

1980-81

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

ROADS GRANTS BILL 1981

EXPLANATORY MEMORANDUM

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

ROADS GRANTS BILL 1981

OUTLINE

The main purpose of this Bill is to provide \$685 million in Commonwealth grants to the States and Northern Territory for road works in 1981/82.

The Bill therefore gives continuing effect to the Government's commitment, announced in June 1980, to provide \$3,650 million in roads grants to the States and Northern Territory on the basis of the following annual allocations:

1980/81	-	\$628 million
1981/82	-	\$685 million
1982/83	-	\$734 million
1983/84	-	\$778 million
1984/85	-	\$825 million

The Bill will replace the Roads Grants Act 1980 under which \$628 million has been provided to the States and Northern Territory during 1980/81.

The total allocations to each State and the Northern Territory in 1981/82 for which the Bill provides are as follows:

New South Wales	-	\$214.336 million
Victoria	-	\$137.828 million
Queensland	-	\$139.361 million

South Australia	-	\$56.302 million
Western Australia	-	\$83.895 million
Tasmania	-	\$30.243 million
Northern Territory	-	\$23.035 million

The Bill also appropriates minimum levels of funding for national roads in 1982/83 and 1983/84 to provide the States with an assured basis for entering into longer term contracts for national roads construction works. The amounts specified in the Bill for these years will be supplemented when amendments are made to the legislation to appropriate funds for the remaining years of the five year program.

The Bill specifies terms and conditions with which the States and Northern Territory must comply in order to qualify for Commonwealth assistance. These vary in some significant respects from the terms and conditions set out in the Roads Grants Act 1980.

The number of road categories for which Commonwealth grants are to be allocated has been reduced to three, i.e. national roads, arterial roads and local roads.

The national road category will again encompass national highways and developmental roads. The definition of developmental roads has been amended to specifically include major tourist roads and major developmental roads in remote areas.

Annual program approval requirements for national roads are to be retained. In addition, grants for new national roads construction works are to be conditional upon tenders being called and dealt with in accordance with approved arrangements. Annual program approval requirements for arterial roads are to be discontinued and replaced with a retrospective reporting requirement. Annual program approval requirements for local roads are to be discontinued subject to the implementation of principles governing the allocation of Commonwealth grants for local roads in each State.

The States and Northern Territory will no longer be required to provide, from their own resources, a specific level of matching expenditure on roads (i.e. "quota").

The previous financial and accounting provisions are to be retained.

NOTES ON CLAUSES

PART I - PRELIMINARY

Clause 1 - Short Title

The short title of the Act will be the Roads Grants Act 1981.

Clause 2 - Commencement

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

Clause 3 - Interpretation

Sub-clause (1) contains definitions of terms frequently used throughout the Bill.

A reference to a State in the Bill is to be read as including reference to the Northern Territory.

Sub-clause (2) ensures that, where standards have been notified by the Minister in respect of national roads, a project must be carried out in accordance with the notified standards.

Sub-clause (3) provides that where a State pays, or sets aside for payment, moneys to a Government Authority for the purpose of undertaking roadworks this payment or setting aside meets the requirement of the Bill that the State must spend the Commonwealth grants on road works. ("Government Authority" is defined as including a municipal, shire or other local authority and a State authority with responsibilities in respect of local roads).

Sub-clauses (4) and (5) 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 (6) 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.

PART II - NATIONAL ROADS

This part contains those provisions of the Bill which apply only to the construction and maintenance of national highways and developmental roads.

Clause 4 - Interpretation

This clause defines the term "project" for purposes of this part of the Bill. It also provides for this part of the Bill to apply in respect of each of the three years 1981/82, 1982/83 and 1983/84.

Clause 5 - Declaration of National Highways and Developmental Roads

The Minister may declare as a national highway a road that is the principal link between the places specified (e.g. two capital cities) or any other road that the Minister considers of sufficient national importance to warrant treatment as a National Highway.

(Sub-clauses (1) and (2)).

The Minister is to be empowered 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 (3)).

The Minister may vary or revoke a declaration of a national highway or developmental road. (Sub-clause (4)).

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, as he sees fit:

- (a) works or classes of works to be carried out;
- (b) the order in which works should be carried out; and
- (c) the standards to be observed in connection with construction and maintenance.

Clause 7 - Approval of Programs

The Minister may request a State to submit for his approval a program of national roads projects which complies with certain specifications including notifications given under Clause 6. (Sub-clause (1)). The Minister may approve the program or modify the program as he thinks fit before approving it. (Sub-clauses (2) and (3)).

The Minister is prevented from approving a program unless he is satisfied that it complies with any notification he has previously issued under Clause 6(1) (b), (c) or (d). (Sub-clause (4)).

Sub-clauses (5) to (7) empower the Minister to amend an approved program either in response to a proposal from a State or on his own initiative after consultation with a State.

Sub-clause (8) (a) permits a stage of a project to be included in an approved program without the specific approval of the Minister in circumstances where the Minister has previously approved the total project and the carrying out of a preceding stage of the project in an earlier year covered by the Bill. Sub-clause (8) (b) enables the uncompleted part of an approved project to be included in the approved program for the following year without the specific approval of the Minister. This provision does not, however, apply to projects uncompleted at the end of 1983/84.

Clauses 8 and 9 - Amount and Condition

of Grant for National Roads

Provision is made for the payment to each State in each of the years 1981/82, 1982/83 and 1983/84 of the amount specified in Schedule 1 for expenditure on the construction and maintenance of national roads (Clause 8). Payment is conditional upon a State spending the funds during the particular year on projects included in an annual program approved by the Minister (Clause 9).

PART III - ARTERIAL ROADS

This part contains those provisions of the Bill which apply only to the provision of grants for the construction of arterial roads.

Clauses 10 and 11 - Amount and Condition
of Grant for Arterial Roads

Clause 10 provides for the payment to each State in 1981/82 of the amount specified in Schedule 2 for the construction of arterial roads.

Clause 11 requires a State to expend the grant in 1981/82 on the construction of arterial roads.

PART IV - LOCAL ROADS

This part contains those provisions of the Bill which apply only to the provision of grants for the construction and maintenance of local roads.

Clause 12 - Interpretation

The clause defines the term "allocation for local roads" for the purpose of this Part.

Clause 13 - Principles Relating to
Allocations for Local Roads

The Minister may enter into consultations with a State Minister with a view to reaching an agreement on the principles to apply in allocating Commonwealth funds for local roads in that State during 1981/82. (Sub-clause (1)).

If a State Minister is unwilling to enter into consultations or if the Minister forms the opinion that he will not be able to come to an agreement with the State Minister, the Minister may make a determination in relation to principles which are to apply in relation to the particular State. He must then notify the State Minister accordingly. (Sub-clause (2)).

The Minister is required to publish in the Gazette a notice of any agreement or determination. (Sub-clause (3)).

Provision is also made for variations to agreements and determinations in force under this clause. (Sub-clauses (4) - (7)).

Clause 14 - Approval of Programs of Allocations for Local Roads where no Principles Formulated

In cases where no agreement or determination under Clause 13 is in force, the Minister may request a State to submit for his approval a program of allocations for local roads. (Sub-clause (1)).

The Minister is empowered to duly approve the program and to approve any subsequent amendment of the program proposed by the State. (Sub-clauses (2) - (4)).

Clause 15 - Grants for Local Roads

This clause provides for the payment to each State in 1981/82 of the amount set out in Schedule 3 for the construction and maintenance of local roads.

Clause 16 - Condition of Grant of Financial Assistance for Local Roads

This clause requires a State to spend the grant on the construction and maintenance of local roads in accordance with either an agreement or determination in force under Clause 13 or in accordance with a program of allocations approved under Clause 14.

PART V - GENERAL

Clauses 17 and 18 - Variations of
Amounts Specified in Schedules

The Minister is to be empowered to approve requests for the transfer of funds between Schedules if the States are unable to spend the moneys allocated to particular categories (Clause 17) or if the States can demonstrate that a transfer is warranted on the basis of relative priorities. (Clause 18).

Both clauses, however, preclude the Minister approving the transfer of funds from the national roads category to either of the other two categories.

In addition, where the Minister has approved a program of allocations for local roads, any request from a State for a subsequent transfer of funds to or from the local roads category is to be accompanied by a proposal for a consequential variation to the approved local roads program.

Clause 19 - Moneys Expended After Year in
Which They are Paid to State

This clause provides that moneys which are set aside by a State during a year for expenditure in accordance with the Act, but which are actually spent during the first six months of the following financial year, are to be deemed as having been expended during the year in which they were set aside.

The Minister for Finance is to be empowered to approve an extension of the six month period during which moneys previously set aside may be spent.

Clause 20 - Moneys Deemed to have been
Expended on National Roads Projects

This clause permits the States to include in the cost of an approved national roads project part of the general administrative overhead expenses directly related to the construction and maintenance of national roads. The overhead expenses which can be charged against Commonwealth funds in this way are limited to a maximum of 4 per cent of the moneys otherwise expended on the project during a year.

Clause 21 - Minister may require State to
Furnish Information

This clause empowers the Minister to require a State to furnish him within a specified period with such information as is relevant to the operation of the legislation.

Clause 22 - Statements of Expenditure

Payment of an amount to a State is, in addition to other conditions imposed by the Bill, to be subject to the conditions that:

- (a) the State will submit to the Minister for Finance appropriate reports of expenditure together with audit certificates if the Minister for Finance so directs; and
- (b) repayment by the State of an amount (or such part of an amount as specified by the Minister) 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.

Clause 23 - Condition Relating to Expenditure of
Moneys Granted Under the Act

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

Clause 24 - Additional Conditions for
National Roads Projects

This clause provides that payment of an amount to a State for national roads is also conditional upon:-

- (a) the State inviting and dealing with, in accordance with approved procedures, tenders for all national roads construction works that are to commence after 31 August 1981 (works for which tenders have been called prior to commencement of the Act are exempt from this requirement);
- (b) the State complying with a request from the Minister to establish a joint Commonwealth/State officials committee to furnish advice to Ministers on the planning of national roads;
- (c) the State permitting a person authorised by the Minister to inspect or carry out reasonable tests on approved projects and to have access to relevant documentation;
- (d) the State complying with requests to furnish reports on approved projects;
- (e) the State providing access to documentation relating to proposed projects;

- (f) the State providing for adequate construction and maintenance of roads connecting national roads with other roads in the State;
- (g) the State not levying, without the consent of the Minister, tolls on national roads other than roads on which a toll was in force immediately before the commencement of this Bill.

Clause 25 - Additional Conditions for Arterial

Roads Projects

This clause makes financial assistance for arterial roads subject to the condition that a State provides a report, as soon as possible after 30 June 1982, of the projects to which Commonwealth funds have been applied.

Clause 26 - Deduction of Amount Repayable by State

This clause provides that the Minister for Finance may deduct any amount repayable by a State to the Commonwealth from grants payable to that State under this legislation.

Clause 27 - Time and Manner of Payments

This clause provides for the Minister for Finance to approve the timing and amounts of payments to a State.

Clause 28 - Payments to States to be Made Out
of Consolidated Revenue Fund or Loan Fund and

Clause 32 - Appropriation

The Bill provides that funds may be appropriated from either the Loan Fund or Consolidated Revenue Fund and appropriates funds as necessary.

Clauses 29 - 31 - Borrowing Clauses

The Treasurer is authorised to borrow moneys, by way of issue of either Commonwealth Inscribed Stock or Treasury Bills, and the Minister for Finance may apply the borrowings for purposes of either payments direct to the States, or reimbursement of the Consolidated Revenue Fund for payments made under this Bill.

Clause 33 - Delegations

Sub-clause (1) enables the Minister to delegate to an officer of the Australian Public Service any of his powers under Clauses 6, 7 and 14.

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.

Schedules

The Schedules to the Bill set out individual States' allocations for each road category.