ROAD SAFETY COMMITTEE

Inquiry into federal-state road funding arrangements

Melbourne — 1 March 2010

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Mr P. Slape, chair, and

Mr C. Morrison, executive officer, Victoria Grants Commission.

The CHAIR — Thank you very much for being here to assist the Road Safety Committee's inquiry into federal-state road funding arrangements. As you can see, it is being recorded by Hansard and we will send you a copy of the transcript for you to correct as appropriate. I must let you know that you are protected by parliamentary privilege but that privilege is not afforded to you if you say anything outside. Please introduce yourselves and the organisation you belong to, proceed with your presentation and we will ask questions as we go.

Mr SLAPE — Thank you very much for inviting us to give a submission. My name is Paul Slape and I am chair of the Victoria Grants Commission; with me is Colin Morrison, our executive officer. We obviously have put in a submission and we also have a document we have circulated which builds on the submission and hopefully makes it a little bit clearer or simpler by putting it in slide form although we are not doing a slide presentation. It is broken up into four groups.

I will talk first about the role of the commission. The commission has no say over what we get. Every state and the Northern Territory has a grants commission. Its role is to distribute the financial assistance that comes through the financial assistance grants from the commonwealth every year. It is normally adjusted according to population and CPI increases usually every year. We just get a fixed amount which we distribute. It is in two groups: the general purpose grant, which is the biggest; and the roads grant, which is the smallest.

Given your terms of reference we can go through how we distribute the money when we get it in Victoria or we can talk about the interstate distribution, the comparisons and a previous submission that we put in to a Commonwealth Grants Commission inquiry to try to increase Victoria's share. We are in your hands. If you like we can give a brief run-down of how we distribute the money once we get it.

The CHAIR — Sure, that would be fine.

Mr KOCH — Chair, could we have it the other way around? Could we have the second part first and then the distribution second?

Mr SLAPE — You can.

Mr KOCH — I think we will get a fair old feel then of outcomes and then what you do with them.

Mr SLAPE — Page 5 gives you a comparison of how Victoria sits in relation to all the other states. As you can see, New South Wales gets the most, with 29 per cent. These shares were decided some time ago — in 1991, I think. Victoria's share is 20.6 per cent of what the total roads grant is. Our general purpose grant is 24.8 per cent, I think, which is exactly based on what Victoria's population is.

The roads grant is not based on population; it is based on road length and other considerations, and that has not been changed. New South Wales, the biggest state, gets 29 per cent, we get 20.6 per cent, and so on down the scale. What skews it a bit is that South Australia is shown as 5.5 per cent, but it has for some years received a top-up. That top-up does not take money off us but it effectively reduces our share of 20.6 per cent down to 20.1 per cent. The total allocation for this year is just over $594 million Australia-wide, of which Victoria's share is $122.5 million.

Mr LEANE — When you said that part of the formula for the roads grant is determined by road length, is that only local roads or all roads?

Mr SLAPE — Local roads.

Mr MORRISON — You are talking there about the interstate distribution?

Mr LEANE — Yes. As far as this chart on page 5 shows.

Mr KOCH — It is for local roads?

Mr LEANE — It is for local roads so it is not calculated based on highways and tollways? It is only on kilometres of local roads?

Mr SLAPE — Yes.

Mr MORRISON — These are basically historical shares that have been in place ever since 1991. We believe that they do have a basis in whatever the share of national local road length was at that time. Victoria's share of that is around 20 per cent but it is more tied to local road length than it is to population.

Mr LEANE — What would a review now show? Has anyone got a view about whether that would change the mix if there was a current review on local roads as far as distances go?

Mr MORRISON — I think we might step through the review that took place a couple of years ago because our position probably has not moved very far from that. Is that all right?

Mr LEANE — Yes.

Mr SLAPE — That is outlined on page 12 of the document. I think Colin was probably there at the time and helped put it together; it was a bit before my time.

Mr MORRISON — I was certainly there in 2005–06 but maybe not in 1991. I will step through this quickly if I can. As I have just referred to, the commonwealth funding for local roads started being paid through the state and Northern Territory grants commissions in 1991. Funds had been provided to local roads prior to that — I think Mr Spence, who was here prior to us, referred to the Whitlam period. That is certainly the case.

Those funds were provided through state roads authorities to councils from about 1975 through to 1991, then from 1991 they started coming through the grants commissions. The shares at 1991 were then fixed. Whatever the total funds each year have been since that time, Victoria has received a 20.6 per cent share.

In 2001 the commonwealth asked the Commonwealth Grants Commission to do a full review of the legislation underpinning financial assistance grants, which includes local roads grants. Somewhat alarmingly at that time, the Commonwealth Grants Commission observed that the shares were based on what were called historical shares and that it could not actually ascertain what the precise basis for those shares was. As we say, we believe it was tied loosely to the share of national local road length at that time, but only in an approximate sense.

We have already referred to the supplementary top-up funding that was provided to South Australia on a temporary basis in 2004; that has continued since that time. In 2005, partly as a response to the need to provide this top-up funding to South Australia, the commonwealth government asked the Commonwealth Grants Commission to have a look at the interstate distribution of the local roads grants, but the terms of reference specifically excluded the Commonwealth Grants Commission from looking at the total funding provided; it could only look at the share of the funding that was provided at that time.

The written submission that we provided details Victoria's response to that inquiry. On page 13 we have outlined what our proposal was at that stage. Essentially what we were proposing was that we move from the current share — as we have talked about before, we have a 20.6 per cent share — to a share that was based on a quite simple formula: 80 per cent on each state's population and 20 per cent on each state's length of local road. We in Victoria believed and still continue to believe that road usage as measured by population is a very significant factor in determining those interstate relativities. Had the Commonwealth Grants Commission taken up our suggestion at that time it would have seen Victoria's share move to 23.7 per cent of the total pool as opposed to 20.6 per cent, and it would also increase the shares of New South Wales and Queensland. Page 14 states that the Commonwealth Grants Commission in its final report actually proposed a somewhat different formula but one that still would have given Victoria an increased share — a share of 22 per cent and also increases for New South Wales and Queensland.

The final slide steps through the fact that the Commonwealth Grants Commission final report was completed in June 2006. The Victorian commission noted at that time that even if we had gone from 20.6 per cent to 22 per cent, that alone would have been an increase of $10.5 billion a year in funding coming to Victorian local roads from 2007–08 onwards. The then commonwealth minister for local government released that CGC report in May 2007, coinciding with the federal budget, but announced when tabling that report that the grants commission's recommendation for a new distribution mechanism was not going to be adopted by the commonwealth government.

The Commonwealth Grants Commission in its report pointed to concerns about a lack of data and particularly compatibility of local roads data across jurisdictions, and believed that considerable work should be done on that across the next five-year period from 2006 and it should then be asked to re-look at the distribution, and in the interim it should have an interim distribution. The commonwealth government effectively rejected both recommendations — that there should be an interim distribution and there should be further work done on the data, pending a further review in about 2011–12.

Essentially, since the Commonwealth Grants Commission's work the distribution has remained unchanged. Victoria continues to receive the 20.6 per cent share and the supplementary funding to South Australia has continued on since that data.

Mr KOCH — That is pretty evident on the ground when you drive along their roads.

Mr SLAPE — It was certainly quite a low share for South Australia prior to the supplementary funding. The share of 5.5 per cent is well below its population and road-length share of 8 to 8.5 per cent.

Mr KOCH — When you go to bat for Victoria I assume it is an east coast collective versus the rest of Australia, is it? In seeking a greater percentage for Victoria you would have to gain the support of New South Wales, which is taking some funds off but certainly growing Queensland's. The cost to us is obviously South Australia and Western Australia.

Mr SLAPE — There would certainly be some advantage in the bigger eastern states getting a bigger share.

Mr MORRISON — I think the eastern states have consistently argued that population and measures of economic activity and freight carried on local roads by any sort of measure have meant that they carry a larger burden than their length of local roads would suggest.

The CHAIR — Yes, that is true. That would be the same for the Great Ocean Road, for example. That would be travelled along a lot more through certain periods of the year than probably other roads.

Mr MORRISON — Correct.

The CHAIR — Is there a way of measuring in terms of trying to justify a case? The economic development of this state obviously is leading the way nationally, and there is certainly a lot of movement, so to speak. How do you establish that movement?

Mr SLAPE — The length of local roads?

The CHAIR — Not just the length but also the usage of local roads. A lot of the information, we have to get from councils, because there is no other source like the length of their roads and what is a local road. And then we have certain cost modifiers — the freight that is carried and the original council from where it is generated.

Mr WELLS — I suppose the question would be — when we compare the general purpose grants we get 24.8 but when it comes to roads we only get 20.6 per cent of the federal money. That is because we do not have the length of roads, is it?

Mr SLAPE — It goes back historically to 1991, which does not seem that long along. It goes back to the way it was divided up then. Whereas the general purpose grants were based on population — whatever it is we get the share of the money. I suppose roads are considered somewhat different. There are other factors involved, not just population, although we would argue that that is a big part of it; the more people you have got, the more people are going to be on roads.

Mr KOCH — We have now learnt what comes federally to Victoria. The next stage, as I have requested, is to get back to our local roads. We have had a presentation from the MAV on behalf of municipal bodies in regional Victoria, particularly the interface councils. Where does the state's grants commission go in relation to its allocations for these purposes?

Mr SLAPE — How do we divide it up?

Mr KOCH — Yes.

Mr SLAPE — The commonwealth government, in giving the money, lays down some national principles. In relation to local roads, there is only one principle, which is on page 6 — that is, we are required to allocate the funds on what is termed an 'asset preservation basis'. It is what is considered to be the cost of maintaining those local roads.

Some roads have larger volumes of traffic than others, so we have a formula that works on the number of cars per day, the number of movements and so on. Obviously the more roads you have with a higher volume of traffic, the more funds that you would be allocated. Then we look at the roads, the kind of freight that is carried on them, the length that councils have to go to get to a quarry to make the roads, the weather hazard impact — I know we are talking about Victoria, and there is not much rain these days.

High areas of rainfall, from the information we have, means that roads do not last as long so it costs a council in a high rainfall area more to maintain a road. What is under the road — the subgrade, the soil and all that under it also contributes to the road breaking up or lasting longer et cetera. We gather all that information from a whole variety of places and the different indexes and measurements, put it all into the mix and come out the other end with what we think each council should get.

Mr LEANE — Is that common among all the other states and territories' grants commissions?

Mr SLAPE — Colin can answer that better than me. It is common but with local variations. The one thing about the local grants commissions in each state is that we can just look at our particular state and concentrate on our state. For instance, what we consider to be a remote council, which is one of the things that helps funding from a general purpose grant, in WA is a Sunday afternoon drive.

Mr WELLER — If you are using the fourth dot point on page 6:

> National principle requires grants to be allocated on an asset preservation basis — taking account of the relative costs councils incur in maintaining their local road networks —

you would have to say the system is failing because in a lot of the smaller rural municipalities what were sealed roads are going back to being just gravel roads because they do not have the money to upkeep them, maintain them?

Mr SLAPE — But they are still local roads.

Mr WELLER — But they will be lesser roads than they were.

Mr SLAPE — Colin can probably tell you what the breakdown is between a sealed road and a non-sealed road and the money we allocate for it.

Mr MORRISON — The formula we use is about allocating according to the relative needs of councils. We obviously cannot meet all of the needs in absolute terms for any one council, let alone the 79 councils. So our task is to look at the relative need for council X compared to the relative need of council Y and allocate the funds in proportion to those relativities. But no council can receive all of the funds it would need to maintain its roads.

Certainly a lot of councils are making those hard decisions. Chair, is it worth me stepping through briefly the sort of formula we use and the characteristics that come into that?

The CHAIR — Sure.

Mr MORRISON — Paul has just mentioned that on slide 6 are some of the factors we look at, including length of local roads, traffic volumes et cetera. That is represented diagrammatically on slide 7.

The inputs we use for what we call a network cost, which is about working out the relative need for funds to maintain the local road network, are essentially the length of local roads; what we term a set of average annual preservation costs, essentially a set of statewide asset preservation costs that we apply to local roads; and then down the bottom the set of five characteristics that we take into account, which are — volumes of freight carried on local roads; relative climatic conditions; access to road-making materials, and how far a council has to truck in materials to make its roads; what is going on underneath the road, which will have an impact on how quickly the road surface breaks down; and finally, we acknowledge the proportion of local roads that are strategic routes — that is, roads that operate as, say, school bus routes or carry particularly intensive volumes of freight compared to the overall traffic volume. Special consideration is given there.

There is a worked example over the page on slide 8 for the Alpine Shire Council.

Mr KOCH — Colin, just before we look at that, with the materials for sub-grades, is it not a correlation between the materials used and the sub-bases put in roads and their usages, and that standard will move within various areas, on the material available? Is that taken into account, too, if the right material has to be brought over a further distance? Nine times out of 10 we are seeing sub-standard materials being used in front of having the opportunity to bring those other materials in.

Mr MORRISON — Absolutely; we are measuring the distance from the council area to how far they have to truck in quality road materials.

Mr KOCH — Quality equals that necessary or that available?

Mr MORRISON — Basically the standards; we have used VicRoads standards for what it considers adequate quality road-making materials. It is then obviously up to the council as to whether or not it chooses to use those materials. We are simply measuring how far they would have to travel to access road-making materials of a certain quality.

Mr KOCH — Therefore if you are making the funds available to allow them to gain the right materials, and the council may elect to use what may be a substandard where do you then stand in relation to that funding process?

Mr MORRISON — They may, yes. That is obviously their choice, but our expectation would be that given the length of road would then break down more quickly over a period of time by virtue of the fact that they have used materials of a lesser quality — that is essentially — —

Mr KOCH — Funding is not tied to producing the best end product?

Mr MORRISON — No. The funding is not tied to them utilising materials from a particular source. It is taking into account where those sources do sit, though, in relation to that council. Obviously we cannot and do not mandate the use of particular sources.

There is a worked example, as I said, for the Alpine council over the roads. This is looking at just one of Alpine's categories of local roads, essentially unsealed roads, carrying low traffic volumes of less than 100 vehicles a day. There are three inputs there. There is a length of road that Alpine Shire Council has in that category, which is 313 kilometres. We apply to all unsealed roads carrying less than 100 vehicles a day a statewide annual asset preservation cost of $2500 per kilometre. Down the bottom it shows how the five characteristics — or, technically called, cost modifiers — come into play. We look at where Alpine sits in relation to essentially a statewide average of 1 in relation to climatic conditions, freight carried on local roads et cetera. You will see there that climate in particular is very high, given the relatively high rainfall levels in the Alpine shire. The interplay of those cost factors essentially means that compared to a statewide average of 1, Alpine receives a higher allowance, given where it sits in relation to that basket of five factors. Essentially we are saying at the middle of the page that the relative network cost, or the relative cost to Alpine of maintaining roads in this category, on our calculation is about $1.28 million a year.

Mr LEANE — Just so I understand, that is $2500 per kilometre times the 313 kilometres, with a loading?

Mr MORRISON — That is right, plus 64 per cent. Yes, that is essentially what that is saying.

Mr LEANE — That makes sense.

Mr MORRISON — So $2500 being the statewide average and 64 per cent being the local factors.

Mr LEANE — No-one actually goes below that? Are there any councils that get only $2500 per kilometre?

Mr MORRISON — Absolutely, and some will get less if the combination — —

Mr LEANE — Some will get less, so you can actually get loaded down?

Mr MORRISON — Yes, with some of their factors, if they live in a part of the state with — I am not sure what part of the state it would be — very low freight carried on local roads, it is relatively dry and there is very good access to quarry materials et cetera, that could well be below 1.

Mr LEANE — You could actually go down lower?

Mr MORRISON — That is right. Page 9 shows the entire calculation for the Alpine shire. The blue-shaded road there is the worked example we have shown you. Essentially we go through the same sort of exercise for nine different categories of local roads. We make an allowance, towards the bottom of the page there, for the deck area of bridges on local roads, which is of obvious importance to councils. Towards the bottom right-hand corner we have a total network cost, or total relative needs, if you like, for Alpine of just under $3.67 million.

We do essentially that same calculation for all councils across the state to achieve a network cost, which is our estimate of the relative cost of maintaining — it is only maintaining their local road network, it is not for new capital construction — and we get that calculation across the state. Across the state obviously that adds up to far more than $122 million that we have to allocate, so essentially each council receives a proportion of our estimate of their maintenance requirement. The proportion that we were able to provide in 2009-10 was about 26.5 per cent, there on the second-bottom row. There is a network cost calculated for each council, and then each council receives just over a quarter of that amount as an actual local roads grant.

There are a couple of final slides. On page 10 we talk briefly about the statewide asset preservation costs. The right-hand column shows the different costs assigned to the different sorts of roads and different sorts of traffic volumes. Obviously if we are given a length of road with a higher traffic volume carried on it, there will be a higher allowance in terms of an asset preservation cost, because clearly the road will have to be maintained to a higher level but will also break down more quickly over a period of time.

The CHAIR — For those types of roads do we then require a standard of road to be built attached to that funding?

Mr MORRISON — No, under the commonwealth legislation the Victoria Grants Commission cannot provide any conditions in terms of the funding it provides; it is completely untied. In fact, we cannot even specify to direct councils that the funds we provide to them under the local roads grant must be spent on local roads. The reality is that each council individually in Victoria — —

The CHAIR — So it goes into consolidated?

Mr MORRISON — It goes into consolidated revenue, yes. The reality is that each council in Victoria spends more, and considerably more, on local roads than they receive, so it is a bit of a moot point that we cannot actually, under the terms of the commonwealth legislation, direct how these funds be spent or attach any conditions to that.

Mr KOCH — Is a percentage of dollars set aside for a bridge replacement program statewide, or is that just on a shire-by-shire basis of their own determination?

Mr MORRISON — That is certainly on a council-by-council basis. This program will provide them with some of the funds for that, and we are certainly aware that under Roads to Recovery funding a lot of councils have directed a considerable portion of those funds to bridge replacement works as well.

Mr SLAPE — And obviously bushfires burn out the wooden ones.

Mr KOCH — That finds a few wooden ones.

Mr MORRISON — There has certainly been in our experience some councils across the state in the last 5 years to 10 years that have put considerable work into replacing their timber bridge assets as well.

Mr KOCH — In saying that, what percentage of bridges across the state of Victoria are still timber, known to yourselves? What has happened in the last 20 years? Has there been a dramatic move across that bridge replacement program? I believe it has in western Victoria — I cannot speak of elsewhere.

Mr MORRISON — There is data towards the back of our annual report which we have provided, which shows that of just over a total of 500 000 square metres of bridge deck area in Victoria, just under 80 000 — probably about 17 per cent or so — of those bridges are timber now. In our experience, that has fallen fairly significantly in the past 5 years to 10 years, more so in some councils than others. I would not have the exact figures, but we can actually ascertain that, if it would be of interest to you.

The CHAIR — No wonder — it is double the cost of concrete.

Mr MORRISON — Absolutely.

Mr KOCH — You would not fund a timber bridge unless it was for heritage reasons, would you? That would be the only reason.

Mr MORRISON — That is right. Again, I have to stress that these asset costs we are looking at here are for maintenance. We are not looking at the initial capital construction obviously. The capital construction of the concrete steel bridge will be in most cases more than timber, but certainly the annual maintenance requirement for timber is far more expensive.

Mr LEANE — How does the commonwealth ascertain the total amount that it will distribute through the different states on this basis? Does it go up by CPI every year?

Mr MORRISON — In terms of the total pool it supplies to both general purpose grants and local roads grants, it is the previous year, plus CPI, plus national population growth.

Mr LEANE — Okay, and how do they apply the growth to the formula as far as — —

Mr MORRISON — In terms of the local roads grants, that is the proportion that is applied to the total pool, and Victoria receives 20.6 per cent of that total pool.

Mr LEANE — But I am talking about the quantum that gets distributed to each state and territory — the actual pool the commonwealth has got — and respecting that you apply the percentages that are worked out on the formula since 1991, but as far as the pool of money on an annual basis that the commonwealth gives to each state to be distributed, how does it determine the growth of that? Is that on CPI?

Mr MORRISON — The entire pool grows by CPI plus population growth.

Mr LEANE — How does population growth equate to real money? Say there is $10 million to be distributed: if you add CPI, that is 3 per cent?

Mr MORRISON — That is right.

Mr LEANE — How does population actually become a percentage growth on that?

Mr MORRISON — Last year, for example, I think the local road pool nationally grew by 3.5 per cent to 4 per cent, of which around 2.5 per cent was CPI related, about 1.5 per cent was population growth. Say, for example, there was a 4 per cent increase in both the total local roads pool for Australia and also exactly the same percentage increase for the local roads pool for each state, because of those fixed shares — —

Mr LEANE — So if the population increases by 1.5 per cent, that is applied to that pool of money?

Mr MORRISON — That is right.

Mr KOCH — Colin, in relation to page 11 where you are talking about the distribution of local road grants, we are looking at the highest and last — and we accept that straightaway.

Mr MORRISON — The extremes are always a little difficult to work with.

Mr KOCH — In saying that, I look at your last, Yarriambiack. Is there a great deal of difference between Yarriambiack, Buloke, Towong, Hindmarsh, West Wimmera? And if there is not, from a population based [?**calculation]**, as we heard from Mr Spence from the MAV earlier, that is part of the equation. I would believe that the production is very similar, as is a lot of its export production that has to be moved. Although the population has shrunk, a lot of those enterprises have got larger, and it does not matter whether it is grain, mineral or what have you, there are various primary products that come out of those areas with restricted populations. Is that recognised from the point of view of the grants commission in allocation to those municipalities?

Mr MORRISON — Certainly in terms of the per kilometre grant outcome, which is essentially taking their grant and dividing it by kilometres of road, it would be very similar for councils such as Yarriambiack, Buloke et cetera. They will all be in that $300 to $400 range. The actual total grant will then be very much dependent on the length of road in each of those councils. For example, Buloke's actual total local road length is probably about 15 per cent to 20 per cent more than Yarriambiack; therefore, their local road grant will be that much higher.

Mr KOCH — Yes, but that is cumulative.

Mr MORRISON — That is right; yes. Certainly in all cases freight carried on local roads will be an issue.

Mr KOCH — Is that part of your — —

Mr MORRISON — It is part of the calculation. It is one of those cost modifiers that we talked about previously, where we essentially looked at each council's freight task relative to the state average. They therefore can receive an adjustment over and above that state average, depending on freight movements within their municipality.

Mr KOCH — So that is reflected, although population is diminishing?

Mr SLAPE — Absolutely; yes. In fact population is not a determinant for the Victoria Grants Commission in the intrastate distribution. It is about length of road, traffic volumes carried on local roads, of which population will have an influence but also there are other factors such as freight, climate et cetera. Population and its distribution does not actually have a direct bearing on the local roads distribution within Victoria.

The CHAIR — How often do you adjust the population numbers? This one is going on June 2008.

Mr MORRISON — The population numbers that we report on in here are really only of importance in our allocation to the general purpose grants, not the local roads grants. In terms of the general purpose grants, it is annually. The local road lengths, which are of critical importance here, we do adjust annually as well.

Mr SLAPE — The census every five years for the other grants obviously is a big thing for us, because that gives you a figure and then the Australian Bureau of Statistics makes estimations on population growth in between the census.

The CHAIR — Some are growing at a faster rate than any other — for example, Wyndham will grow by 10 000 per annum per year, so you are looking at 100 000 over the course of the next 10 years. If you do not do just that accordingly, then you are going to have 50 000 people who think, 'Wow, this has gone up 50 000!'.

Mr SLAPE — That is right.

Mr MORRISON — Perhaps if I can just comment on that: particularly for the growth area councils, while we do not take their population into account in local roads grants, their roads grants still will be increasing significantly from one year to the next, because their population increase will be reflected in both an increase in local road length but also, more importantly, an increase in traffic volumes carried on local roads.

A road that might have been in a low category last year will this year be carrying more traffic and be at a higher level in terms of asset preservation cost. In recent years we have seen grants to those councils increase commonly by around 6 per cent or 8 per cent compared with the state average increase of 3 per cent to 4 per cent.

The CHAIR — Excellent. Are there any further questions?

Mr KOCH — Although I appreciate you are an advocate for Victoria in itself, in actual fact the lobbying for greater grants is out of your hands. You are delivered a bucket of money for their distribution. Are there any specific areas where consideration should be given to try to grow the Victorian share of the national allocation that you see as a glaring example statewide that we should be giving consideration to?

Mr SLAPE — I think in our earlier submission we based it on 80 per cent population, 20 per cent the balance.

Mr MORRISON — We were using population at that stage essentially as a proxy for economic activity. It was our belief that economic activity was a major driver of need in relation to local roads and local roads expenditure. We appreciated the difficulty in getting comparable data across the country so we dropped back to a simpler and more measurable approach in terms of looking at population share. Population share was essentially a proxy for relative economic activity.

Mr KOCH — And both have grown.

Mr MORRISON — Yes, absolutely. In terms of percentage of either national population or national economic activity it is well above the current 20.6 per cent share, which is essentially the point we were trying to get across in our submission to the Commonwealth Grants Commission.

The CHAIR — Excellent. Any further questions? Thanks very much for your time.

Committee adjourned.