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## MINISTER FOR PLANNING AND INFRASTRUCTURE

HON ALANNAH MacTIERNAN  
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Your ref: 2-245

20 APR 2005

Senator B Heffernan  
Chair  
Senate Rural and Regional Affairs and  
Transport Legislation Committee  
Parliament House  
CANBERRA ACT 2600



Dear Mr Heffernan

### **AusLink (National Land Transport) Bill 2004 and AusLink (National Land Transport – Consequential and Transitional Provisions) Bill 2004**

Western Australia appreciates the opportunity to provide a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee on the Commonwealth's AusLink legislation, program and revised funding arrangements.

Our comments are directed at the AusLink developments to date, as we do not have specific comments on the Bills in question. In our view, it is the policy and administrative notes that will affect the implementation of the AusLink Program most although it is accepted that the Bills are important in terms of establishing a legal basis and framework for the AusLink Program.

We have focused our comments on two issues, which in our view have been unsatisfactorily resolved, despite numerous representations to the Commonwealth.

The two areas relate to:

- the Commonwealth's definition of the National Land Transport Network; and
- Western Australia's funding allocation under AusLink.

It should be noted that Western Australia supports the Commonwealth's move toward a more comprehensive and integrated national approach to land transport planning and funding. However Western Australia believes that AusLink, in its present form, can only be considered a freight policy and not a comprehensive transport policy while it is not more inclusive of all modes of transport such as public transport and cycling infrastructure. In reality, lack of alternatives in passenger transport is of profound importance to freight as the two tasks compete for space on the same network.

Notwithstanding this limitation since the release of the White Paper, Western Australia has worked with the Commonwealth enthusiastically to ensure that the AusLink program is successfully implemented.

This, however, does not mean we are always in agreement. Indeed, there are many areas of concern in our current negotiations of a Bilateral Agreement with the Commonwealth to formalise funding contributions.

### **1. The National Land Transport Network**

The Commonwealth has defined the AusLink National Land Transport Network as a "single integrated network of road and rail transport linkages of strategic importance". The Network is to be "based on important national and interregional transport corridors, including connections through urban areas, links to ports and airports and rail/road intermodal terminals, that together are of critical importance to national and regional economic growth, development and mobility".

Western Australia, however, maintains that the Network has mainly been derived from the existing National Highway and Defined Interstate Rail Network. As a result, it is too narrowly defined and that the proposed Network does not align with the major areas of activity in Western Australia given that the large volume, transport intensive export industries tend to be based in regions and their products leave Australia via regional ports, eg. iron-ore exports from the Pilbara.

AusLink has been promoted as a national freight strategy. AusLink does not address bulk freight. Western Australia believes that AusLink has focused on the container freight trade at the expense of bulk freight. Western Australia is a small player in terms of containers but is a large bulk freight State. Bulk commodities dominate Australia's exports and the freight transport task and are inextricably linked to Australia's international trade objectives, regional development and interregional freight logistics. Bulk freight must be addressed in the future by the program in order to fully meet the AusLink national objectives expressed in the White Paper.

In this regard, Western Australia has from the start maintained that both the State's Great Northern Highway and the Brand Highway/North West Coastal Highway should be recognised as key transport links in the National Network. The Commonwealth did not accept this request and Western Australia was asked to nominate either one or the other for inclusion in the Network.

#### *Great Northern Highway*

For Western Australia, the Great Northern Highway is required as part of the National Highway to provide a high standard and more direct inland road freight route between Perth and Darwin. This highway serves a number of inland user groups including agricultural, pastoral, mining and tourism. In addition to being a National Highway, this link also serves as the classified Heavy Haulage and Wide/High Route for the north of the State.

The Great Northern Highway, however, bypasses major industrial areas such as the Burrup Peninsula and the Port of Dampier.

*Brand Highway/North West Coastal Highway*

The Brand Highway/North West Coastal Highway is the main link between regional centres at of Geraldton, Carnarvon, Karratha and Port Hedland, as well as the access route to various tourist destinations and coastal, mining and pastoral communities. It is also a major freight haul route operating 53.5 m long combinations north of Carnarvon.

The route is critical in servicing the growing industry and coastal communities between Perth and Port Hedland. Three of the top six tonnage ports in Australia (being Port Hedland, Dampier and Port Walcott) are all located on the North West Coast Highway and provide significant royalties to the nation.

Western Australia handles 260 mtpa materials worth \$33 billion through its ports. This represents half of Australia's exports by volume and a quarter by value.

Dampier Port is the country's largest port by tonnage with exports of 88 mt and imports of 0.4 mt in 2003-04. Cargoes handled are iron ore (80%), LNG (9%), condensate (5%), salt (4%), LPG (1%) and imports (1%).

While Port Walcott is a private port, export totals 38.6 mt and imports 0.1 mt. The vast majority of exports are iron ore.

In 2003-04, Geraldton had exports of 4.0 mt and imports of 0.4 mt. Cargo breakdown is grain (56%), mineral sands (16%), iron ore (9%), petroleum products (4%), zinc concentrate (3%), copper concentrate (3%), fertiliser (3%), talc (2%) and other exports (4%). Under normal conditions, Geraldton is the second largest grain exporter in Australia.

Royalty figures for the 2003-04 period for the commodities shipped through the ports of Geraldton, Dampier, Port Hedland and Walcott along the Brand Highway/North West Coastal Highway was around \$725 million. This represented around 70% of the State's total mineral and petroleum royalty intake.

Without the option of having both routes in the Network, and as the Great Northern Highway is considered by Western Australia to be the more important route, it was nominated by the State for inclusion in the National Network.

By asking the State to select a route, what is evident and concerning to Western Australia is that the Commonwealth does not have a view as to the strategic importance of either route and would appear more pre-occupied with ensuring that the State does not have multiple road routes linking Perth to Darwin in the Network.

The Commonwealth's failure to accept Brand Highway/North West Coastal Highway as being a key transport link in the National Network is a concern to Western Australia. The lack of recognition of the national significance of the rapidly expanding Burrup

Peninsula and the coastal ports of Dampier, Walcott and Geraldton by the Commonwealth is difficult to understand.

### *Western Australia's recommendations*

Western Australia would like steps to be taken so that the importance of the regions, bulk freight and regional ports is recognised. Specifically, we suggest that important regional ports be depicted on the AusLink National Land Transport Network and that the access corridors through these regional towns not be precluded from Commonwealth funding opportunities.

Commonwealth funding could be justified on the basis of facilitating the growth and movement of trade in the regions while preserving the social and environmental amenity of regional port towns that are, or about to, experience a significant increase in trade passing through the town.

We also consider both the Great Northern Highway and the Brand Highway/North West Coastal Highway should be depicted in the National Land Transport Network. Western Australia believes that both routes meet the criteria established by the Commonwealth and align with the objectives specified in the AusLink White Paper.

## **2. Western Australia's funding allocation**

Under AusLink, the Commonwealth will replace the full funding of the National Highway Network and provision for contributions to roads and projects of national significance with joint funding of an integrated National Land Transport Network.

The National Land Transport Network is more extensive in coverage (than the previously designated National Highway and Defined Interstate Rail Network), and unless total funding continues to grow, the funds available will be spread more thinly over a wider area and to more projects. What has become evident is that not only has this expansion of the Network occurred in the Eastern States, but the big-ticket item new projects to be funded by AusLink are also in the Eastern States.

Western Australia is concerned about maintaining its fair share of funding. It is critical to the viability of the Western Australian road system that the Commonwealth continues to fully fund the National Highway and its maintenance.

### *Approved AusLink projects*

Of the \$12.45 billion announced by the Commonwealth for land transport infrastructure over the five years from 2004-05 to 2008-09, \$6.70 billion has been allocated to the States for land transport investment of which Western Australia receives only 6.75%, when maintenance provisions for 2004-05 are taken into account.

The Commonwealth has also allocated \$1.8 billion in rail system investments of which \$14 million, which is less than 1%, was allocated to Western Australia for the construction of a rail loop to Fremantle Port.

Western Australia's allocation of \$463 million includes \$150 million for the Mandurah Bypass, \$67 million on the Great Eastern Highway, \$45 million for improvements of the Eyre Highway, \$126 million on the Great Northern Highway, and \$45 million on the Perth urban links.

As part of the Federal election, the Commonwealth identified a further \$290 million for the AusLink National Network, of which Western Australia received \$20 million.

While the funding allocation is welcome, we believe that compared to other States the funding falls far short of what could be described as fair and equitable, and fails to recognise the size of the State as well as the massive contribution that Western Australia makes to the national economy.

As a comparison, Western Australia:

- is a third of the nation's land mass;
- produces 25% of the nation's exports by value and nearly 50% by volume;
- has a trade surplus totalling \$22 billion in 2004, whereas at the National level it is in deficit. (It should be noted that the Reserve Bank in February 2005 has indicated that Australia's deteriorating balance of payments has been fuelled by, among other things, constrained export growth caused by capacity bottlenecks in key areas of transport infrastructure, such as ports and rail);
- generates \$23 billion in revenue each year for the Commonwealth;
- has 25% of the National Highway; and
- contains 10% of the nation's population.

The Commonwealth has committed to adopting a cost-benefit project assessment methodology in its assessment of transport infrastructure projects. Western Australia is concerned that such an approach will not adequately take into consideration social and equity objectives, benefit the more populous States, and penalise those States that have historically been a good custodian of their transport infrastructure.

Western Australia is also concerned that the Commonwealth has not been able to assure the State that the allocations required beyond the five year period to complete projects in progress would be provided. This is particularly relevant for infrastructure projects that straddle different AusLink funding trenches as infrastructure projects do not conveniently start and end in five-year cycles. It is imperative that the Commonwealth recognises its obligation to continue supporting these projects to completion.

#### *Maintenance of the Network*

The allocation to Western Australia of \$30 million to fund maintenance on the National Road Network in 2004-05 is welcomed. However, with 25% of the National Highway within its borders, Western Australia did not receive a base allocation reflecting the

actual annual identified need of around \$35 million and the State will have to supplement the Commonwealth shortfall by some \$5 million.

Western Australia understands that the Commonwealth will no longer provide funding for specific and urgent works as these funds are now included in the total maintenance funds to be distributed.

Maintenance allocations for 2004-05 have been based on the old National Highway network. The Commonwealth has indicated that it will use a formula driven approach to fund future maintenance requirements. The new formula will use three equal components for lane length, total vehicle distance travelled and total heavy vehicle distance travelled. The Commonwealth considers that by including lane length jurisdictions with a large proportion of low traffic volumes will receive an equitable proportion.

Western Australia has concerns that this may not be the case. In fact, lane length would result in the total length of the State's network being lower than under the current arrangements due to multiple carriageways now being included as part of the length of the network. This would favour the more populous States, where multiple carriageways are more prevalent.

#### *Western Australia's recommendations*

Each State must be able to obtain a fair share of Commonwealth funding. It would be unacceptable to the less populous States, like Western Australia, and people living in remote areas if most of the Commonwealth's AusLink funding is allocated to a few expensive, large-scale road and rail projects in the Eastern States. It is important that project assessment methodology takes into account social and equity objectives so that the needs of small, isolated communities in the regions are equally considered.

Western Australia is expected to grow strongly over the next twenty years, with freight volumes also expected to double. Managing this growth within the financial disciplines of the State will be challenging. As with all other Australian States, Western Australia too is facing an ageing population and skill shortage. As a result, the State has to balance its spending between the competing needs of fostering economic growth and social advancement.

The Commonwealth plays a very important role in helping to connect Western Australia by road and rail to the rest of Australia. Improvements to the Defined Interstate Rail Network have allowed rail to now account for 75% of the interstate trade between Western Australia and the rest of Australia. The National Highway remains the only sealed road for people wishing to enter or exit Western Australia.

The Commonwealth needs to continue to provide leadership in ensuring national connectivity so that Darwin, Perth and Adelaide are not cut off from each other through a lack of funding or political will. It is therefore essential for the Commonwealth to continue to adequately fund improvements to and maintain the National Highway in the

State. This would be justified on the basis of equity, fair accessibility and national connectivity.

As a comment on extending the criteria for Roads to Recovery projects to include public transport, cycling and walking infrastructure, Western Australia understands that Roads to Recovery funds are provided to local governments as untied local road grants. These grants can and have been used for road-related infrastructure projects chosen by local governments, to address the backlog of necessary local road works, as well as for other local transport infrastructure, such as bicycle and pedestrian paths and traffic control equipment.

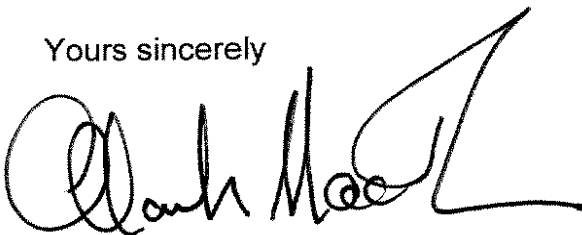
Western Australia supports an extension of the criteria for Roads to Recovery projects to include regional airport runways as it would be consistent with AusLink's objective to promote sustainable regional economic growth, development and connectivity for people, communities, regions and industry. In the context of runways, it is important to include ancillary supporting infrastructure such as runway lighting and linking taxiways.

Since 1994-95, the State Government has injected \$18 million into Western Australian regional airports as a result of the Commonwealth's withdrawal from funding regional airports, and we have committed a further \$2 million in 2005-06.

Indeed, the Western Australian Regional Airports Development Scheme has highlighted the underlying problem of local governments not always being able to raise the funding necessary to maintain vital aviation infrastructure. This is often due to remoteness, limited ratepayer base or the high cost of development. An ongoing funding contribution from the Commonwealth towards regional airport runways and associated infrastructure would provide greater certainty that this essential aviation infrastructure in regional areas will be developed and maintained to the appropriate standard.

Thank you for extending the invitation to the Western Australian Government to make a submission. I look forward to reading the report on the Committee's findings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alannah MacTiernan', with a large, stylized flourish at the end.

ALANNAH MacTIERNAN MLA  
MINISTER FOR PLANNING AND INFRASTRUCTURE