AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT TRUST FUND AMENDMENT BILL 1984

Date Introduced: 28 March 1984
House: House of Representatives
Presented by: Hon. Peter Morris, M.H.R., Minister for Transport

Short Digest of Bill

Purpose

To amend the Australian Bicentennial Road Development Trust Fund Act 1984 in order to provide for changes to the arrangements relating to a State's level of real expenditure on road works and urban public transport capital projects, and to vary the tender requirement.

Background

The Commonwealth has provided financial assistance to the States for road works since 1923 under various Acts. Virtually all funding for road works in the States and the Northern Territory is currently provided by the Roads Grants Act 1981 (as amended in 1982) and the Australian Bicentennial Road Development Trust Fund Act 1982.

The road funding program provided by the Roads Grants Acts was announced in June 1980. It involved the provision of $3,650 million over the five-year period 1980-81 to 1984-85. Of the total amount, $625 million was provided in 1980-81 under the Roads Grants Act 1980, while the remainder was appropriated under the Roads Grants Act 1981 and the Roads Grants Amendment Act 1982. Funding over the five-year period was intended to grow at a decreasing rate in money terms. Between 1979-80 and 1980-81, road funds increased by 11 per cent, while for 1981-82 they increased by 9 per cent. Over the next three years, the annual rates of increase were to be 7 per cent, 6 per cent and 6 per cent, respectively. However, the real value of the Commonwealth's road funding declined significantly as the cost of road construction escalated.

Perhaps, in response to the declining level of its real road expenditure together with the apparent deficiencies in the national road network, the former Government established an additional, yet separate, road
works program under the Australian Bicentennial Road Development Trust Fund Act 1982. The aim of the ABRD Program is to upgrade roads in the States and the Northern Territory by 1988. The ABRD program is financed by a surcharge on petrol and diesel fuel excise. This revenue initially flows into Consolidated Revenue from which an equivalent amount is paid into the Trust Fund.

The following table outlines the allocation of ABRD program funds as well as funds appropriated by the Roads Grants Act 1981.

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<th>Commonwealth Road Grants</th>
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<td>Program</td>
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<td>Australian Bicentennial Road Development</td>
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<td>Roads Grants Act 1981</td>
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<td>Total Road Funding</td>
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ABRD funds for urban arterial, rural arterial and local roads are distributed between the States and the Northern Territory on the basis of relativities contained in the Roads Grants Act 1981. Funds for national roads are distributed on the basis of Commonwealth national roads priorities.

ABRD funds may be transferred between urban and rural arterial categories, or from both or either of these categories into national roads, provided that a State or the Northern Territory receives the Minister's approval. This flexibility, however, does not apply to the local roads category. Furthermore, the Minister may approve the spending of urban arterial funds on urban public transport capital projects.

The States and the Northern Territory must maintain their expenditure on roads and urban public transport capital projects, in real terms, in order to receive full ABRD grants. A State or the Northern Territory failing to meet this condition, is required to spend an equivalent amount above the real level in the following year or face equivalent reductions in ABRD grants.
The Roads Grants Act 1981 initiated the procedure requiring States to call tenders for all works associated with national road construction projects funded under the Act. Unlike the Roads Grants Act 1981, the ABRD Trust Fund Act 1982 requires compulsory tendering arrangements to apply to urban and rural arterial roads in addition to national roads projects.

In a press release, dated 12 February 1984, the Minister for Transport, after extensive consultations with the States, industry and unions, announced that the tender requirement would not apply, under certain circumstances, to works on national and arterial roads, and conditions relating to the State's real spending on road works and urban public transport capital projects would be varied. The proposed amendments to the ABRD Trust Fund Act 1982 and the Roads Grants Act 1981 were foreshadowed in the press release.

Outline

This Bill provides for the situation not covered by the Principal Act where a State exceeds its required amount of real expenditure on roads in a given year, abolishes the need for a State to maintain its real capital expenditure on urban public transport, and provides that not all construction work on national, urban arterial and rural arterial roads must go to tender.

Main Provisions

By clause 2, the Act will come into operation on the day it receives Royal Assent. However, the amendments in relation to the calling of tenders as proposed by clause 5 are to take effect from 12 February 1984.

Under clause 3, which amends section 12 of the Principal Act, should a State exceed its required level of real roads expenditure in a given year of the ABRD Program, the excess expenditure may be treated as expenditure by the State in a subsequent year. Where a State incurs excess expenditure after a year in which there was a deficit, the amount of excess expenditure to be carried forward will be equal to the net amount by which the State's expenditure over the two year period exceeded the State's real roads expenditure requirement. Furthermore, a State is precluded from counting as its own expenditure any amount spent on roads from Commonwealth financial assistance provided under the Community Employment Act 1983.
Clause 4 repeals section 13 of the Principal Act with the result that a State will not be required to maintain its own capital expenditure, in real terms, on urban public transport when it directs part of its urban road allocation to urban public transport capital works projects.

Clause 5 amends section 23 of the Principal Act to allow the Minister to exempt a State from calling tenders for certain works associated with national and arterial road projects. Tenders will not be called where a State satisfies the Minister that:

- in an emergency, the works must be performed urgently,
- the works are of such a minor nature that calling tenders would involve undue additional cost,
- it is not practicable to prepare adequate tender specifications,
- the works are of a kind that competitive tenders would not likely be received,
- the works are of a kind usually carried out by a State or Federal government department, authority or corporation not primarily responsible for the construction of roads,
- the performance of work under contract would cause unavoidable retrenchment or inefficiency in the deployment of a substantial number of State or Local Government road construction employees.

For further information, if required, contact:

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