

STATEMENT ON  
COMMONWEALTH AID ROADS  
ARRANGEMENTS 1969-70 TO 1973-74

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The present Commonwealth Aid Roads legislation will expire on 30 June. Before the end of the current session of the Commonwealth Parliament we therefore propose to seek legislative authority for new arrangements to operate for the next five years.

The existing arrangements provided for Commonwealth Aid Road grants of \$750 million for the five year period 1964-69. This was \$250 million, of 50 per cent, more than was provided for the five year period before that. In addition, other Commonwealth financial assistance to the States for roads purposes, such as the "beef roads" schemes, amounted to \$36 million during the five years.

The Commonwealth has long acknowledged a financial obligation to contribute to the development of the Australian roads system and is nowadays financing more than one-third of the total amount spent annually on roads throughout Australia.

At the operational level, responsibility for the detailed planning and carrying out of road works in the States has rested with the States. Naturally we have become increasingly concerned with the problem of achieving the best allocation of national resources between the building and upkeep of roads and other pressing demands for developmental works. We want to ensure that the resources made available for roads are applied in ways which will best serve the nation's evolving road requirements.

Following the 1964 review of the Commonwealth Aid Roads arrangements, we set up the Commonwealth Bureau of Roads to undertake a thorough survey and appraisal of the existing roads system and of foreseeable roads requirements.

Whilst considering what new arrangements we should propose for financial assistance to the States for roads during the next quinquennium we have been greatly assisted by the information and advice the Bureau has furnished to us. The Premier's have already received copies of the Bureau's report.

I feel sure that they too would have found it enlightening and helpful.

It would have been impossible for the Bureau to prepare such a report without the extensive assistance it received from the State authorities concerned with roads matters. We appreciate their contribution and the way they have co-operated with the Bureau.

The Commonwealth Government accepts the Bureau's assessment that, provided it is applied economically, expenditure on roads at a rate considerably higher than at present could and should be undertaken during the next five years. We recognise the high returns, in terms of increased productivity and reduced transportation costs, that can flow from well-directed investment in this field.

We are, therefore, prepared to increase very considerably, under a new set of arrangements, the amount of Commonwealth financial assistance to the States for roads purposes. The new arrangements we have in mind aim to bring the distribution of Commonwealth assistance as between the States more closely into accord with relative needs for road expenditures, and to direct this assistance more specifically than in the past to the development of particular classes of roads that seem to us to have high importance from a national standpoint.

We propose that Commonwealth assistance should be provided specifically for :-

- .. construction and reconstruction of arterial and sub-arterial roads in urban areas;
- .. construction and reconstruction of non-urban arterial roads;
- .. construction, reconstruction and maintenance of other rural roads;
- .. planning and research.

Under the existing arrangements the Commonwealth has imposed a specific requirement that at least 40% of the total Commonwealth Aid Roads grant be spent on construction and maintenance of roads in rural areas, other than highways, trunk roads and main roads.

Under the arrangements proposed the allocation of money for such roads will be the same amount of money as was received in 1968/69 plus an escalation of 5% each year which will be compounded.

Thus although the old formula of 40% of the total grant available has been abandoned the actual amounts available for such roads will increase in each year of the five year period, and such roads will receive an amount of \$394.55 million - an increase of \$94.55 million on the amount required to be spent on this class of road during the last quinquennium.

The proposed specific allocations for arterial and sub-arterial roads in urban areas and for non-urban arterial roads will be innovations. We consider that a big increase in construction and reconstruction of arterial and sub-arterial roads in urban areas is needed to help overcome the acute traffic problems of the larger cities. The central place the non-urban arterial roads must have in the progressive development of a more efficient highway system spanning the nation fully warrants the provision of specific assistance for their development. The allocations for both these classes of arterial roads would, we propose, be for construction and reconstruction only.

The proposed allocation for planning and research reflects our view that considerably more resources should be directed to these activities and that planning and research will pay handsome dividends and permit us to plan and build more efficiently in the future.

We are therefore prepared to make the States a "principal" Commonwealth grant for these purposes of \$1,200 million during the next five years.

The method of dividing the total sum available between the States has been adopted in order to approach more closely a pattern of distribution in accord with relative needs for road expenditure.

We have felt unable to move abruptly from the formula of distribution which has been in use for the last five years to one entirely in accord with economically evaluated needs as portrayed by the Bureau of Roads because doing so would not pay sufficient regard to the disruption of the existing pattern of roads expenditure and the operational and other problems that drastic, rapid, changes could create for various States.

We have therefore decided that, for the next five years and as a transitional arrangement, the distribution between the States should be primarily on the basis of giving equal weight to the distribution under the existing legislation and the distribution indicated by the Bureau's "scheduling programme". The "scheduling programme" is based upon an estimate by the Bureau of Roads, made after consultation with the State road authorities, of the amount of road work capable of yielding high economic returns which can be carried out during the next five years with the resources likely to be available in that period.

We therefore propose that the sum of \$1,200 million be distributed between the States on the basis recommended in the minority report of the Bureau.

This distribution will produce the following results:-

	\$ million
New South Wales	383.4
Victoria	254.4
Queensland	231.6
South Australia	123.3
Western Australia	159.6
Tasmania	54.3
Total	1,206.6

Even though this partly reflects the existing distribution we recognise that it could create difficulties for some States. Because of this the Commonwealth is prepared to provide special supplements to ensure that no State receives over the next five years less than 50 per cent more than in the present quinquennium. These supplements will be "phased out" by the end of the period.

These special supplementary grants, which would be available for expenditure on construction and maintenance of any type of road, would total \$52.05 million and would be distributed in this way:-

	\$ million
South Australia	9.3
Western Australia	40.8
Tasmania	2.25
	52.35

Together the principal and the supplementary grants would amount to \$1,252.05 million: an increase of \$502.25 million, or 67 per cent,

on the grants for the present quinquennium. I will circulate a table showing the distribution between States for each year of the next quinquennium.

Let me explain in greater detail our proposals for specific allocations, within the sum of \$1,200 million I mentioned, for urban and non-urban arterial roads, other rural roads and planning and research.

Urban arterial and sub-arterial roads are those falling within Classes 6 and 7 defined by the Bureau of Roads in Appendix V to its report. Non-urban arterial roads are those in Classes 1 and 2 and other rural roads those in Classes 3, 4 and 5. These classes of roads are described in a statement I will circulate.

We also propose that 1.5 per cent of each State's share of the \$1,200 million be specifically allocated for expenditure on planning and research approved by the Commonwealth.

The differences between the total of each State's share of the \$1,200 million and the sum of the allocations for expenditure in that State on "other rural roads" and planning and research comprise the specific allocations for urban and non-urban arterial roads. The relative sizes of these allocations in each State corresponds with the proportionate relationships between them in the Bureau's "Scheduling Programme".

Combining the figures for all States, the total allocations would be as follows:-

	\$ million
Construction, reconstruction and maintenance of "other rural" roads	394.55
Construction and reconstruction of non-urban arterial roads	186.76

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Construction and reconstruction of urban arterial and sub- arterial roads	600.69
Planning and Research	18.00
Total Principal Grant	<hr/> 1,200.00 <hr/>

As I mentioned earlier, urban arterial and sub-arterial roads would be those falling within Classes 6 and 7 as defined by the Bureau; non-urban arterial would be those within Classes 1 and 2; and other rural roads those within Classes 3, 4 and 5. I add that, for this purpose, the delineation between urban and non-urban areas will be made by defining as urban areas those areas of capital cities designated by the Statistician as Capital City Statistical Divisions and the urban areas of major provincial cities having populations greater than 40,000 at the last Census. The Commonwealth will consult with the States regarding the particular roads that will be included in each of the main classes.

~~Each of the separate~~ and specific allocations or funds for the three broad classifications are to be used for the class of roads specified. The amounts to be provided are very large and we recognise that, in exceptional circumstances, especially in the case of construction of urban arterial and sub-arterial roads, a State might encounter difficulty in using all of its annual allocation because of planning or other delays. Provision will accordingly be made in the new legislation to meet such problems, if they arise. Under the present legislation, amounts of Commonwealth funds set aside by the States during a year for expenditure on roads, have to be spent within six months after the end of that year. We do not intend to insist on this in future, and propose that on request by the States, the States may accumulate funds within each class during the term of the new Commonwealth Aid Roads Act, subject to the Commonwealth being satisfied that every effort had been made to spend the money available within six months of the end of the year for which it was available. The funds would be held in respect of that class by the Commonwealth until required for expenditure by the State.

We are also prepared, in exceptional circumstances, to allow limited transfers between the funds. In both cases it would rest with the State concerned to seek the variation.

This brings me to the matching arrangements. Under the existing legislation, each State has been required, if it was to qualify for a specified part of the total grant, to spend an equivalent amount from its own resources in excess of a base figure. For the next five years, we propose that each State should increase its expenditure on roads from its own resources at the same rate as the number of motor vehicles on register in the State. The broad objective would be to ensure that the State Governments' allocations for roads expenditure from their own resources increased progressively. The proposed requirement would not be an unduly onerous one - certainly not in relation to the proposed increase of 67 per cent in the Commonwealth's contribution.



The arrangements I have outlined will, we believe, enable roads development and maintenance to match the increase in demand for roads and also achieve a significant reduction in backlog of road works. It is obvious that there will be a significant and nationwide improvement in standards. They are also designed to ensure the progressive development of a national roads system along lines best designed to serve our evolving road needs.

We face a huge and complex task and one that calls for the closest co-operation between all the road authorities, both Commonwealth and State. Through co-operation much can be done to meet the problems in this field and develop an efficient roads system of which all of us, as Australians, can be proud.

We also want to improve co-operation with the States over the wider field of transportation generally. For this reason we propose that studies be made in depth on a co-operative basis of all aspects of transportation problems in Australia.

Let me crystallise the proposals in this way. The arrangements we are proposing for the next quinquennium are likely to ensure that the Commonwealth will be providing a substantially increased share of the finance for expenditure on roads.

The proposed increase in our grants will be \$502.05 million or 67 per cent. An increase of over half a billion dollars is, we think, a very generous one and one that must considerably improve the standard of roads in this country during the next five years.