were not as good as the plans for last year or so. But, yes, it is definitely a good requirement. It is something that the councils accepted quite willingly at the time.

Councillor Bisdee—It is important too to mention that communities appreciate the plans because at least they can see where their local authority is headed. There is certainly no prescription at the moment regarding roads within that strategy, but it is up to each individual council to incorporate that or not.

Mr McDOUGALL—Can I come back to a point that you made, Councillor? You said that 20 per cent of rates are spent on roads but I think you said you need to spend 45 per cent?

Councillor Bisdee—We need an extra 35 per cent to maintain the asset.

Mr McDOUGALL—To maintain the asset?

Councillor Bisdee—Sorry, an extra 15 per cent.

Mr McDOUGALL—So you need to go up to 35 per cent. There are two parts to this question: how have you attacked that in your strategic planning process? If you have done your strategic plans and you need such a major increase, I hope that you have looked at doing so, and how have you put it to the state? In doing that, how much of that increase could you obtain from commercial road users, as it is said that the commercial road users in the main cause the most damage on roads and therefore the higher cost of maintenance?

Mr Wardlaw—With the commercial road users, we have actually lost the capacity to do that because of the standard heavy vehicle licensing scheme. Prior to that, we used to have an arrangement in Tasmania whereby you could get tolls on timber cartage and gravel and mineral cartage. However, with the national heavy vehicle licence scheme, that capacity was removed from the legislation, and in fact we were compensated for the loss of that particular type of cartage revenue. So that is that.

On the other aspect of it, I think what you are saying is what are we doing about that shortfall. We have been in discussion with the state government for probably three or four years, and we have not got very far with it, about a rationalisation of roles and responsibilities and removing overlap and duplication across a whole range of services provided by state and local government. In the process of doing that we would have hoped that that may have actually freed up some capacity or made it clearer as to how the shortfall of funding in roads might be managed. However, the shortfall we are talking about, which is round about \$30

million to maintain the standard of the asset, is just not quarantined to roads. In fact, if we looked at our water supplies and our sewerage supplies, which we have direct responsibility for in Tasmania, we would find that those services are probably being underfunded too. The only source of revenue that we have direct control over to meet that shortfall is actually property taxes, rates. That is where it would have to come from. The indirect sources are, of course, why we are here today.

I would also like to add one further point. We do not have any direct funding between state government and local government for roads but I would say there is some indirect funding in that inasmuch as the state Department of Transport does accept some responsibility for traffic management systems, line markings and things like that, on our roads, so there is a little bit of indirect financial assistance or relationship but nothing direct.

Mr McDOUGALL—You tempt me to ask this. You said you were compensated. How were you compensated and where did the compensation go if it do not go to roads from this revenue raising source?

Mr Wardlaw—I will start off with the heavy vehicle licensing being standardised right across, which caused an increase in the registration fees of heavy vehicles. State and local government sat down and they worked out what the proportions were of local government owned roads compared to state government owned roads that heavy vehicles used and we came to an 85-15 split. Therefore, what we agreed to was that 15 per cent of all heavy vehicle licence fees would be recompensed back to councils globally and then the apportionment of that 15 per cent was determined by the amounts that each of the councils received from timber tolls and gravel tolls prior to the introduction of the heavy vehicle licence fees. That is how it worked.

Mr McDOUGALL—That is fine, but was there a commitment by local government that that 15 per cent coming across would be committed by local government to road expenditure, or can local government hive it off into some other area?

Mr Wardlaw—To the best of my recollection, there was no commitment in express terms. However, I would be very surprised, the way in which the accounting is done in local government, if it was not credited to the road account. The way councils operate is that they do not have a consolidated revenue account from which they appropriate things out to functions; they actually operate each account separately. So anything coming from a road related resource would actually be credited to a road account rather than to a consolidated account. That is why I am so very confident that, even with the money coming through the identified road funds in the Grants Commission, it would actually be credited to a road account rather than a consolidated account. That is why I am quite confident that those funds would be hypothecated back to roadworks.

Councillor Bisdee—I support that. Those road tolls would come from areas that have a major resource in them and obviously a long length of local road. I can think of a number of councils that did receive large tolls, that have received this money back—the 15 per cent from the government collection back to local government. That money, I can assure you, has gone back onto the local road.

Mr McDOUGALL—My next question follows on from that. We have taken evidence in other parts of Australia where there have been large commercial projects, that some local governments have been able to

get capital contributions towards the development of that road and also maintenance contributions, with different forms of agreement, towards the upkeep of that road because the major use is going to be for that commercial purpose. Where you have large road users, as in the timber industry which is using predominantly local roads, or a big volume of local roads, do you see that as a means of revenue? Have you come to any agreements like that?

Mr Wardlaw—Yes, going back probably 20 years when woodchips really first started and the forestry industry got a big kick along, the forest companies did several things. On some occasions they actually upgraded certain roads that were very important for their activities and they entered into agreements with councils to maintain those roads. Now some of those agreements are still in place. There are also agreements in place where they do pay extra compensation to councils to maintain roads.

However, looking at it overall, the amounts of money really are not very significant. For example, the city of Launceston has one of these roads. It was actually contracted for upgrading and continual maintenance 20 years ago. In my understanding, the amount is probably only \$100,000 a year worth of value. It is not millions of dollars at all, it is really quite small. It is just that critical section of road to get from forest to a state network, that is what we are talking about. You might have perhaps 20 to 25 kilometres in the typical sort of road.

Mr McDOUGALL—Is that practice diminishing or continuing and expanding?

Mr Wardlaw—I would say it is diminishing, mainly because of the changes brought about by the national heavy vehicle licensing scheme. The haulers now are probably much less inclined to enter into those sorts of arrangements because of the standardisation and increased fees in many cases.

Mr McARTHUR—I raise two issues. One is that you mention that we have more bridges in Tasmania than on the mainland. Could you just add to that comment? Also could you comment on the impact of the high rainfall zones particularly on local council roads and the extra maintenance required?

Mr Wardlaw—With the bridges, according to our calculations, by dividing the number of bridges which we have responsibility for—and they are the bridges up to a value of \$1.5 million—into the length of roads, that produces one bridge by definition every five kilometres. That is the incidence of bridges averaged across the 14,000 kilometres of roads.

In terms of the terrain and climatic conditions, there are, on many occasions, some very good cooperative arrangements between the major hauliers and the councils so that, in inclement weather, they voluntarily agree to stop using particular roads that might be damaged because of that. Notwithstanding that, occasionally roads have to be forcibly closed because of wet conditions and the damage that vehicles do.

In terms of what is, I suppose, the peculiar level of damage that occurs because of terrain and climatic conditions in Tasmania relative to other climates, I am afraid that is a question that I would not really like to exercise any judgment on. It is really quite beyond my expertise and knowledge.

Mr McARTHUR—People keep raising that issue with me about rainfall and logging trucks having a

bigger impact on roads. Surely you have parts of Tasmania where both those factors are observable and you could put a figure on them pretty smartly?

Mr Wardlaw—I could find out a figure for you. I could get that through consulting with some engineering colleagues, but I would not hazard a guess here. I think it could be quite a reasonable argument to pursue.

Mr McARTHUR—On the bridge argument: do you really think you have more bridges than anywhere in Australia and that therefore you could argue a case that the Commonwealth should help Tasmania with some of its road activity because of the bridge numbers?

Mr Wardlaw—We can quite easily extract some information about the sorts of liabilities that councils have in terms of bridges. The value of these bridges has now been brought into council balance sheets and they are attempting to undergo some form of depreciation. There is one council in particular that comes to mind just south of here that has a very significant commitment of unfunded bridge liability, and they have had to look at a 20-year forward strategy to in any way manage that sort of liability.

In some cases, down in southern Tasmania, they are even talking about totally removing bridges when they get beyond their useful life and putting traffic onto longer routes between particular points to try and minimise that future liability. But, in terms of the incidence of the number of bridges in Tasmania relative to other states, it is a belief that we have but, we must bear in mind—and I must be fair about that—that we are a very contained state whereas, taking Victoria and New South Wales, you have very vast areas of open flat plains where those sorts of numbers would really dissipate quite rapidly.

Mr McARTHUR—Thank you.

ACTING CHAIR—Councillor, you heard Mr Wilson state earlier that they did a great deal for you in transferring more roads to your responsibility from the state government. Are you able to verify that that was a good deal and that you are quite happy with it?

Councillor Bisdee—The state is wishing to certainly transfer some roads to local government and he did mention the funding. But, of course, the funding that comes with that is only part funding of the total cost of maintaining the infrastructure. Really, unless there is full cost recovery in the transference of those roads, we cannot take on board any further responsibility or debt to the ratepayers who will ultimately have to fund those roads. While we are quite open to take on board further roads, whether they be forestry or state roads themselves, it has to be at full cost attribution and full cost recovery.

ACTING CHAIR—Full reimbursement for likely costs incurred.

Councillor Bisdee—Yes.

ACTING CHAIR—We are almost out of time. I have looked quickly through your submission. I am at a loss to understand what has happened, but that does not matter. Your responses have been fairly comprehensive. If any matters arise when we have had a closer look at this we will write to you, and we

would appreciate it if you could assist us with that. However, your responses have been fairly comprehensive across the issues involved. The recommendations in the submission are more detailed than you have briefly outlined, but I think we have still been able to address those.

Resolved (on motion by Mrs Crosio):

That, the committee accepts as evidence and authorises for publication the submission from the Tasmanian Local Government Association, submission No. 749.

ACTING CHAIR—Are there any other issues or matters that members of the committee would like to raise with our witnesses? Are there any other matters in relation to the submission, Councillor or Mr Wardlaw, that we have not touched upon that you would like to mention?

Councillor Bisdee—No, thank you.

Mr Wardlaw—No, thank you.

ACTING CHAIR—Thank you very much for your contribution, and thank you very much for your cooperation in the adjustment we have had to make to proceedings. When we have had a closer look through that, if there is anything that we have missed we will write to you about it and would be pleased if you could provide us with a written response. The other thing we looked very closely at is the national submission—

Councillor Bisdee—The ALGA submission.

ACTING CHAIR—Yes. ALGA's submission is quite comprehensive, and you picked up some of that stuff in there with the Tasmanian specifics. The last matter I just wanted to ask you about is this: how many councils in Tasmania are in your association?

Mr Wardlaw—Twenty-nine—this week.

Councillor Bisdee—We did have 46.

ACTING CHAIR—How many councils are there in Tasmania?

Councillor Bisdee—Twenty-nine—at the moment.

Mr Wardlaw—There are 29. They are all in our association.

ACTING CHAIR—So all councils in Tasmania are members?

Mr Wardlaw—Yes, they are.

ACTING CHAIR—You are looking to reduce numbers further, are you?

Councillor Bisdee—Yes, to eight or 12, maybe.

Mrs CROSIO—What would happen then? Is Greater Hobart coming out and Launceston going to meet it in the middle or something?

Mr Wardlaw—It is a very interesting point. What they are looking at is a Greater Hobart and a Greater Launceston, and the rural councils look like being even more rural than they are now. So that is probably going to be a new added problem, in terms of the sorts of issues we have raised here.

ACTING CHAIR—Thank you very much. We have to close proceedings because time is running out.

Resolved (on motion by Mr McArthur):

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

ACTING CHAIR—Thank you very much, everyone at the hearing; thank you to the Hansard family.

Committee adjourned at 11.51 a.m.