



PARLIAMENT OF WESTERN AUSTRALIA

FIFTEENTH REPORT

OF THE

**STANDING COMMITTEE ON ESTIMATES
AND FINANCIAL OPERATIONS**

IN RELATION TO

**DISCUSSIONS HELD WITH REPRESENTATIVES FROM THE
DEPARTMENT OF MAIN ROADS WESTERN AUSTRALIA
PERTINENT TO THE COMMITTEE'S TERMS OF
REFERENCE**

Presented by the Hon Murray Montgomery (Chairman)
Report No. 15 (MAY 1996)

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The Standing Committee was established on December 21 1989 with the following terms of reference:

1. There is hereby appointed a Standing Committee to be known as the *Estimates and Financial Operations Committee*.
2. The committee consists of 5 members.
3. The functions of the Committee are to consider and report on:
 - (a) the estimates of expenditure laid before the Council each year; and
 - (b) any matter relating to the financial administration of the State.
4. The Committee shall report on the estimates referred under clause 3 by or within one sitting day of the day on which the second reading of the *Appropriation (Consolidated Fund) Bill* is moved.
5. For the purposes of clause 3(a), the House may appoint not more than 6 members at any stage of its examination.
6. A reference in clause 3 to "estimates of expenditure" includes continuing appropriations, however expressed, that do not require annual appropriations.
7. The Committee may initiate investigations under clause 3(b) without prejudice to the right of the Council to refer any such matter.

Members of the Committee:

Hon Murray Montgomery (Chairman)
Hon Bob Thomas
Hon Muriel Patterson
Hon Mark Nevill
Hon Iain MacLean

Staff of the Committee:

Mr Vick Kristoff (Advisory/Research Officer)

Previous Reports of the Committee:

See Appendix III

Address:

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ACKNOWLEDGMENT

The Committee would like to thank the Commissioner of Main Roads, Dr Ken Michael and the Main Roads Director of Corporate Services, Mr Des Warner for their attendance at the meeting and the frankness of their comments.

The Committee would also like to express their gratitude to those Main Roads officers who contributed their time and effort in collating the technical and other data provided to the Committee during its inquiry.

During the course of its deliberations, the Standing Committee on Estimates and Financial Operations (“the Committee”) resolved to ask Main Roads Western Australia to attend a meeting of the Committee for purposes of discussing various matters pertinent to its terms of reference, namely, consideration of any matter relating to the financial administration of the State.

The meeting took place on Thursday, 26 October 1995, with the Commissioner of Main Roads, Dr Ken Michael and the Main Roads Director of Corporate Services, Mr Des Warner.

Areas of specific interest to the Committee were road funding sources during the past 10 years and the question of tied and untied Commonwealth and State funds. The Committee also used this meeting as an opportunity to gain at first hand, a clarification and/or understanding of various other topics of general interest.

The Committee believes the meeting successfully achieved its purpose in providing Members with a detailed insight into road funding in particular, and various other matters which were previously unclear.

Appendix I provides a summary of the matters discussed during the course of the meeting.

Appendix II provides a title description of the documentation also provided for Committee perusal.

CONCLUSION

In the context of the vast area covered by the discussions, the Committee is satisfied that Main Roads have conducted their affairs in a fully accountable manner.

APPENDIX I

OUTLINE OF AREAS COVERED DURING THE COURSE OF THE MEETING

1. Receipts by fund source over the years 1984-85 to 1994-95.
2. Road expenditure by fund source and program for the years 1992-93 to 1994-95.
3. Commonwealth fund breakdown and overall State funds allocation.
4. Actual road expenditure by category over the period 1984-85 to 1993-94.
5. Total expenditure by Main Roads WA in the Gascoyne, Kimberley and Pilbara regions.
6. Changes in funding patterns over the last 10 years.
7. Commonwealth funding - tied, specific purpose funds.
8. Commonwealth funding - untied funds.
9. Fuel levy, motor vehicle licence fees, property rentals, provision of services to other bodies (and debtors) and surplus property and land reserves - other sources of State funds.
10. Plant fleet management - internal hiring and charging.
11. Loan borrowings - a further source of State funds.
12. Natural disaster relief funding.
13. Financial Assistance Grants / Commonwealth Grants Commission - funding, method of determining allocation and formula used.
14. Treasury's involvement with Commonwealth funding formula.
15. Recent falls in direct Commonwealth funding.
16. State initiatives for road funding - joint contributions with mining company's.
17. Debtors.
18. Road maintenance and asset replacement.
19. Congestion management and arterial network.
20. Road surface problems experienced with southern extension to freeway.
21. Road maintenance and improvement - major replacement V's patchwork repairs.
22. Performance indicators.
23. Suggested enhancements to funding explanations provided in budgetary process.
24. Anomalies between Commonwealth funding asked for and funding actually received - explanations.
25. Northern by-pass (extension of Orrong Road, Burswood Bridge and the Northbridge Tunnel) - traffic flow, method used to estimate traffic flow, tunnel V's trench.
26. Work undertaken by contractors - specific examples, percentage of work contracted out, quality and monitoring of work undertaken, Committee request to Main Roads to provide supplementary information on contractor performance and price blow outs, provision to Committee of sample contract.
27. Concerns over non-payment by contractors to sub-contractors for services provided.
28. Overtaking lanes.
29. Black spots.
30. By-passing towns.
31. Community surveys.
32. Horsman submission.

APPENDIX II

MATERIAL PROVIDED FOR COMMITTEE PERUSAL

1. Western Australia - Sources of Funds for Roads 1984/85 - 1994/95 (table).
2. Road Expenditure by Fund Source and Program 1992/93 - 1994/95 (table).
3. Actual Road Expenditure 1984/85 - 1993/94 (table).
4. Effect of Pavement Life on Asset Consumption (table and narrative).
5. Projected Asset Replacement Needs - 1989 to 2069 (bar chart).
6. Forecast Asset Replacement Costs for Declared Roads - 5 year period ending June 1994 and June 1999 (table).
7. Effect of Changes in Asset Life on Replacement Costs - 1989/90 to 1998/99 (table).
8. Comparison of Asset Replacement Study (ARS) and NIMPAC Results (graph and narrative).
9. Ageing Road Network - WA (bar chart).
10. Ageing Rural Road Network - WA - Sealed Highways and Main Roads (graph).
11. Ageing Rural Road Network - WA - Sealed Highways, Main Roads and Secondary Roads (graph).
12. Ageing Road Network - WA - Sealed Highways and Main Roads - Post Road Classification Review (graph).
13. Ageing Rural Road Network - WA - Sealed Highways and Main Roads - Post Road Classification Review (graph).
14. Traffic Model (model and narrative).
15. Number of Contracts Completed - 1992/93 to December 1995 (table and narrative).
16. Details of contract conditions used by Main Roads (narrative).
17. Road Widening and Reconstruction - Great Eastern Highway - Cunderdin to Tammin - information for tenderers (narrative).
18. Road Widening and Reconstruction - Great Eastern Highway - Cunderdin to Tammin - schedule of rates (narrative).
19. Road Widening and Reconstruction - Great Eastern Highway - Cunderdin to Tammin - technical specification, quality system specification (narrative).
20. Road Widening and Reconstruction - Great Eastern Highway - Cunderdin to Tammin (drawings).

APPENDIX III

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Previous Reports of the Standing Committee

First Report:	1990/91 Budget Estimates (November 1990)
Second Report:	1991/92 Budget Estimates (November 1991)
Third Report:	Leasing of Computer Equipment for the Legislative Council (February 1992)
Fourth Report:	1992/93 Budget Estimates (November 1992)
Fifth Report:	Programme Undertaken During 1992 (December 1992)
Sixth Report:	1993/94 Budget Estimates (December 1993)
Seventh Report:	Public Submissions 1993/94 (April 1994)
Eighth Report:	Review of the Consolidated Fund Estimates 1994/95 (August 1994)
Ninth Report:	The Consolidated Fund Estimates 1994/95 (December 1994)
Tenth Report:	Performance Indicators (December 1994)
Eleventh Report:	Scrutiny of Financial Administration Legislation in Various Jurisdictions (April 1995)
Twelfth Report:	Review of the Consolidated Fund Estimates 1995/96 (August 1995)
Thirteenth Report:	Financial Administration and Audit Legislation in Australia and New Zealand: Implications for Western Australia (August 1995)
Fourteenth Report:	Estimates of Expenditure 1995/96 (November 1995)