

# Chapter 1 Introduction

## Background to the inquiry

**1.1** In August 1996, the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform received a reference to inquire into and report on Federal road funding from the then Minister for Transport and Regional Development, the Hon John Sharp MP. The Terms of Reference are at page xi of this report.

**1.2** In referring the inquiry, the Minister noted that the report of the National Commission of Audit had been presented in June 1996. The report examined the Commonwealth Government's finances from three basic premises:

- that governments need to operate efficiently;
- that the community would prefer more efficient delivery of government services rather than reduced assistance to those in need; and
- well managed government contributes to a more competitive Australia.

**1.3** The report included the following findings.

- The Commission identified several problems in the existing financial arrangements between the Commonwealth and the States/Territories, notably the duplication and overlap of administration which suggest a need to re-establish the delineation of roles between governments.
- The Commission found no evidence of overall infrastructure inadequacy, but recommended that the need for Commonwealth involvement in infrastructure be reviewed and that the use of the private sector as a provider of infrastructure be supported.
- The Commission also recommended that investment decisions be based on project specific benefit cost analyses, that accrual based accounting be adopted for asset management, and that current taxation arrangements for infrastructure borrowing be reviewed.

**1.4** The recommendations in the Commission's report have wide ranging implications for road funding. Consequently, the Commission suggested that an assessment be undertaken of the extent to which the Commonwealth needs to be involved in road funding.

## Conduct of the inquiry

**1.5** On receiving the reference from the Minister, the committee prepared an *Information and Issues* booklet outlining the scope of the inquiry and providing advice to those wishing to make a submission. In the course of preparing the booklet, the committee was privately briefed on 22 and 30 October 1996 by a range of interested parties representing Commonwealth departments, State road authorities, financial institutions, private enterprise and research organisations. In addition, private briefings were given to the committee during the inquiry process on specific issues at the request of the committee.

**1.6** The committee's *Information and Issues* booklet provided general information about road funding, identified emerging road funding issues and gave an overview of the committee process. More than 1000 copies of the booklet have been distributed to individuals and organisations including Commonwealth and State/Territory Members of Parliament and departments, state road authorities, local government organisations, financial institutions, motoring bodies, the road transport industry, the road construction industry, manufacturers, farmers, mining companies, research bodies, the media, and private citizens.

**1.7** The inquiry and the terms of reference were advertised nationally in the *Financial Review* on 15 November 1996 and the *Weekend Australian* on 16 November 1996. In addition, the committee wrote directly to about 100 individuals and organisations inviting them to make a submission.

**1.8** The committee received 845 submissions from a wide range of individuals and organisations including Members of Parliament, Commonwealth departments, State/Territory Governments and departments, local governments and their representative organisations, transport consultants, motoring organisations, construction industry bodies, transport lobby groups, mining representatives, and action groups. The names of the individuals and organisations from whom the committee received individual submissions may be found in Appendix 1 of this report. Among the submissions there were 623 submissions which were identical. In addition, the committee received 156 form letters.

**1.9** The committee received 80 exhibits including reports, maps, discussion papers, letters and newspaper articles. These are listed in Appendix 2 of this report.

**1.10** The committee conducted public hearings in every State and Territory. A broad outline of the program is given in figure 1.1. A detailed list of witnesses appearing before the committee is provided in Appendix 3 of this report. The public hearings allowed Members to take evidence from interested parties in both urban and rural locations throughout Australia. In total, evidence was taken at 14 public hearings from 76 groups from a total of 169 witnesses.

**Figure 1.1                      Public hearings**

<b>Date</b>	<b>Location</b>	<b>Groups represented</b>
3 April 1997	Bathurst	Local governments, transport operator, and safety action group.
4 April 1997	Sydney	Commonwealth, state and local governments, private enterprise associations, financiers, transportation groups, and academics.
15 April 1997	Townsville	State and local governments, business development groups, and academics.
16 April 1997	Mt Isa	Local governments, and mining companies.
16 April 1997	Darwin	Territory and local governments, and Aboriginal communities.
17 April 1997	Halls Creek	Local government, regional development, and mining company.
18 April 1997	Perth	State and local governments, and transport action group.
30 April 1997	Adelaide	State and local governments, and transport action groups.
1 May 1997	Launceston	State and local governments, and transport action group.
5 May 1997	Melbourne	Commonwealth, state and local governments, road industry associations, business associations, transport unions, transport action groups, and farmers association.
6 May 1997	Wodonga	Regional development and action group.
25, 26, 27 June 1997	Canberra	Commonwealth, Territory and local governments, farmers, planners, road user groups, and action group.

**1.11** The committee conducted 10 inspections in a number of States and Territories and the program is summarised in figure 1.2. The inspections allowed Members to visit a number of road sites highlighting many road funding issues and challenges. A list of the 46 participants in the inspections is provided in Appendix 4 of this report.

**Figure 1.2                      Inspections**

<b>Date</b>	<b>Area</b>	<b>Inspection</b>
3 April 1997	Bathurst	Great Western Highway: inspection of Mt Lambie road reconstruction and Coxs River deviation.
3 April 1997	Sydney	M2 Motorway: briefing on the structure and funding of the M2 (which has extensive private sector involvement) and site inspection.
15 April 1997	Townsville	Townsville port access: inspection of potential site for a new road and rail access corridor to Townsville port.
16 April 1997	Mt Isa	Barkly Highway: inspection of the highway between Mt Isa and Cloncurry.
17 April 1997	Halls Creek	Tanami Road and Great Northern Highway: inspection of the Tanami Road and narrow bridges south of Turkey Creek.
30 April 1997	Adelaide	Mount Barker road realignment: inspection of conditions, including pilot tunnel.
6 May 1997	Melbourne	Western Ring Road: inspection of major roads including the Western Ring Road.
6 May 1997	Wodonga	Howlong bridges: inspection of bridges on the Murray River and approaches in need of upgrading.
6 August 1997	Brisbane	Urban roads: Gateway Arterial, Mt Gravatt–Capalaba Road, Kessels Road, Cunningham Highway, Logan Motorway, Southern Brisbane Bypass and road access to the Port of Brisbane.

## Structure of the report

**1.12 Chapter 2** discusses the roles in road funding of each tier of government and of the private sector. The chapter considers the principles for Commonwealth involvement in road funding. The chapter also considers the way in which strategic transport planning might be used to provide a consistent focus for road investment decisions.

**1.13 Chapter 3** discusses the adequacy and extent of the national highway system and considers the objectives of the national highway system, industry and community expectations, the need for effective integration with other forms of transport, and the need to integrate the national highway and roads of national importance into a national road system. The chapter also considers the issue of deficient bridge infrastructure.

**1.14 Chapter 4** discusses the use of tied and untied road funding by the Commonwealth. The chapter considers the need for certainty in road funding and the means by which certainty may be achieved. The chapter also considers the need to manage the national highway system as a long term capital asset. The chapter addresses funding requirements for the Commonwealth's road program in broad terms.

**1.15 Chapter 5** discusses the legislative and administrative framework in which Commonwealth road funding is determined. The chapter considers the nature and adequacy of project approval processes by the Commonwealth. The chapter also considers tools for road decision making, particularly benefit cost analysis and the possible need for a national road data base.

**1.16 Chapter 6** considers the rationale for involving the private sector in the provision and maintenance of road infrastructure including investment and 'ownership'. The chapter identifies a range of arguments raised in the evidence on possible benefits and costs to the community of private sector involvement, and the types of private sector involvement that may be used in the provision and maintenance of road infrastructure. The chapter concludes by considering possible safeguards that may be required to protect the taxpayer.

**1.17 Recommendations** by the committee appear throughout the text following the related discussion of the issue. The recommendations are also reproduced at the front of the report (with cross referencing to the relevant section in the body of the report) to assist readers.

**1.18 Appendices** are provided at the end of the report and present detailed lists of all submissions, exhibits, witnesses at public hearings and participants in inspections which provided the body of evidence considered by the committee in preparing its report. Additional cited references are also given in an appendix.

## **Availability of the report**

**1.19** The report is available to the public once presented to Parliament.

- Witnesses at public hearings and those who made an individual submission specifically addressing the terms of reference to the inquiry will be sent a copy of the report.
- Copies of the report may be purchased from Government Info Shops.
- The report may be found on the Internet through the committee's home page at:

<http://www.aph.gov.au/house/committees/ctmr/index.htm>

**1.20** The committee presents its findings and recommendations as an advisory report to the Parliament. The Government then considers the report and responds in Parliament to the recommendations contained in the committee's report.