

## **ROAD SAFETY COMMITTEE**

### **Inquiry into federal-state road funding arrangements**

Canberra — 17 March 2010

#### Members

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#### Witness

Mr S. St Clair, chief executive, Australian Trucking Association.

**The CHAIR** — Thank you very much for being here to assist the committee's inquiry into federal-state road funding arrangements. As you can see, we are recording the evidence today. We will provide you with a copy of the transcript, and you can make adjustments as necessary. Please introduce yourself, and we will ask questions as we go.

**Mr ST CLAIR** — Thank you for the invitation to appear before your committee again. I have appeared before your committee on other occasions. It is good to have that reaction because as an association we do not often necessarily deal in the state arena; that is left to our member associations, and the Victorian Transport Association would do that. My name is Stuart St Clair. I am the chief executive of the Australian Trucking Association and have been in that role for four years. We are the national peak body for trucking in Australia for those people who move freight by road, and unashamedly so. We represent all of the state-based and federal national associations for various sectors and the trucking community in general. We also represent the Transport Workers Union as members and individual owner-drivers who are elected to our council via the Australian Electoral Commission process. It is a rather large grouping of people around the council seats, but it certainly brings a diversity of views to the industry.

I have been associated with the timber and trucking industry for nearly 40 years. I still drive heavy vehicles, and I am accredited to do so. In fact I am just going for my upgrade to road train licence at the moment to travel some more in the outback, as there are things to understand. I spent 12 years in local government, eight of those years as a mayor, so I understand the basics of financial assistance grants, particularly as they applied through the 1990s when grants became untied after a great deal of debate. I have also been a member of federal Parliament and a senior member of John Anderson's staff when he was the federal Minister for Transport and Regional Services. It has been a really good group, and I now get paid to do my hobby.

I have looked at the seven terms of reference you are addressing, and there are some really good things in there. Much of it is not going to be new. I listened with interest to Mike from the AAA before me. We agree on most things. We do not agree on many others, as you would expect, because his organisation represents people who move in motor cars. There are 13 million motor cars in Australia and there are 400 000 trucks, and about 80 000 of those trucks are owned by farmers, so we need to keep it all in perspective.

The advantages and disadvantages I suppose can be best summed up by saying that in the year 2000 with the introduction of the diesel and alternative fuel grant system there was a recognition by the Australian government at the time after a long period of lobbying that the industry should pay its way for the use of the road asset and not necessarily pay any more than it should. It has taken a long time to get to that point — both for the government to understand the importance of freight as the generator of wealth for the nation, because everything at the end of the day is moved, but also for an industry to recognise, from the largest companies right down to the smallest, that they have an obligation to pay for the road asset not only in the sense of maintenance of that road but also in the sense of construction of new road. We do that under a PayGo system, that many of you will be aware of, which gets data from road agencies around Australia on what is spent. It is pooled up. They decide the volume of money that is attributable to heavy vehicle wear and tear and construction, and that is the figure that is agreed upon for which we pay our tax.

There have been a large number of disputes and very vocal lobbying about information that is available to the industry. Again I stress the fact that we are prepared to pay our way but we do not necessarily need to pay more than we should. Some of that is because data that comes from road agencies to the National Transport Commission is not necessarily open and transparent. Over the last few years we have been able to break down those barriers quite successfully with the help of many state governments in opposition to other state governments and with the support of the federal government so that we can actually see what data is being talked about.

The challenge is that we have a lot of road agencies that employ a lot of engineers who really believe they should build a road but that no-one should drive on it. It is a bit like the *Yes Minister* episode used as a training film with the hospital which won the prize of being best administered because it had no patients. I think there are some road agencies that have a similar view to the engineers, and that creates some challenges for us.

You would also be aware that out of the total pool of money that is raised from the trucking industry about two-thirds is in the form of a road user charge which goes to the federal government through excise. The other

third is state government revenue driven by registrations. It is divided over a whole series of classes of vehicles, and I think there are about 22 different classes of heavy vehicles — this is over 4500 tonnes.

Is all the money expended on roads? No, it is not. We know that. Victoria, which is a small-area state as you can imagine, has had for a long period of time a recognition of the importance of the freight task to generate wealth not only for the state but also for the nation. I think we have seen that in some of the innovation that has happened over a long period of time in Victoria. And of course Victoria has less roads than other states such as New South Wales and Queensland, if we are just talking about the east coast. We are also conscious of the fact that there are a huge number of operators that are domiciled in Victoria rather than in some of the other states. From our point of view the importance of moving one container off the wharf in Melbourne to Somerton or somewhere is just as important as shifting six decks of cattle out of the Tanami Desert to Darwin. They hold the whole fabric of trucking in Australia.

How effective is the current federal-state funding arrangement? Probably not very effective, to be honest. We are not going to be able to solve that from our industry's point of view, and I am not sure that collectively over 100 years we have made much improvement on the funding arrangements between the commonwealth and the states. It is a difficult one. State roads are under the care, control, management and ownership of the state. Local government controls 80 per cent of the road network in Australia. Our biggest problem in access is with local governments. They are not funded properly to provide road networks — we know that — whether it is in regional, rural or remote Australia or whether it is in the middle of your cities, and of course we have community expectations in the middle of all of that.

I also make the comment that there is a lot being said at the present about rail and moving freight onto rail. Rail has to carry double what it carries today over the next 20 years simply to keep the same proportion. Eighty per cent of the freight task happens around the metropolitan areas. Less than one-third of the movement of freight is interstate, so we have to keep undeliverable expectations under control here. We believe in a very productive, safe, efficient and self-supporting rail industry, but let us not get carried away with the idea that 40 per cent of all of the freight is going to go on rail, because they are not going to run a rail line into the Coles warehouse here at Manuka. They are not going to run it into the Bunnings warehouse out at Queanbeyan. That is going to be done, one way or another, by a truck. Every council is not going to deliver its road gravel to its site on rail, it is going to do it on a truck. That is where the volume of freight happens.

As I said, I think that the taxes are about right in the relationship between state and federal government funding — if that is what you are looking at. States are trying to battle their own budgets, no matter where they are, to try to fund their explosive demands for such things as health and a lot of other things. I can remember quite clearly today a debate over hypothecation in the federal Parliament where it was said, 'If you want to hypothecate what you raise and spend it on roads, that is good. Just write down the list of hospitals you would like me to shut'. That is a fair argument from a Treasurer, because that is the volume of money that is being raised through excise.

How equitable are road funding arrangements for road users? I suppose again from our point of view in heavy vehicles we think they are equitable; we should pay for the use and that payment should be an open and transparent system. You spend the money; we expect we should pay our fair share of that. I just want to reiterate to the committee the great importance of the industry actually understanding that. We do not have the internal fights about people saying, 'We are not prepared to pay the increase on road user charges'. If it is fair and equitable and it is transparent, then we would expect to pay. We do have an alternative model, which I will table for you in a moment, Mr Chairman, and talk to.

In relation to road funding arrangements between federal, state and local governments, again I think local governments control 80 per cent of the roads and that is where the majority of our problems are, to be honest with you. Under the proposals that are being researched and pushed by some as their agendas for mass distance location charging using telematics, local government is not included. There is no mention of local government in the new model. We find that very disturbing for the reason that at the time of the argument that was conducted in the 1990s about untying the roads component of the financial assistance grant, many, many, many councils around Australia, particularly those that were more rural and regional, were fighting to keep them tied. We do support tying the grants to roads so that we actually know that it is going onto the road network. Quite simply, the battle was lost, and I think there are some political reasons for that. But it was lost. The only thing

we were able to ensure at that stage was that the roads component was actually identified within the financial assistance grant so it gave you some idea of what was happening to the money.

The influx of the Roads to Recovery program is huge, and I do not think there is a council probably around Australia that will not have seen some benefit or a member of Parliament who will not have seen some benefit in their electorate, whether they are city-based or regionally based. But we do believe there needs to be a better way of funding local government. We have some private arrangements, if you like, where local government may put a development in for a feedlot, a quarry, an abattoir or some other thing where you might do a special deal with them to be able to use that road to enable them to maintain it. We do not have any issue really with that. But we do think that councils that want to upgrade their road network to take longer, safer vehicles, therefore reducing the growth in the number of trucks, should have access to a pool of funds and that pool of funds should be contributed from us on a national basis.

As you would be aware, there are decisions being made by communities, for a whole range of reasons, and they are saying, 'We don't want any trucks in our community'. So how are you going to get your bread, your dry-cleaning or your paper? How are we going to build a house? We have car yards that are relics in residential areas, because they are industrial. If communities are saying, 'We don't want your trucks down here', what are you going to do? Drive each car down? There is some lack of common sense starting to come in here, but we do believe that the community should have safe roads — and I am not going to go into a lot of detail about that because I think it has been covered elsewhere. To do that we need to make sure there is funding available to local government.

There is a lot of debate over funding at present, as you would be aware, in relation to the road user charge. I notice it is part of your terms of reference. We have been working with Treasury officials, state governments and many others in the industry. We believe the fairest way to pay your tax is based on a user-charge system. The simplest way to do that is to have it on a fuel-based charging system only. That is a really simple system. It simply says, 'The further you drive, the more fuel you use, and the more fuel you use, the more tax you pay'. The bigger the vehicle — the heavier the vehicle generally — the more fuel you use, and the more fuel you use the more tax you pay. If you were in a large truck running around Melbourne wharves, you would probably only do 40 000 to 50 000 kilometres a year, even in a B-double, and yet you are paying in your registration fees for 179 000 kilometres a year. You have got other trucks that might do 400 000 kilometres a year — you know, line-haul people, rotational drivers — and they pay the same registration fees as the person who is doing 40 000.

We have put forward a fuel-based charging mechanism proposal. It also contains in there, Chair, a pool of money identified to go back to local government to assist them out of that pool. We think that registration fees should just be nominal — in other words, probably \$400, which pays for the registration, the actual sticker and a recording of those sorts of things and the data — but the general tax should be paid through a fuel-based system. No-one can avoid it.

**Mr KOCH** — On many occasions there would have to be a formula worked out: payment for damage by a B-double doing 50 000 kilometres in a metropolitan area would be somewhat greater than it would be on line-haul. I would suggest these sorts of numbers just on a straight kilometre basis would not actually reflect expenditure on the road network.

**Mr ST CLAIR** — If you talked about the Hume Highway, there is very little damage done to the Hume Highway by a truck because it is built to a certain standard. But there is a lot of damage done to the black plains soil country of Moree during a wheat season, for example, and somewhere along the line you have got this averaging coming in. Even with the long-haul line-haul people the increased amount that they pay is quite substantial, but if you talk to major long-haul people they know that they are getting away at the moment with not paying enough in fuel pricing. If you talk to operators who operate around the wharf, they would reckon they are paying too much. There is a formula in here which — —

**Mr KOCH** — Guess what? It is a falsehood.

**Mr WELLER** — If you go to a fuel-based tax, is that not what we have got now.

**Mr ST CLAIR** — No. What you have got now is a fuel-based system which is administered by the tax office, which is really good, and that is why it is such a good thing. No-one can avoid it. You have got to fill your tank up, and when you fill your tank up you have to pay. You cannot cheat the system, because if you are

big enough the oil company will simply reach in, as you know, to your account on the 21st day of the month and take the money out, and if it is not there your truck does not go.

With registration fees what we are finding now is that in an attempt to get these proportions right we are starting to penalise those trucks that are more productive — higher productivity trucks, in particular B-doubles — because we are having to put and load up the A-trailer with substantially increased registration fees. To give you an example, a standard tri-axle B-trailer is about \$1200; it varies a little bit. An A-trailer is \$6000. They have had to do that, and we have agreed at that point, because it was the only way you could actually recover the amount of money. But what they ended up doing was penalising more fuel-efficient trucks and safer trucks, because it is now dearer to register a B-double than it is a double road train. I do not know how many of you have shared the road with a double road train, but I would rather be behind a B-double any day, thank you. That is the sort of thing that is getting out of kilter. As time goes on if we stick to the same formulas, we are going to end up with major problems, or we are going to end up with it put on the prime mover, which will remove that capacity for operators to use a prime mover for a whole range of different purposes.

**Mr WELLER** — Yes, but we have also got the 38 cents a litre on the fuel excise now. Isn't that a fuel tax?

**Mr ST CLAIR** — We only pay road user charge, so we get a rebate. We get an on-road grant for roughly 17 cents a litre. As I was saying at the start, we do not pay the general excise in that context. The net we pay is a road user charge, which is the amount of money raised by tax for the damage to the road. That will vary. That will keep going up. If you spend more money on damage to roads that is attributable to heavy vehicles, we keep paying more money. I commend you to have a bit of a look through it. Treasury officials sat opposite once and said, 'It is a simple system; it has got to be wrong'. Well, no; taxation reform is about making it simpler, not more difficult, we would have thought. It is about also raising the appropriate sum of money. In our view the administration of a telematic system will cost over \$1 billion a year to administer, but we would rather see that money going into the road network.

**Mr WELLER** — That would grow the pool of money, then one of the things that we have been looking at is how you distribute that money and get it equitable across Australia.

**Mr ST CLAIR** — We are not going to solve the federal–state arrangements for funding, and we are not even going to attempt to do that. But you are right: how is the money going to be distributed back to the states? If I look at it from outside and from inside, I cannot give you an answer to that, because each state is going to make sure that they are not going to lose anything from their state — understandable. New South Wales says, 'Eighty per cent of all freight travels through our state, and we do not get a fair proportion or valuation of the registration because most of the regos are in Victoria'. It is probably better to do business in Victoria than it is in New South Wales.

**Mr KOCH** — Or Queensland; both sides.

**Mr ST CLAIR** — Yes.

**Mr WELLER** — As we spoke about local government, is there an income stream for local government?

**Mr ST CLAIR** — Yes, directly to local government — proportionate. They actually put a claim on the pool for moneys expended that upgrade a standard general access road to a higher productivity road. At the moment there is no incentive. A higher mass limit was brought in in 2000, and Victoria led the way in opening up the arterial network back in those days. They had about 94 or 95 per cent of the arterial network opened up to higher mass limits. New South Wales had 6 per cent, which was simply the federal government-funded road — which was the Newell Highway, a little bit at the top end of the New England and a bit at the bottom end of the Hume Highway — and that was it.

The object of higher mass limits was to become more productive and more efficient and to make better use of vehicles, and you had a better suspension reaction with the pavement. New South Wales said, 'No, we just want more money', and now you have got a silly situation in New South Wales where they have introduced an intelligent access program that says, 'If you want to carry higher mass limits, you have to be registered with us; you have to have an evidentiary-quality box put in your truck, and you are going to be recorded for every single kilometre you do as a vehicle'. So what are people doing? They are simply saying, 'It's all too hard; we'll simply buy more trucks', and that is the last thing that communities or parliaments want to hear. If you have a

talk to Toll, as the largest owner and operator of trucks in Australia — we work very closely them, as we do with Linfox and the other majors — they say, ‘We’ll simply buy more trucks’. Dumb outcome! Let’s use safer, longer trucks where appropriate on better roads. It makes a lot more sense.

**Mr TILLEY** — Stuart, on your earlier comment in relation to road trains, do you have a preference for not seeing road trains on our roads over B-doubles or the longer mass-limit vehicles? Do you see a place in the future where, through manufacture or engineering that could produce a safer vehicle with these higher mass limits, we could see road trains? I say that because New South Wales, as I understand it, just recently made an announcement allowing better access to road trains on their road network.

**Mr ST CLAIR** — West of the Newell.

**Mr TILLEY** — I know. It is a start.

**Mr ST CLAIR** — It is, and there is no doubt that the technology advancements in heavy vehicles now is quite extraordinary — the safety features and new gear, which are really important. We want to keep that modernisation of the fleet going to get all the safety features in it. I have sat for a long time behind a vehicle called a BAB Quad, which is two B-doubles joined together with a dolly in the middle. Its on-road performance is amazing. We are running trials in New South Wales at the moment. There are some pocket road trains — what they call road trains; we tend to think that is not the word — in Victoria that are trying to be trialled by, I think, Fonterra with their milk collection, but I do not think they have got a road to drive on yet. I think they have been ticked off as a PBS vehicle.

**Mr TILLEY** — They have.

**Mr ST CLAIR** — But they cannot drive it. Tick one box for Parliament; for practical reality, not happening. We have the same in New South Wales with quad-axles in the middle of B-doubles for skels. Longer term, it is about dealing with the community’s perception of what the *Herald Sun* and the *Daily Telegraph* might call ‘monster trucks’. They had the same headlines in the 1980s when B-doubles came in: ‘Monster trucks unsafe’. Guess what? There is now more freight moved by B-doubles than there is by single articulated vehicles in Australia. They have proven to be substantially safe and will continue to do so. B-triples have been running in Melbourne from Geelong to the Ford plant at Broadmeadows for 16 years — not 6 months — without incident. The public has got used to them as they are driving on the roads. The roads were fine; they were built for the conditions and proper access, where it is safe to do so. We just think the use of higher productivity vehicles, both in the city but also intrastate and interstate, is a way to assist in the reduction or restriction of the growth of the number of trucks.

It is a very exciting future because the technology in these vehicles now — and I am sure some of you may have had an opportunity to see them — is quite spectacular. That is what it is about. I think from our point of view it is safer systems — and that is a catchcry from us. Safer roads is the major increaser in safety. It is safe trucks, safer drivers — better educated, better trained — and a better competency basis. And of course at the end of the day it is safer companies, so the culture of chain of responsibility, legislation and accreditation is really starting to have its effect with safer vehicles.

**Mr TILLEY** — That leads me to the next question. In the future what could user groups and the association anticipate or expect as a direct result if innovation can result in less pavement damage on the existing infrastructure?

**Mr ST CLAIR** — I get back to that comment I made about the pathological asset protectors, that engineer who says, ‘I want to build a road but I do not want you to drive on it’. It does not happen always, everywhere, but it certainly happens. It is getting to understand that the road will wear out, so you have to have a maintenance program and a rehabilitation program — a proper one based over a long period of time — that allows you to spend money on that road to keep the condition of the road. We are prepared to pay for that. Cars already pay for that. If people were serious about rail, they would make sure they had a proper public transport system to get cars off the road, but there is more voters in cars than there are in trucks — by millions. And that is a difficult one to deal with.

I think these are exciting times at the moment to make sure that as we go down a path of looking at funding for the road assets that you guys own, that the Parliament of Victoria owns, or New South Wales or Western

Australia own, we have to have a better way of ensuring that no-one can cheat the system. The biggest complaint we have on some of the systems is that people do not register their trucks. It is, 'I am not going to pay \$12 000. I am just not going to register it' — or a car for that matter; it is nothing new. If you make the registration cheap enough and you keep your enforcement agencies there, which have to be funded, the easiest way to raise you tax is through the Australian Tax Office. It is a wonderful organisation to make sure you pay the right amount of money. It does not need telematics. It does not need a spy in the back of the cab looking out over your shoulder to work out payments, let me tell you. It is a very efficient way of doing it.

**Mr TILLEY** — Can some of this stuff as an industry report back to government, telling it about the conditions of roads? I understand that some of these telematics tell you about potholes, when they cause vehicles to veer off and a whole range of things that can assist the industry and make roads better.

**Mr ST CLAIR** — It could. That is another added expense going in. Who is going to make the decision about where the money needs to be spent and which intersection, et cetera? They are really done best by local areas. There is no doubt in our minds that the road agencies around Australia do a phenomenal job generally with the resources they have. We have to applaud them for doing that. It is the same as our view of on-road enforcement. We would love to see a police officer every kilometre on the road. Professional drivers would love to see them out there all the time. I can drive to Sydney, as I do regularly, and I do not see one at all. So we want to see people on the road to make sure of that.

The evidence shows overloading of trucks nowadays is minute; it is just minute. So why are we looking at strange systems? Road quality standards for building have actually gone down, not up. It is like council saying that I have to rip my tar up and go back to dirt. You can understand that. How are they going to balance the demands of the community? Rural councils probably only pay 25 per cent of their budget from rates; the rest comes in grants. How are you going to manage that? I feel for them. If there is a pool of money to come to them to enable them to do some of these upgrades, we will find that as a step forward.

**The CHAIR** — In relation to that pool of funding that should be dedicated to improving the roads that is given to local government but which goes to consolidated revenue and is not necessarily spent on roads, how would you put a proviso on it and how would you police it?

**Mr ST CLAIR** — I would tie it back to road funding — tied grants. I know it sounds like we are going back to the future. If you were in a council that does not use the volume of money that you get because of the road formulas, then it should go to where we are going to create increased safety and increased productivity.

As you all know, the commonwealth and the states will build magnificent six-lane highways and then they will allow all these egresses to come on it so that mum can take the kids to school by travelling on the road for 1.5 kilometres and then getting off it. The Pacific Highway is a classic example of that. Less than 50 per cent of the heavy vehicles on the Pacific Highway are through vehicles. When we talk to community groups up around Ballina, which seems to collect quite a number of these very active groups, they want to ban all trucks off the highway. How are you going to service Coffs Harbour or Grafton or Port Macquarie or Ballina itself?

A Melbourne city councillor said to me they are actually having a look at using trams and bicycles to deliver the freight in the middle of Melbourne. I looked at this fellow, and I was with a VicRoads person at the time who looked absolutely incredulous, and I said, 'You've got to be joking'. He said, 'Oh no, we'll do it'. How are you going to deal with the brewery in the middle of the city that handles nine B-doubles a day of bottles? Are we going to have rickshaws and trams with trailers? People have got to get back, I think, to some seriousness, and that comes to the leadership shown by elected members at the end of the day, and that is not always easy.

**Mr TILLEY** — I have a stack of questions that are probably getting too far off the reference, so I will leave them for another day.

**The CHAIR** — Maybe you can ask the questions after we have finished. in relation to the public-private partnership, is there a role in terms of building some of that road infrastructure that PPPs can play in the future?

**Mr ST CLAIR** — Absolutely. Our only condition in that sense is that we do not pay twice. During the formula make-up of how much we should pay a year, the building of a tollway is excluded from the figures that go into the amount of money we pay. If you spend — pick a figure — \$2 billion to build a tollway, that \$2 billion does not come into the pool to be raised in taxes because we are already paying it in a toll.

There is no doubt, when you look more Sydney-oriented historically than Melbourne, if you look at the M7 and the construction of that — and I am talking heavy vehicles — they are a most magnificent thing. I remember when the Gailes to the Gold Coast Highway tollway was opened. My colleagues in a truck said, ‘We are not going to use that. We are going to use the old way’. I would save \$6 in gear changes and fuel before I got halfway down the tollway without worrying about trying to save that sort of money out on the open road. It is about time, it is about convenience and it is about ensuring that you save the money. We do not have an issue.

**Mr KOCH** — Wear and tear and maintenance!

**Mr ST CLAIR** — All of those things, providing they are built to a standard. I think the committee would be aware the thing that damages pavements is steer axles. It is that first bang that comes into a road network that creates it. It is not the trailing end. We are not suggesting you should add more mass to the actual tyres. All we are saying is let us have more wheels; let us utilise them better. We have drivers at the moment being knocked off for being 65 kilograms over on a centre tri on a B-double which has got 22.5 tonnes on it. That is the sort of thing that agitates people out there on the road.

**Mr KOCH** — But not 5 minutes ago you were suggesting more enforcement was what the association was seeking?

**Mr ST CLAIR** — We do.

**Mr KOCH** — So what are you saying to your drivers?

**Mr ST CLAIR** — We agree with that. What we are saying is, firstly, you have to load your trucks better, but secondly, often we want to put an extra set of axles in the middle of a B-double because it is very hard to get it to actually balance. So you are right on the gross for the whole vehicle — and that is not a problem — but often you are over on that centre tri. Changing that and allowing that to go to quads would assist. There are some trials happening around that. In Melbourne there are some trials on super B-doubles around the wharf, which appear to be working well. So there are some answers to that.

**Mr TILLEY** — If you are running a quad trailer over a bogie prime mover and your water level is not right — you are going to have loads like that, are you not, because you have got a load over your quad?

**Mr ST CLAIR** — That is right.

**Mr TILLEY** — What is the first thing that is going to overtake the back end of the truck, which is heavier?

**Mr ST CLAIR** — No, they do not load like that. They should not be, if a load comes both ways backwards, because you are only allowed 16½ tonnes on a drive.

**Mr TILLEY** — But regulation and policy and all that sort of stuff does not suggest that, does it? It says that the weight should be over a proportion of your axles.

**Mr ST CLAIR** — Yes, and braking mechanisms. Moving away from air brakes to electric brakes is going to dramatically change some of the configurations. We have vehicles now going to disc brakes through the whole vehicles, and you have got electronic stabilisation for anti-rollover. You may have seen that Kenworth just recently announced one of its new electronic braking systems to prevent some of that stuff. The technology is amazing. It is good, and safer.

**Mr KOCH** — I remain a little bit concerned about the tying of grant funds. Are you talking about a 100 per cent tying of grant funds to local government, or are you talking about a percentage of it?

**Mr ST CLAIR** — On the roads component, tying 100 per cent of it.

**Mr KOCH** — My concern is that if matching funding is not available — and we know that many of the rates bases have been pretty heavily eroded over the last 10 or 15 years — then all of a sudden you are going to see a complete breakdown in the whole operation, over a 100 per cent tying of funds.

**Mr ST CLAIR** — Again, we are not going to solve the issues of funding.



**Mr KOCH** — No, but I think it is an issue. It is very easy to say ‘tying 100 per cent of those funds’, but I think, for other reasons, they were untied, and that is one of them.

**Mr ST CLAIR** — I do not think it is any different to the arguments around the Roads to Recovery program, which was originally designed for local government for use on local government roads.

**Mr KOCH** — But the second round was not matching funding.

**Mr ST CLAIR** — When you say ‘matching funding’, from whom?

**Mr KOCH** — Local government.

**Mr ST CLAIR** — No, but neither was the first. There was no matching funding.

**Mr KOCH** — I stand to be corrected, but I thought there was a percentage on the first round that was matching funding, and on the second there certainly was not.

**Mr ST CLAIR** — No. It is up to communities, and this is this challenge of tying or untying, because communities have a demand that says, ‘We want this’ or ‘We want that’. But in the Roads to Recovery program it was originally intended to go to local roads only. That got expanded out because many councils said, ‘We want to do up the arterial road, the main road or the state road’, which are state responsibilities, ‘because they are not doing them up as it would bring economic and social benefit to our community’. So there were some arguments. I just come from a school that says, ‘If you have a roads component identified for your council in the financial assistance grants, then that should be spent on the road network’. To do your other funding, I think, is a broader one.

**Mr KOCH** — It depends on the formula put in place to allow that to happen.

**Mr ST CLAIR** — We work very closely with the Australian Local Government Association, and we do not always agree, as you could imagine, because, again, we unashamedly represent those people who move freight by road. But we are trying to make sure that we lobby the Australian government in particular to recognise the role that local government has in providing a safe network but also providing freight networks and giving them some funding to enable that to happen directly. There was a lot of concern when the Roads to Recovery program did not go through state governments, because there was a commission or an amount of money that came off the top of that. We understand the angst that was there in those states, but from our point of view it is about getting the best funding onto the road network to have a safer road.

**The CHAIR** — Thanks for your time.

**Mr ST CLAIR** — Thank you for your time.

**Witness withdrew.**