You will have seen press reports of the proposed changes in Commonwealth aid to roads.

There were, I think, three main drawbacks to the old scheme.

The first was that not sufficient money in total was allocated for roads. The second was that Victoria, because of her greater number of road vehicles, was penalised under the formula and the third was the fact that the grants were made only on an annual basis and this must have hindered the forward planning of all road building authorities.

Even although during the course of the last ten years Commonwealth grants to roads had increased from £3,000,000 to something like £37,000,000, it was clear that a new approach was needed. The new proposals should do away with the three drawbacks that I have just mentioned.

The new legislation will cover the period of five years starting from 1st July, 1959. This will mean that so far as the Commonwealth grants are concerned, road building authorities should be able to plan their forward works with confidence.

The proposals will provide £100m. more than would have been provided had the present disbursement been made from the petrol tax. The Commonwealth grant in the first year will start at £40m., which is £3m. more than this present year (including the diesel tax) and it will rise to £48m. in the last year of the scheme. These basic grants will provide £220m. The remaining £30m. of the total Commonwealth grant of £250m. will be provided to the States on a pound for pound basis provided that over the period of five years the various States' expenditure increases by the appropriate amount.

This should impose no strain on State finances because I understand the States' share of these matching grants can be well met from their increased registrations and licence fees.
Under this plan no part of the funds will be reserved by the Commonwealth for its own purposes. Under the previous petrol tax allocation, the Commonwealth reserved nearly £1m. for its own road programme.

Furthermore, the State Governments will still be required to spend 40% of the funds made available by the Commonwealth in rural areas on secondary roads of one kind or another. This provision is of the utmost importance from the point of view of the country. I would hate to think what would happen in some States if the State Governments were given a free hand to spend all the money in the Cities.

Under the present formula the distribution of the petrol tax has been on the basis of 3/5ths according to population and 2/5ths according to area. It has been recognised that this imposes an injustice on Victoria because of the much greater density of traffic in this State. The new basis of distribution will be 1/3rd according to population, 1/3rd to area and 1/3rd according to the number of vehicles registered. This change in formula will mean that Victoria gets very nearly £1.2m. more in the coming year than she would have if the old formula had been preserved.

I said earlier that these new provisions will make an extra £100m. for road expenditure over the coming five years. This is 66% above the amount paid to the States over the past five years.

These grants will come from general revenue. They will have no connection to the petrol tax which is to be paid into general revenue. The reasons for this are sound. All Government revenues should go to one pool to be allocated according to the needs of the nation. There is no more logical accounting reason why petrol tax, introduced in 1902, as a revenue bearer, should be allied to road use than there is for revenue from beer to be used for the benefit for its consumer.
When all relevant facts are taken into consideration, I think it must be granted that these provisions are not ungenerous. The provision of money for roads made from Commonwealth sources has increased at a greater rate than provision of money for hospitals, schools, post-offices or any other form of public expenditure, and when the very real demands on public revenue are considered, the legitimate demands for both State and public works, we should admit that road expenditure is getting a fair share of what is available.
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Fraser, Malcolm

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