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AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT TRUST
FUND BILL 1982

Date Introduced: 14 October 1982
House: House of Representatives
Presented by: Hon. R. J. Hunt, M.P., Minister for
Transport and Construction

Short Digest of Bill

Purpose

To establish an Australian Bicentennial Road Development Trust Fund with the aim of upgrading roads in the States and the Northern Territory by 1988, Australia's bicentennial year.

Background

The Commonwealth has provided assistance for road works since 1923 under various Acts. The current road funding program, announced in June 1980, provides \$3,650 million over the five year period 1980-81 to 1984-85. Of the total amount, \$628 million was provided for 1980-81 by the Roads Grants Act 1980. The Roads Grants Act 1981 outlined the minimum financial allocations for the remainder years and these were subsequently specified by the Roads Grants Amendment Act 1982. These appropriations adhere to the strategy announced in 1980 whereby Commonwealth road payments, in money terms, would grow at a decreasing rate.

Between 1979-80 and 1980-81, Commonwealth road funds increased by 11 per cent, and by 9 per cent for 1981-82. Over the next three years the annual rates of increase will be 7 per cent, 6 per cent and 6 per cent respectively. The recently released Bureau of Transport Economics Report on Road Construction Price Indexes indicated that the cost of road construction increased by 15.9 per cent during 1979-80 and by 15.3 per cent in 1980-81. If these rates of cost escalation are maintained, the real value of the Commonwealth's road funding program must decline significantly over the program period.

Perhaps, in response to this likely outcome together with the apparent deficiencies in the national road network, the Government is introducing this Bill to

establish an additional, yet separate, road works program. This Bill provides for a trust fund to be established from which the Australian Bicentennial Road Development program will be financed. It will be fully financed by a surcharge on petrol and diesel fuel excise of one cent per litre from 18 August 1982 to 30 June 1983, rising to two cents per litre from 1 July 1983 until 31 December 1988. This Bill appropriates the revenues raised by the surcharge from the Consolidated Revenue Fund. About \$2.5 billion is expected to be raised over the next six years.

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

Commonwealth Road Grants

<u>Program</u>	<u>1981-82</u>	<u>1982-83</u>		<u>1983-84</u>	
	<u>\$m</u>	<u>\$m</u>	<u>%</u>	<u>\$</u>	<u>%</u>
<u>Australian Bicentennial Road Development</u>					
National Roads		72	40	180.6	42
Urban Arterial Roads		54	30	129.0	30
Rural Arterial Roads		27	15	68.0	16
Local Roads		27	15	51.6	12
		180	100	430.0	100
<u>Roads Grants Act 1981</u>	<u>685</u>	<u>734</u>		<u>778</u>	
TOTAL ROAD FUNDING	685	914		1208.0	
Percentage change on previous year			+33		+32

ABRD funds for urban arterial, rural arterial and local roads are to be distributed between the States and the Northern Territory on the basis of relativities contained in the Roads Grants Act 1981. Funds for national roads will be 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.

Under this legislation the tendering requirement, which currently exists for national roads, will be extended to apply to urban and rural arterial projects and urban public transport projects.

The States and the Northern Territory must maintain their expenditure on roads and urban public transport, in real terms in order to receive full ABRD grants. A failure to meet this condition will require the State or the Northern Territory to spend an equivalent amount above the real level in the following year or face equivalent reductions in ABRD grants.

The ABRD Program is designed to provide an improved, safer national road network as well as additional employment in the road construction industry.

Main Provisions

Clause 4, sub-clause (3) provides that the Minister may approve expenditure of urban arterial road funds on urban public transport capital projects on the basis that such a project would ease pressure on urban arterial roads and is of priority.

Clause 7, sub-clause (1) provides for the establishment of the Australian Bicentennial Road Development Trust Fund. Clause 8, sub-clause (1) appropriates money for the Road Fund from the Consolidated Revenue Fund equal to the amount raised by the surcharge on petrol and diesel fuel excise. Clauses 9, 10 and 11 provide for payments to the States out of the Road Fund for ABRD projects, the percentage shares between the States and road categories, the variation of road category percentages and the transfer of funds for certain road categories to national roads. Clauses 12 and 13 require the States to maintain expenditure, in real terms, on roads and public transport projects.

Clause 14 sets 31 December 1989 as the closing date of the Road Fund.

Clause 17 empowers the Minister to approve ABRD projects submitted by the States.

By Clause 23, States must invite tenders for national, urban and rural arterial road construction and for approved urban public transport projects.

For further information, if required, contact:

