Date Introduced: 14 May 1981
House: House of Representatives
Presented by: Hon. R.J. Hunt, M.P., Minister for Transport

Short Digest of Bill

Purpose

To provide grants to the States and the Northern Territory for roadworks during 1981-82. The Bill also appropriates minimum levels of funding for national roads in 1982-83 and 1983-84.

Background

The Commonwealth has provided assistance for roadworks in the States since 1923. Over this period, the funding formulae and conditions applied to the grants have varied considerably. Between 1959 and 1974, general assistance was given to the States under Commonwealth Aid Roads Acts. Under various other Acts, specific assistance was also given for particular projects or types of project.

In 1974, financial assistance for roads was provided under two main Acts. The National Roads Act 1974 introduced the concept of national roads. The Commonwealth assumed full financial responsibility for these roads, identified as being of special national significance. They included national highways and major commercial and export roads. The Roads Grants Act 1974 appropriated assistance for State and local roadworks which were classified into rural arterial and developmental, rural local, urban arterial, urban local, Minor Traffic Engineering and Road Safety Improvements (MITERS) and beef roads categories. This Act also continued the practice, initiated under the Commonwealth Aid Roads Act 1959, of setting annual minimum quotas that each State had to provide from its own resources for roadworks. It also provided for each State to establish a Committee with Commonwealth representation to undertake planning on road matters. Projects previously receiving specific assistance were absorbed into these total road programmes.

Funding for transport planning and research was separated from road funding in 1974 and has been appropriated under separate legislation. The scope of the planning so funded has been widened slightly to include
transport modes other than roads. This funding is to cease on the recommendation of the recent Review of Commonwealth Functions.

From 1977-78 to 1979-80, assistance for both national and other roads was provided primarily under the States Grants (Roads) Act 1977. The arrangements under this Act did not significantly differ from those set out under the two 1974 Acts relating to roads, although there were a number of changes of detail.

In June 1980, the Commonwealth announced that grants totalling $3,650 million would be made to the States and the Northern Territory for roadworks over the period 1980-81 to 1984-85. This announcement of funding for a five year period was designed to enable longer term road planning.

The Roads Grants Act 1980 appropriated the sum of $628m for roadworks in 1980-81. This represented an 11 per cent increase over funding in 1979-80. Again the arrangements under this Act were basically similar to those under previous legislation. The major change under the Act was the reduction of the number of road categories from eight to four. These were national and developmental roads, rural arterial roads, urban arterial roads and local roads. This was designed to give the States greater spending flexibility within each category. The Act also provided that the Minister might enter into consultation with a State Minister with a view to reaching an agreement on the principles to apply in the allocation of Commonwealth funds to local roads. If agreement could not be reached the Minister could make a determination on the principles and notify the State.

The present Bill appropriates $685m for roads in 1981-82. This is a 9 per cent increase over funding in 1980-81 and its distribution maintains the same State and functional relativities. Other provisions in the Bill can be viewed in the light of recommendations by the Advisory Council for Inter-Governmental Relations (ACIR) in its report "Provision of Roads: A Report on the Relations Among Governments in Australia".

ACIR recommended that the number of road categories be reduced to three by the amalgamation of rural and arterial roads to give greater spending flexibility. This has been incorporated in the Bill. It was also recommended that quotas be abolished, since States generally spent more than their quotas anyway. The Bill excludes any mention of quotas as a condition for the payment of grants. ACIR recommended that instead of the present programme approval
for arterial roads, the States should furnish a statement annually, indicating that Commonwealth funds had been properly spent. This has been adopted in the Bill.

Whereas ACIR recommended that there be no direct Commonwealth supervision of local road programmes, the Bill continues basically the same arrangements in respect of the supervision of these programmes as set out in the Roads Grants Act 1980. There is no requirement in the Bill for Commonwealth representation on State road planning Committees to be a condition of funding for non-national roads.

ACIR suggested that within the five year funding period, rolling three year budgets should be appropriated. The Bill allows for this in the case of national roads but not for the other categories. The Bill allows roads used for resource development, commerce and tourism to be declared as developmental roads. Some States have expressed the view that any expansion of the national roads category might require available funds to be spread more thinly across projects.

ACIR also has suggested that since the States are fully responsible for the physical construction and maintenance of the national highway system, tendering procedures should be a matter for individual State authorities. It did not support the concept of the Commonwealth requiring open tendering for such projects as has been incorporated in the Bill.

Further details can be found in the Minister's Second Reading speech and the Memorandum to the Bill.

Main Provisions

Sub-clause 5(3) allows the Minister to declare roads associated with industrial or energy resource development, the facilitation of trade or commerce or the significant facilitation of tourism as developmental roads (included in the national roads funding category). Commonwealth assistance for national roads during 1981-82 and additional appropriations for 1982-83 and 1983-84 are specified in Schedule 1 of the Bill (clause 8). Sub-paragraph 24(1)(a) provides that where funds are paid for projects in respect of national roads, tenders shall be called for all works commencing after the date of commencement of the Act. Sub-paragraph 24(1)(b) allows the Minister to request a State to establish a Committee with Commonwealth representation to undertake national road planning.
Clause 10 provides for the payment to each State in 1981-82 of the amount specified in Schedule 2 of the Bill for the construction (i.e. not maintenance) of arterial roads. Sub-clause 25(a) requires a State to furnish a report to the Minister as soon as practicable after 30 June 1982, detailing expenditure on arterial road projects.

Clause 15 provides for the appropriation of funds for the construction and maintenance of local roads as set out in Schedule 3. Sub-clause 13(1) allows the Minister to consult with a State Minister with a view to reaching agreement on the principles to apply to the allocation of Commonwealth funds for local roads in that State during 1981-82. Where no agreement or determination is made under clause 13, the Minister can, under sub-clause 14(1), request a State to submit for approval a programme of allocations for local roads.

Clauses 17 and 18 allow the Minister to approve requests for the transfer of funds between the Schedules relating to arterial and local roads. The Minister is precluded, however, from transferring funds from national roads to the other categories.

For further information, if required, contact:

Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE

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