

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT TRUST FUND BILL 1982

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport and Construction,
the Honourable R.J. Hunt, M.P.)

AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT TRUST FUND BILL 1982

OUTLINE

The purpose of this Bill is to establish an Australian Bicentennial Road Development Trust Fund to receive moneys raised by a special surcharge on motor spirit and diesel excise for the purpose of funding major road construction and urban public transport projects to significantly upgrade Australian roads by 1988 - the bicentennial year.

The Australian Bicentennial Road Development Program which is to be established by the Bill will provide assistance to the States (including the Northern Territory) for Bicentennial Road projects. These Bicentennial Road projects are to be submitted by the States and the Northern Territory for approval by the Minister.

Moneys for the Trust Fund are to be derived from a surcharge of one cent per litre applied to motor spirit and diesel fuel excise from Budget night 17 August 1982. The surcharge is to be increased from 1 July 1983 to two cents per litre and is to cease on 31 December 1988. The special surcharge is being raised under the Excise Tariff Act and the Customs Tariff Act and paid into the Consolidated Revenue Fund. Accordingly, the Bill appropriates the revenues raised by the surcharge from the Consolidated Revenue Fund.

The Trust Fund is to continue for one year after the surcharge has lapsed to allow for the phased completion of the Australian Bicentennial Road Development program.

Trust Funds are to be allocated to national, urban arterial, rural arterial and local roads on a percentage basis as follows:

	1982/83	1983/84 and beyond
	per cent	per cent
National Roads	40	42
Urban Arterial Roads	30	30
Rural Arterial Roads	15	16
Local Roads	15	12

In addition, subject to the Minister being satisfied, the States may spend some urban arterial funds on urban public transport capital projects subject to certain criteria.

Urban arterial, rural arterial and local roads funds are to be allocated between the States on the basis of relativities contained in the Roads Grants Act 1981. The Commonwealth has already assumed responsibility for fully funding construction and maintenance of national roads. Consistent with this responsibility, the Minister is to distribute funds for national roads on appropriate projects in States in the light of national priorities.

Transfers of fund allocations between the urban and rural arterial categories within a State may be made at the request of a State, and with the Minister's approval. Similarly, at the request of a State, the Minister may also approve transfers from the urban arterial and rural arterial road fund allocations to Bicentennial projects for national roads.

The Bill contains a number of conditions under which Trust Fund payments are made including a requirement for the States and the Northern Territory to maintain their expenditure on roads in real terms to receive full Australian Bicentennial Road Development grants. In addition, States which transfer urban arterial funds to approved urban public transport capital projects will also be required to maintain their capital expenditure on urban public transport in real terms. A State or the Northern Territory which fails to maintain expenditure in real terms may be required to spend an equivalent amount above real terms the following year or face equivalent reductions in Australian Bicentennial Road Development grants.

Tenders are to be called for each national, urban arterial and rural arterial Bicentennial Road project. In addition each Bicentennial Road project is to be identified by a sign approved by the Minister. This sign will be maintained in place for the duration of the Program.

NOTES ON CLAUSES

PART 1 - PRELIMINARY

Clause 1 - Short title

The short title of the Act will be the Australian Bicentennial Road Development Trust Fund Act 1982.

Clause 2 - Commencement

The legislation will come into force on the day on which it receives Royal Assent.

Clause 3 - Object of Act

Sets out the objectives of the Australian Bicentennial Road Development Program.

Clause 4 - Interpretation

Sub-clause (1) contains definitions of terms frequently used throughout the Bill. Note particularly that the term State includes the Northern Territory.

Sub-clause (2) ensures that payments from the Trust Fund can be made for construction relating to a prescribed adjunct to a road which is defined in Sub-clause (1).

Sub-clause (3) provides that the Minister may approve expenditure of urban arterial road funds on urban public transport capital projects where a State proposes a project which would ease pressure on urban arterial roads (paragraph (a)) and is of priority (paragraph (b)).

Sub-clause (4) ensures that Bicentennial projects for national roads are to be constructed to standards notified by the Minister under Clause 6.

Sub-clause (5) provides that amounts paid to local government bodies and government authorities within a State for Bicentennial projects, and expended on those projects, shall be deemed to be expenditure by the State.

Sub-clauses (6) and (7) have the effect of allowing payroll tax charged by the State in respect of its own employees to be an eligible charge against Commonwealth funds.

Sub-clause (8) provides that, with the exception of payroll tax, moneys shall not be regarded as having been spent for purposes of the Bill solely by virtue of their having been paid to a State trust account.

Clause 5 - Declaration of Roads

The Minister may declare as a national highway a road, or proposed road, that is the principal link between the places specified (e.g. two capital cities). The Minister may also declare a road of national importance to be a national highway. (Sub-clauses (1) and (2)).

Sub-clause (3) empowers the Minister to declare as a developmental road any road, or proposed road, which he considers to be of national importance from the standpoint of assisting (a) development of particular industries or energy resources (including those in remote areas of Australia), (b) interstate or overseas trade and commerce, or (c) significant tourist travel.

Sub-clause (4) empowers the Minister to declare as an urban arterial road any road, or proposed road, which is (a) predominantly associated with an urban area, and (b) forms part of a network of roads in an urban area.

Sub-clause (5) empowers the Minister to declare as a rural arterial road any road, or proposed road, which is (a) not in an urban area, and (b) carries traffic between or through major regions, closely settled areas, cities or towns.

Sub-clause (6) empowers the Minister to vary or revoke a declaration made under this section.

Clause 6 - Standards for national roads

Under this clause the Minister is empowered to request from a State information relating to the use or likely use of national roads in the State. He may also notify to a State the standards to be observed in connection with construction of national roads. The Minister may vary or revoke a notification given to a State under this Section.

PART II - AUSTRALIAN BICENTENNIAL ROAD DEVELOPMENT

TRUST FUND

Clause 7 - Australian Bicentennial Road Development

Trust Fund

The Trust Fund is to be established as a Trust Account for the purposes of Section 62A of the Audit Act 1901 and is to be called the Australian Bicentennial Road Development Trust Fund.

Clause 8 - Moneys to be paid into Road Fund

This clause appropriates moneys from the Consolidated Revenue Fund equal to the amount raised by a special surcharge applied to motor spirit and diesel fuel excise for this purpose.

Sub-clause (1) distinguishes between moneys paid into the Road Fund which are derived from each of the two rates of surcharge to be applied; namely: (in paragraph (a)), one cent per litre from Budget night 17 August 1982 to 30 June 1983, and (in paragraph (b)), two cents per litre from 1 July 1983 to 31 December 1988.

Sub-clause (2) provides for rebates payable to certain users of diesel fuel to be deducted from the gross revenues raised by the surcharge before the nett revenues are paid into the Road Fund.

Sub-clause (3) is a procedural provision to permit the separation of a payment of an amount of duty into either an amount arising from the one cent per litre rate, or an amount arising from the two cent per litre rate.

Sub-clause (4) provides for interest on credit funds in the Trust Fund invested by the Minister for Finance under the Audit Act 1901 to be paid into the Trust Fund.

Sub-clause (5) is a procedural provision which allows the Minister to pay interest into the Road Fund.

Sub-clause (6) is to simplify subsequent references in the Bill to the two rates at which surcharge revenues are to be paid into the Road Fund.

Sub-clause (7) defines the term "relevant time" employed in paragraphs 8(1)(a) and 8(1)(b). (i.e. Budget night 1982)

Clause 9 - Application of Road Fund

Sub-clause (1) provides for payments to be made to the States out of the Road Fund for Bicentennial Road Projects.

Sub-clause (2) allocates a percentage share to national roads.

Sub-clause (3) allocates the percentage share for urban arterial roads among the States and the Northern Territory. The allocations are listed in Schedule 1.

Sub-clause (4) allocates the percentage shares for rural arterial roads among the States and the Northern Territory. The allocations are listed in Schedule 2.

Sub-clause (5) allocates the percentage shares for local roads among the States and the Northern Territory. The allocations are listed in Schedule 3.

Clause 10 - Variation of percentages at request of State

Allows a State to propose, and the Minister to approve, a transfer of funds allocated to a State between the urban arterial and rural arterial road categories.

Clause 11 - Increase of funds for national roads

Allows a State to propose, and the Minister to approve, a transfer of funds allocated to a State from the urban arterial and rural arterial road categories into the national road category.

Clause 12 - Variation of percentage where a State fails
to maintain expenditure on roads

This clause requires the States to maintain in real terms expenditure on roads from their own resources. Where a State fails to maintain its expenditure in real terms, and fails to make up the shortfall in the following year, the clause provides that the Minister may reduce the State's share of urban arterial, rural arterial or local roads funds by an equivalent amount.

Sub-clause (1) provides that expenditure by a State from its own resources, (or "relevant expenditure") does not include funds provided under this Act or any other Commonwealth Act which specifically provides funds to the States for expenditure on roads.

Sub-clause (2) provides that, where he becomes satisfied real expenditure has not been maintained, the Minister may serve the appropriate Minister of the State with a notice specifying the amount by which expenditure on roads in that State fell short of the amount required to maintain real expenditure.

Sub-clause (3) provides that if any portion of the shortfall specified in the notice is not made up in the following year, then the Minister may reduce the percentage allocations of Road Funds moneys to the State by an equivalent amount.

Sub-clause (4):-

- (a) empowers the Minister to determine the relevant base period for assessing a State's expenditure on roads
- (b) specifies that reductions in real expenditure in any period are to be compared to the base period
- (c) specifies that maintenance of expenditure in real terms in any period is to be assessed by reference to the base period
- (d) specifies that in assessing real expenditure the Minister shall have regard to the Implicit Price Deflator for Private Non-dwelling Construction, and any other relevant information.

Clause 13 - Variation of percentages where a
State fails to maintain capital expenditure on
urban public transport systems

This clause requires a State to maintain in real terms capital expenditure on urban public transport projects where, as provided for in Sub-clause 4(3), that State applies urban arterial funds to approved urban public transport projects. The clause is framed in similar terms to Clause 12 and provides that where a State fails to maintain its capital expenditure in real terms, and fails to make up the shortfall in the following year, the Minister may reduce the State's share of urban arterial, rural arterial or local roads funds by an equivalent amount.

Sub-clause (1) provides that capital expenditure by a State from its own resources (or "relevant capital expenditure") does not include funds, provided under this Act or funds provided by the Commonwealth under the States Grants (Urban Public Transport) Act 1978 or the States Grants (Urban Public Transport) Act 1974.

Sub-clause (2) provides that, where he becomes satisfied real expenditure has not been maintained, the Minister may serve the appropriate Minister of the State with a notice specifying the amount by which capital expenditure on urban public transport in that State fell short of the amount required to maintain real expenditure.

Sub-clause (3) provides that if any portion of the shortfall specified in the notice is not made up in the following year, then the Minister may reduce the percentage allocations of Road Funds moneys to the State by an equivalent amount.

Sub-clause (4):-

- (a) empowers the Minister to determine the relevant base period for assessing a State's capital expenditure on urban public transport
- (b) specifies that reductions in real capital expenditure in any period are to be compared to the base period
- (c) specifies that maintenance of capital expenditure in real terms in any period is to be assessed by reference to the base period
- (d) specifies that in assessing real capital expenditure the Minister shall have regard to the Implicit Price Deflator for Private Non-dwelling Construction, and any other relevant information.

Clause 14 - Time and manner of payments

Sub-clauses (1) and (2) provide for the Minister to determine the time and manner of payment having regard to costs which have been incurred by the State.

Sub-clause (3) requires payments to a State to be accompanied by a statement specifying the class of Bicentennial Road projects for which the payment has been made.

Clause 15 - Condition of payment of financial assistance
out of Road Fund

States are to spend Road Fund money only on approved Australian Bicentennial Road Development projects within the classes of roads specified in the statement accompanying the payment.

Clause 16 - Closing of Road Fund

The Road Fund is to close on 31 December 1989 or one year after the special surcharge on motor spirit and diesel fuel excise has lapsed, to allow for the phased completion of the Australian Bicentennial Road Development program. Any residual funds are to be spent on Bicentennial Road projects.

Clause 17 - Approval of projects

At the request of the Minister, proposed Australian Bicentennial Road Development projects are to be submitted by the States for approval by the Minister (Sub-clause (1) and Sub-clause (2)).

Sub-clause (3) empowers the Minister to provide a State with particulars of proposed projects to be submitted for his consideration.

Sub-clause (4) permits the Minister to approve projects which were commenced before the commencement of the Act (paragraph (a)). It also permits the Road Fund to meet part of the cost of a project (paragraph (b)) and excludes projects which were completed before the commencement of the Act from being funded by the Road Fund (paragraph (a)).

Particulars of projects submitted by the States are to include an estimate of the cost and an estimate of the amount the State intends to fund by means other than a payment from the Road Fund (Sub-clause (5)).

Sub-clause (6) limits Bicentennial Road projects to those which further the purpose of the Road Fund (paragraph (a)) and which can be funded by the Road Fund (paragraph (b)).

Clause 18 - Variation of project, &c.

The Minister may approve project variations including variations in the cost of the project. (Sub-clause (1)).

Sub-clause (2) provides that in approving variations to the project, or the project cost, the Minister is to apply the constraints of Sub-clause 16(6); namely, the variation should further the purpose of the Road Fund (paragraph (a)) and the Road Fund is to be able to meet the cost of the variation (paragraph (b)).

Clause 19 - Allocation of Road Fund to local government bodies

Sub-clause (1) provides for moneys paid from the Road Fund to States to be allocated between local government bodies and government authorities in accordance with principles formulated by the State and approved by the Minister (paragraph (a)), or in accordance with principles determined by the Minister (paragraph (b)).

Sub-clause (2) provides that the Minister will not determine principles for allocating local roads funds until either the appropriate State Minister has indicated the State does not propose to formulate principles (paragraph (a)), or the State does not formulate principles which the Minister is prepared to approve within a period specified by the Minister (paragraph (b)).

PART IV - CONDITIONS OF PAYMENTS

Clause 20 - Minister may require State to furnish information

This clause empowers the Minister to require a State to furnish information relevant to the operation of the legislation within a specified period.

Clause 21 - Statements of expenditure, &c., to be furnished

As a condition of receiving payments from the Road Fund, the States will be required to provide statements of expenditure in a form approved by the Minister. The Minister may require a State Auditor-General to certify this statement (paragraph (a)).

The State may also be required to repay an amount if the Minister informs the State Treasurer that he is satisfied that the State has not met the above requirements with respect to expenditure reports (paragraph (b)).

Clause 22 - Conditions relating to expenditure of
moneys granted under the Act

This clause requires a State, on the demand of the Minister, to repay to the Commonwealth any amount not expended or otherwise dealt with under the provisions of this Bill.

Clause 23 - Additional conditions with respect to approved projects

This clause sets out a number of conditions applying to States which receive payments from the Trust Fund, namely:

- a) the States are to invite tenders, in accordance with approved procedures, for the construction of national and arterial road projects approved under this Act;
- b) the States are to invite tenders for approved urban public transport projects;
- c) the States are to comply with a request from the Minister to establish a joint Commonwealth/State officials committee to furnish advice to Ministers on the planning of the Australian Bicentennial Road Development Program;
- d) signs approved by the Minister as Australian Bicentennial Road Development project signs are to be erected and maintained near Bicentennial Road projects for the duration of the program;
- e) the States are to permit a person authorised by the Minister to inspect or carry out reasonable tests on approved projects and to have access to relevant documentation;
- f) the States are to provide for adequate construction and maintenance of roads connecting national roads with other roads in the State;

- g) the State is not to levy, without the consent of the Minister, tolls on national or arterial Bicentennial Road projects funded from the Road Fund;
- h) the State is to repay financial assistance, in whole or part, if the Minister informs the State Treasurer that a section of this clause, or Clause 19, has not been met.

PART V - MISCELLANEOUS

Clause 24 - Deduction of amount repayable by State

This clause provides that the Minister may deduct any amount repayable by a State to the Commonwealth from grants payable to that State out of the Road Fund.

Clause 25 - Moneys repaid to Commonwealth

This clause provides for all moneys repaid by the States to be paid into the Road Fund.

Clause 26 - Delegations

Sub-clause (1) enables the Minister to delegate to an officer of the Australian Public Service any of his powers under the following clauses:

<u>Clause</u>	<u>Function</u>
6	Standards for national roads
14	Time and manner of payments
17(1)	Particulars of projects
17(3)	Routine project approvals
18	Variation of projects
20	Requests for information
23(d)	Erection and maintenance of signs
23(e)	Inspection of Bicentennial Road projects

Sub-clause (2) provides that where a delegate exercises those powers they are deemed to have been exercised by the Minister.

Sub-clause (3) enables the Minister to exercise any powers which he has delegated.

Clause 27 - Report by Minister

This clause requires an annual report to be tabled in Parliament each year on Trust Fund transactions and progress on approved projects.

Schedules

The Schedules to the bill set out allocations of Trust Fund money to particular States for urban arterial, rural arterial and local roads.

