



REGIONAL AGENDA NOT COMPLETE

Whilst steps have been taken by the Federal Government to address the needs of regional Australia, the Final Report of the Regional Summit Steering Committee shows that the regional agenda is far from complete. Much more remains to be done.

It is also clear from the Report that, of the remaining priorities, investment and enterprise growth are the most pressing.

IDENTIFIED NEED

Over 12 months after the Regional Australia Summit was convened, the Final Report of the Regional Australia Summit Steering Committee was released in January with little fanfare. The Report distilled over 200 recommendations from the Summit into three key strategic areas for change and 10 themes covering issues such as building community capacity, improving service delivery, investment, fostering business innovation, sustainable resource management, education and training, family services, communications and health.

The Committee commended as a national goal that regional Australia have the resources, recognition and skill to play a pivotal role in building Australia's future by 2010.

While the Report gave the Federal Government a tick for the programs introduced since the Summit was convened in October 1999, particularly in the areas of health, salinity, road funding and local community development, the very extensive list of suggested further actions demonstrates that we are still a long way off from a comprehensive policy approach to regional development.

While steps have been taken to improve the underlying infrastructure and systems that support regional communities, the approach has been piecemeal.

I N S I D E

Metals Casual Decision. It is imperative that a sensible approach to casual employment is taken following the decision in the Metals Casuals Case. Trade unions will be applying to vary awards to introduce into other sectors the inflexibilities introduced into the metals casual provisions. Such attempts will need to be resisted. [PAGE 5](#)

Dangerous Goods. National consistency in Occupational Health & Safety (OHS) is a key matter for employers. The recent declaration of a national standard for the storage and handling of dangerous goods highlights the potential benefits of national consistency. [PAGE 7](#)

Land Transport. The Australian land transport sector confronts challenges experienced in few other countries. Government policy has consistently favoured road transport over rail. Although road transport will continue to play the dominant role in domestic land transport, this should not allow the important role played by rail to be diminished. [PAGE 10](#)

Of particular concern to the private sector is the fact that the core issues of economic growth and enterprise development have yet to be addressed.

The need to address economic and business development in regional communities has been recognised for some time. As far back as the early 1990s, a study by McKinsey & Co. (1994) found that strong business and local level leadership were the main drivers of regional employment growth.

In its report 'Time Running Out: Shaping Regional Australia's Future' (2000) the House of Representatives Standing Committee on Primary Industries and Regional Services recognised the importance of entrepreneurship and investment attraction to regions. It recommended the removal of impediments and provision of incentives across a range of areas to encourage private sector investment and business growth.

Commonwealth and State Regional Development Ministers and the Australian Local Government Association met late last year to agree on a framework for cooperation on regional development initiatives. While collaboration was agreed on issues such as service delivery and leadership development, the States also brought forward a range of issues that remain outstanding. Among these are business development issues, investment and infrastructure.

The Regional Summit final report also identifies economic and business development as one of the three strategic areas for change. It

is the key area of weakness in terms of policy response.

THE RESPONSE

These issues require a coordinated national approach that can only be achieved through the development of a comprehensive regional development policy as a framework for addressing the challenges of change and restructure faced by regional communities, including regional businesses.

"BROAD PRIVATE SECTOR REPRESENTATION IN THE NATIONAL POLICY DEVELOPMENT PROCESS ON REGIONAL DEVELOPMENT-RELATED INITIATIVES IS CRITICAL, AND A BETTER BALANCE OF PRIVATE SECTOR INTERESTS IS NEEDED IN GOVERNMENT FORUMS."

The release of 'Time Running Out' and the Regional Summit Steering Committee Final Report provide an opportunity for the Federal Government to respond by articulating such a policy that sets out its key priorities in regional development policy and the strategies and actions that will be taken to address those priorities in a comprehensive way.

Implicit in the current approach is the acceptance that the commitment to regional issues needs to be long-term. This is particularly so for issues such as salinity and infrastructure improvement and development, but it is equally important in areas such as education and training, and innovation.

Nonetheless an explicit plan of action should be the centrepiece of a national approach to regional policy. In responding to the House

of Representatives Committee Report and the Regional Summit report, the Government has the opportunity to articulate its plan.

That plan of action must take up the challenge of crafting policies to foster enterprise and investment growth, either by removing existing impediments or creating an environment that encourages increased business activity. That may be best achieved by developing a green and white paper, or establishing a task force to engage the community in further consultations, or an equivalent approach. The end result must be comprehensive and regional and rural Australia, and business, should be involved in all stages of the process.

POLICY FOCUS

Given the importance of business and economic growth to regional prosperity, regional development policy must focus on:

- The removal of impediments to enterprise growth (and enterprise development)
- Strategic and sustained investment in infrastructure to improve productive linkages in communities – transport infrastructure, telecommunications and other utilities, environmental infrastructure, and social infrastructure such as education and skills development; and particularly in areas which will improve efficiency and competitiveness
- Effective and efficient delivery of services, including government services.

The House of Representatives Standing Committee Report provides a useful starting point to examine those issues.

The Report outlines a number of important issues in business development and finance, particularly as they relate to investment and infrastructure development. It highlights the critical factors that contribute to decision-making on project financing and the relationship between the public and private sectors in major project development. In particular, the Report acknowledges that “the allocation of risk between the public and private sector is critical to determining the appropriate mix of investment”. That risk exists in construction, operation, revenue/demand and the regulatory (policy) framework.

There are clearly still significant infrastructure and investment needs in regional Australia. A sustained commitment to improving productive linkages, such as appropriate infrastructure, is necessary to create the capacity for competitive, economically vibrant and prosperous communities.

The overall aim of public policy in this area should be to improve productive linkages between the local community and business development. Productive linkages include not just bricks and mortar, roads and dams. Productive linkages widen the concept of what is required to include other forms of productive development beyond capital works. Growing the skills base of the regions while improving the social infrastructure available to local communities are productive linkages.

The business community wants greater emphasis placed on long-term planning and the development of these productive linkages because they are necessary to give regional communities a greater sense of confidence and businesses certainty in planning for the future.

But within that framework is the need to be fiscally responsible and ensure that expenditure is targeted to those areas that will provide the greatest long-term, productive benefit.

The Regional Summit report also highlighted the interdependence of investment and regional growth. It went as far as to suggest “what may be needed is an action agenda to promote untapped investment opportunities throughout regional Australia.”

“IF THE GOAL IS TO INCREASE PRIVATE SECTOR INVESTMENT AND IMPROVE THE INFRASTRUCTURE AND CAPACITY OF REGIONS THEN THE BARRIERS TO INVESTMENT MUST BE LOWERED OR REMOVED.”

If the goal is to increase private sector investment and improve the infrastructure and capacity of regions then the barriers to investment must be lowered or removed. How those issues are dealt with in a policy sense requires an assessment of the differences between the nature of investment in metropolitan areas compared with regional areas, and the factors inherent in those investment decisions.

There now needs to be a critical examination of those issues, in particular impediments to investment in regional Australia, and possible policy responses. A reference to the Productivity

Commission for such an inquiry is worthy of consideration.

LOOKING FORWARD, LOOKING BACK

Throughout Australia’s history, our regional population has been changing and migrating. New communities have sprung up in response to opportunity, while others have declined.

Studies by ABARE, the Bureau of Rural Sciences, the Australian Bureau of Statistics and others have graphically illustrated these trends, which continue today.

The most recent of these studies, by ABARE, on influences on employment and population growth in Country Australia, paints a clear picture of the forces affecting population, employment and incomes in non-metropolitan Australia.

The report reinforces what many communities and policy makers already know: that there are marked differences in the rates of change, the nature of change and the impact of change on regional communities.

In contrast to commonly held beliefs, ABARE has found that, overall, both population and employment in regional Australia has risen. This is consistent with an earlier finding by the OECD of a net increase in regional employment in 25 of the 29 OECD countries, including Australia. However, employment growth in regional Australia has been significantly lower than metropolitan areas, and population growth has been in larger regional centres at the expense of smaller towns and villages.

Once agriculture and mining were the mainstays of regional economic activity. Today, they are still significant but ABARE has found that manufacturing, tourism and other service industries have become important growth industries in regional Australia; and service industries are now the major source of employment growth.

The changing composition of industry in regional communities will create new policy challenges and changing needs in terms of services, infrastructure, education and training and so on. That change creates opportunities to expand markets, grow new enterprises and develop new industries, particularly in IT and telecommunications, and helps to explain why efficient and effective telecommunications is of such vital interest to regional businesses.

The change also means that government policy and business programs must be crafted to take account of the needs of regional industry going into the future, not the past. Failure to address impediments to industry development, or to encourage the growth of new enterprises, will condemn many small communities who continue to look to traditional rural industries for employment growth.

In particular, policies and programs designed to promote regional or rural industry development should be designed for and accessible to all regional and rural businesses, not favour particular sectors such as agriculture.

Nor should business representation in regional policy forums be skewed towards particular industries. Regional business overall has access to fewer networks for information, usually a narrower skill base and often large variability in expertise, particularly in highly specialised areas such as taxation. The impact on all regional business of policy initiatives, not just particular industry sectors, must be carefully considered to avoid unintended consequences.

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Therefore broad private sector representation in the national policy development process on regional development-related initiatives is critical, and a better balance of private sector interests is needed in government forums.

CONCLUSION

Policies to ameliorate social or economic disadvantage, even if implemented today, will take time to have effect and not all communities will be impacted in the same way.

Indeed, one of the clear lessons, not just from Australia’s own experience but also from the global experience, is that the solution to the challenges facing regional Australia does not lie in a single policy prescription.

The issues confronting regional development policy makers are complex, but not insurmountable. The “Time Running Out” report and the Regional Australia Summit Final Report provide the groundwork for the development of a comprehensive national approach to regional development policy by government, in conjunction with the community. Governments must accept that challenge and respond accordingly.

Enterprise development to drive sustainable economic growth, investment in infrastructure that improves the productive capacity of regions, and clear articulation of the role and delivery of government services, must be core components of a national regional development policy.

METALS CASUAL DECISION - A MAJOR CHALLENGE FOR THE PRIVATE SECTOR

There is no principle more crucial to strong economies than the need for flexibility in the face of shifting circumstance. Nothing stands still. The more the world changes the more necessary it is to be able to accommodate ourselves to the world as it is in the process of becoming. Flexibility assists economies to become competitive and productive, and therefore to maintain the standard of living of a community.

On 29 December 2000, the Australian Industrial Relations Commission handed down its *Metals Casuals Case* decision. There are at least five significant aspects of the decision, which has to be read in total before it can reasonably be understood.

Firstly, on engaging a casual in the metal industry an employer must now inform the employee of actual or likely hours required. If the casual is engaged over three or more weeks it appears that the employer must provide a note in writing signed on behalf of the employer setting out whether the employee is engaged for labour hire purposes, as far as practicable the likely number and pattern of hours, and other matters. These requirements seem drawn from the requirements for regular part-time employees, and are in some cases quite foreign to the sort of flexible casual hours that are a feature of so many industries.

Secondly, the decision decided that the minimum period and payment for casual work in the metal industry would be four hours. If the employer only needs someone for a lesser period, a minimum of four hours pay will still need to be paid, unless the employee for his or her personal circumstances requests an engagement for less than the minimum of four hours.

Thirdly, after a period of six months of employment in the metal industry as a casual on a regular and systematic basis, the employee has a right to elect to full or part-time employment as the case may be, depending on the hours previously worked.

Fourthly, the loadings on top of the normal hourly rate are to rise from 20% to 25%. Casual employees have most of the on-costs available to regular employees rolled into an additional cash payment. This has now been increased through some very dubious reasoning.

Finally, it is a decision made on the basis of the evidence and circumstances of the metal industry. It is not a decision even *prima facie* about casual award provisions across the economy. Many features of casual employment in the metal industry are quite unique including the low level (only 10% instead of the all industry 25% average), and the higher than usual numbers of casuals working as regular full-time casuals. These were probably crucially influential in some aspects of the decision.

There is a strong flavour in this decision of the more rigid days of earlier years where a Commission decision has made the economy less able to respond to outside pressures because of allegations of

inequities. Many of those earlier decisions did not ultimately help employees; instead they hindered flexibility and job prospects. It is very easy to make allegations of inequity; it is far more difficult to actually substantiate those allegations or develop approaches which help rather damage employment. In particular we have to expressly recognise the legitimacy of casual employment underpinned by a safety net award, the preference of many employees for casual employment and the consequent large additional casual loading, and the need of many sectors for casual employment because of variable hours, seasonality and other factors. It is not enough to simply make assumptions that casual employment is somehow inequitable.

Even the increase in loadings to 25% was an old style compromise where the difference was split between the existing 20% rate and the 30% sought by the unions. As usual, the decision will mean that employees who keep their jobs get more while others, who are shut out of jobs because of decisions made on the basis of labour costs, end up with nothing at all.

THE THREAT OF FLOW ON

But this is stage one only of a union campaign. The decision will apply

in only a relatively small section of the economy but with an ACTU claim or a series of individual trade union claims now imminent, this is a problem that threatens to become deeper and more widespread.

This decision was based on evidence about the Metal Industry Award, not sectors such as hospitality, retail or other service sectors. In service sectors casual employment is a much greater proportion of employment, and an increased minimum engagement period or casual loading will have a far more devastating effect on employment and business conditions.

It is therefore crucial that this single decision in the metals industry be a one off anomaly that spreads no further. The Australian economy has flourished under a series of changes which have added to its flexibility. The receding role of industrial awards and the across-the-board conditions they impose have led to significant improvements in the economy and have contributed to the large reduction in unemployment.

Certainly there are many in the metal industry who are currently employed as casuals who would like more regular forms of work. But although this may appear a conundrum to the union movement, the fact of the matter is that by having a more flexible labour market, where businesses can be run at higher levels of efficiency, the outcome is more rapid economic growth and greater levels of employment.

Casual award provisions are one of the most varying provisions of Awards. They were developed on a case-by-case basis to reflect the circumstances of each industry or

sector, and the idea that these varying provisions can be standardised into one substantially more inflexible provision is a strange one. Any attempt to initiate some overall 'test case' on casual award provisions will quickly run into real problems of evidence and practice. A test case is not appropriate. The only way that casual award provisions can sensibly be looked at is on a case-by-case basis looking at the needs and practices of each industry.

THE UNIQUE CIRCUMSTANCES OF THE METAL INDUSTRY

The Commission did, however, make it clear that there will be no automatic flow-on of the various aspects of the decision to other sectors, eg. "where the factual circumstances are different and the needs and aspirations of both employees and employers are different." If it does turn out that there is substantial flow-on, then the decision will cause widespread damage to employment and industry across the economy.

There are many unique features of casual employment in the metal industry. Firstly, only about 10% of employees are casual, much lower than the all industry average of 25%, and a completely different picture from sectors such as hospitality and retail where the proportion of casuals is much higher. Secondly, there is a long tradition in the metal industry of employing many casual employees as full-time regular casuals, again which is out of step with the more varied hours worked by casuals in most other sectors of the economy. Thirdly, very few part-timers work in the metal industry. Most employees, whether casual or not, work full-time.

It is a unique industry, and the AIRC concerns which led to the result in this case reflected these unique characteristics. The Commission, for example, stressed that 'the evidence suggests that casual employment in the metals and manufacturing industry, in practice, is only infrequently by engagement that is a true hiring by the hour. It seems casual employment is often a continuing employment, until the need arises to interrupt or terminate it.'

The Commission added that it attached weight 'to evidence that indicates in the metals and manufacturing industry a relatively high proportion of casuals regularly work full shifts approximating to standard or ordinary time hours. That statistic is one of the indications of the emergence of the "permanent casual".'

EMPLOYEE CHOICE MUST NOT BE OVERLOOKED

It is absolutely imperative that genuine employee preference for casual employment is given real weight. Many casual employees work as casuals because they value the loading more than the leave that it is a compensation for, because they want flexible hours for various reasons including study and family responsibilities, and for other reasons. It would be seen by them as very strange if their preferred form of employment were simply assumed to be inappropriate and somehow inequitable. The loading received on reasonable arithmetical calculations fully compensates for the paid leave that others have and use.

Such employees are the overwhelming majority of casuals

in sectors such as retail and hospitality, where the nature of the work also lends itself to varied hours and flexibility. It is difficult to see what objection there can reasonably be to forms of employment preferred by both employee and employer. Quite simply casual employment is a legitimate form of employment underpinned by a comprehensive safety net developed often by

consent, and must be accepted as such.

CONCLUSION

It is imperative that a sensible approach to casual employment is taken, and that the real preferences of employees for casual employment, and the real needs of business for a flexible labour force, are fully taken into account. Trade

unions will be applying to vary various awards to introduce into different sectors the inflexibilities introduced into the metals casual provisions. It is imperative that any such attempts be resisted, and that the real need for flexibility is recognised and given very substantial weight. No one will benefit if competitive employment practices are undermined.

DANGEROUS GOODS - A CASE STUDY IN OCCUPATION HEALTH & SAFETY

National Consistency in Occupational Health & Safety (OHS) and other nationally important issues is a key policy platform for employers. The recent declaration of a national standard for the storage and handling of dangerous goods highlights the potential economic, administrative operational benefits of national consistency.

WHAT ARE 'DANGEROUS GOODS'?

Dangerous goods are present in every business, in every home and in every building in various quantities. They can represent a major hazard in terms of health and safety and can cause damage to property if they are not properly handled and stored.

But what are dangerous goods and what threat are they to people and property and how can governments and employers reduce the hazards?

The specifications of what are dangerous goods are complex and technical but broadly the terms means goods which are dangerous to the health and safety of everyone in the workplace, the workplace environment, and neighbouring properties.

Some examples of dangerous goods are explosives, flammable liquids,

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poisons and corrosives; they also include chemicals and chemical based products including petrol, kerosene, liquefied petroleum gases, paint, ammonium nitrate fertiliser and articles such as batteries.

WHY IS NATIONAL CONSISTENCY IMPORTANT?

Dangerous Goods are a major risk management and operational issue in specific enterprises such as oil refineries, petrol storage depots and other related industries where large volumes of highly volatile goods are stored and or handled.

The ineffective management of Dangerous Goods even in small quantities can lead to increased risks to the health and safety of employees and potential property damage through fire and/or explosion.

The consequences of which may result in injuries to employees, loss of business, loss of profits, loss of customers and in some circumstances involving a major fire or explosion can even result in the closure of the business.

It is also a key OHS and operational issue for a large number of small employers including for example, petrol service stations and retailers of mixed goods.

It is estimated that over 800,000 small business premises across Australia store and/or handle dangerous goods in a variety of packages, ranging from consumer packaged products to bulk

containers of chemicals in the workplace.

That is why it is imperative that Australia has an easily understood and nationally consistent standard and code of practice. So that all employers know what dangerous goods, the potential hazards they can cause and how to store and handle them safely.

DANGEROUS GOODS - A CASE STUDY

The recent endorsement by the Workplace Relations Ministers’ Council (WRMC) of a National Standard and Code of Practice for the Storage and Handling of Dangerous Goods for release for public comment is a significant breakthrough for employers and for jurisdictions. This acknowledges the agreement at the national level for the concept of national consistency in the management of Occupational Health and Safety.

The other key change incorporated in the national standard is the move to a performance based structure in the development of the standard which provides the employer/ occupier with the flexibility to develop a customised management system to meet the standard and at the same time to meet the needs of the individual workplace.

The performance-based standard replaces the previous rigid overly prescriptive model, which has been a major inhibiting feature of previous standards and regulations.

This National Standard sets out requirements to ensure the effective management and control of the storage and handling of dangerous goods to protect the safety and health of workers and the public, as

well as protection against potential damage to property and the environment.

The new standard represents a major change in the way OHS standards have been set and put in place in Australia and potentially will set the benchmark for any future reviews or standard development. The standard has been developed to meet the needs of business by:

- Replacing the previous prescriptive requirements with a performance based standard, incorporating the principles of hazard identification, risk assessment and risk control
- Simplifying the language and the format to provide more practical guidance to small business

“THE EFFECTIVE MANAGEMENT OF DANGEROUS GOODS IN THE WORKPLACE, WITHIN A PRACTICAL AND COST EFFICIENT NATIONAL FRAMEWORK WILL PROVIDE BENEFITS TO INDUSTRY BY PROVIDING OPPORTUNITIES TO IMPROVE PERFORMANCE IN A NUMBER OF AREAS.”

- Incorporating in the code of practice a mixture of guidance and prescriptive clauses and tables, where appropriate, to meet the technical needs of the enterprise
- Moving toward the merging of the national standards for dangerous goods and hazardous substances, which currently overlap by up to 80%, with the potential to lead to the development of a single national standard.

The national standard provides a framework within which the Commonwealth and State and Territory authorities can develop workplace regulations that are nationally consistent.

The challenge now is for the States and Territories to adopt the National Standard within their own legislative framework. The Workplace Relations Ministers’ Council’s endorsement of the package included a suggested process to achieve a consistent approach across all of the jurisdictions. ACCI will be working with the parties to represent employers views and achieve this objective.

BENEFITS FROM A NATIONALLY CONSISTENT APPROACH

The effective management of dangerous goods within a nationally consistent framework makes good business sense.

The introduction of national uniformity in standards and codes of practice has the capacity to deliver efficiencies and benefits to industry

The benefits of national consistency have been clearly articulated by industry and include:

- Competitive advantage by providing a level playing field
- Removal of complexity faced by Governments and Industry alike
- Reduction in duplication of administration for all parties
- Removal of legislative overlap – State/Territory border issues

- Reduction of employer compliance costs – national employers often face dissimilar and complex requirements in each jurisdiction
- Removal of impediments to both interstate and international trade.

BENEFITS IN THE WORKPLACE

The development of the National Standard and Code of Practice for the Storage and Handling of Dangerous Goods has been a lengthy process in which ACCI representing industry has played a leading role in the pursuit of national consistency and a simple easy to understand standard and code of practice with a focus on the needs of small business.

The management of dangerous goods in the workplace is the responsibility of the employer/ occupier, but many other parties are involved in the management including employees, the jurisdictions and the emergency services.

The effective management of dangerous goods in the workplace, within a practical and cost efficient national framework will provide benefits to industry by providing

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opportunities to improve performance in a number of areas including:

- The incidence and severity of workplace injury and illness
- Workers Compensation Costs of injury
- Absenteeism
- Administration costs, and
- Productivity.

THE ROLE OF INDUSTRY IN SETTING NATIONAL STANDARDS

The effective management of Dangerous Goods and Hazardous Materials within a nationally consistent framework makes good business sense.

Australia with its six States and two Territories often has different OHS legislation, different administration structures and often a different approach to OHS in each jurisdiction. Whilst much work has

been done through the National Occupational Health & Safety Commission and its stakeholders, including the jurisdictions, to achieve national consistency, in reality the concept is still a long way from being widely adopted.

National consistency is often perceived as being the preserve of government. Clearly government at both the federal and state/territory level have the ability to influence and to implement national uniformity strategies, however the principal beneficiary for uniformity is industry – it is predominately an industry issue.

Industry has a key role to play in influencing, encouraging and supporting a nationally consistent approach in the development and implementation of Occupational Health & Safety standards and codes of practice such as Dangerous Goods and other key standards on emerging issues of national importance.

Industry will continue to take a leading role in encouraging the development of national standards in emerging OHS issues including the reviewing and setting standards in such key areas as Dangerous Goods, Hazardous Substances and Major Hazard Facilities.

LAND TRANSPORT

The Australian land transport sector confronts challenges experienced in few other countries in the world: low population density, vast distances, the Federal structure of government, and, the fragmented and often inconsistent application of laws and regulations. Road transport plays the dominant role in Australia's domestic land transport system. However, rail has a competitive advantage in the carriage of bulk commodities and although often thought of as a nineteenth century technology, its potential for greater utilization in the twenty-first century should not be ignored.

Government policy, evident in the levels and allocation of funding for rail and road, has strongly favoured the latter. Since the early 1980s, Federal funding for roads has been some eight times that for rail; for infrastructure (that is, taking out funding for the operating deficits of rail), the disparity increases to a factor of twenty times.

The perception remains that rail is a nineteenth century technology, and generally lacks the narrow electoral benefits which come from higher and targeted road spending.

Commerce and industry recognises road transport plays the dominant role in Australia's domestic land transport system, accounting for two-thirds of the domestic land transport task. Road is regarded as having a competitive advantage in intra-urban movements, and the carriage of break-bulk and small-bulk manufactures.

However, this does not diminish the important role played by rail which accounts for a still substantial one-third of the domestic land transport task. Rail has a competitive advantage in the carriage of bulk commodities (both minerals and primary products), although it has lost market share to road in the movement of non-bulk freight.

NATIONAL TRANSPORT PLANNING

Comprehensive, integrated and market-oriented national transport planning is essential to the efficiency and competitiveness of land transport providers and users, and the optimum allocation of scarce infrastructure development funds.

While commerce and industry acknowledges there have been improvements in the co-ordination of land transport initiatives between and within Federal, State/Territory and Local Governments, much more remains to be done.

To maximise co-ordination and transparency in national land transport planning, commerce and industry calls upon the Federal Government to publish in the life of each Parliament a comprehensive National Transport Planning Policy Statement, with each State and Territory Government producing complementary documents along similar time frames.

Such Statements would outline, inter alia, the relevant Government's land transport: objectives and strategies for the following three years; priorities for infrastructure asset

management, spending and charging; operational and safety regulation reform; application of competition policy principles to land transport; and, any changes to the criteria for key decision-making on land transport matters.

COMPETITION LAW AND POLICY, AND REGULATORY FRAMEWORKS

Land transport, and rail transport in particular, has undergone major reform over the past decade. However, much still remains to be done.

Important changes in the rail area include reform of the structural arrangements of some State-owned railways, the corporatisation or privatisation of certain rail operations, improved consistency between operating and safety standards in the different jurisdictions, and the implementation of competition policy reforms (most notably rail access regimes).

Nevertheless, the Australian land transport sector continues to operate under a mixed framework of operational and safety regulations, imposed by the Federal, State and even local governments, many of which impair effective competition between road and rail transport.

Insofar as governments and their agencies impose regulations upon the land transport sector, these should be minimal, light-handed and transparent, and sensitive to the commercial circumstances of transport service providers and users. National uniform access and regulatory standards should be pursued within each of rail and road transport.

They should also be competitively neutral between the land transport modes, with necessarily high standards of safety regulation not being used to achieve commercially or competitively discriminatory outcomes.

ASSET MANAGEMENT

Past initiatives in the application of national competition principles, and the corporatisation and privatisation of important components of the rail transport system are welcomed, although more remains to be achieved.

An important priority is the clear and distinct structural separation of government-owned land transport players into commercial players and regulatory agencies, where this has not already been done.

In particular, commerce and industry supports the full privatisation of all 'above the rail' operations at all tiers of government, with the remaining 'below the rail' assets being consolidated into corporatised entities operating in conformity with national competition principles.

Ideally, all 'below-the-rail' assets should be transferred to a single, national Australian Land Transport

Corporation, as a focal point for rail operators looking to provide rail transport services within Australia. Such an approach would greatly assist in overcoming the duplication and inefficiencies of administration and regulation which exist under the current multiple jurisdiction model.

INFRASTRUCTURE DECISION-MAKING

Investment spending on key land transport infrastructure has barely kept up with the depreciation of existing rail and road capital assets. In short, Australia has been engaged in running-down of its land transport capital stock for at least the past twenty years, a situation which is unsustainable.

This condition reflects the tendency for decision-making in land transport infrastructure spending to be fragmented and lacking in transparency, with political considerations receiving undue emphasis in the allocation of scarce public funds for major capital projects.

Commerce and industry supports a transparent decision-making regime, based on a joint 'investments of national economic significance'/national competition policy approach to the development and maintenance of land transport infrastructure and services.

Key criteria for determining 'investments of national economic significance' include the economic benefit/costs of the project, its place within a national infrastructure or services system, and alternate use of funds for land transport infrastructure development.

Nevertheless, commerce and industry recognises there are legitimate arguments for focusing public funds on 'black spots' and 'bottlenecks' in both rail and road transport, for genuine public safety and user-efficiency reasons, and community service purposes, such as national defence and providing land transport access to remote areas.

Commerce and industry supports the creation of a single Australian Land Transport Corporation (ALTC) to better co-ordinate and ensure transparency within land transport infrastructure decision-making (especially the allocation of public funds), and deal with modal interface and broader, related land-use issues.

The ALTC would be expected to make decisions on the allocation of public infrastructure expenditure within a market environment against 'investments of national economic significance'/national competition policy criteria. The Corporation would be informed, but not bound, by government policies in its decision-making.

An early policy priority for the ALTC would be determining a single, uniform set of transparent criteria for decision-making on the allocation of funds for each of road and rail infrastructure, including the relative responsibilities of the different tiers of government.

Monumental land transport projects, such as the mooted rail connections between Darwin-Alice Springs and/or Darwin-Toowoomba, insofar as they make calls upon public funds, should meet the 'investments of national economic significance'/competitive neutrality tests.

While commerce and industry welcomes private sector provision of land transport infrastructure, this should be done without public sector guarantees or subsidies and proceed on the basis of the inherent commercial viability of the project and within national competition principles.

USER CHARGING AND PRICING

Sustained characteristics of land transport policy have included the lack of transparency, the presence of unclear cross-subsidies and inadequate cost recovery in user charging and pricing, which result in distortions and inefficiencies in the use of land transport facilities and services.

Ongoing public debate has seen the rail sector arguing road charges do

not cover the full cost of road use, while the road sector argues rail operators benefit from cross- and direct-subsidies.

Commerce and industry expects both rail and road transport sectors to operate without subsidies, with user charging and pricing being based on full cost recovery and applied in a competitively neutral and transparent manner.

Where governments seek to recover costs associated with perceived negative externalities, such as congestion and pollution, these should be assessed against positive externalities and adjusted for the causal and contributory effects of government policy and regulatory failure.

Further, where governments wish to provide incentives or subsidies

for broader policy objectives, for which they are held electorally accountable, these should be done transparently and funded solely from the public account.

Public transport should be delivered by dedicated, corporatised or preferably privatised agencies, with charging and pricing set against criteria of full cost recovery and reflecting market forces (which would permit differential charging and pricing based on time-of-day usage).

Where governments' impose specific purpose taxes or charges (for example, fuel taxes for road infrastructure development) these taxes or charges should be used exclusively for that designated purpose, and not diverted in any way to other purposes or general public revenue.

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