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31 July 1999

Dear Mr Cosgrove,

You will recall that when I represented the Balanced State Development Working Group (13SDWG) at the Commission's 21 July hearing held at Belconnen by you and Mr Braithwaite there were some items on which you indicated that the Commission would be grateful for more information as to our sources and others on which you asked for greater detail. As you know I asked for an early copy of the transcript so that I could circulate it to other members of 13SDWG and then have one or more conference calls to cover outstanding issues.

Although we have not yet received the transcript my colleagues have agreed that, pending its availability, I should forward this preliminary response.

Road Pricing.

The Australian Transport Council (ATC) has continued the policy agreed to by the then Australian Transport Advisory Council and the then Marine and Ports Council of Australia in 1975/76 that cost recovery of infrastructure and services provided by Australian Governments for all modes of transport and for private as well as for commercial use should be by application of the user pays principle. Governments also agreed that any under recovery should be clearly identified no less frequently than at the end of each financial year.

13SDWG's submission dated 16 July provides further detail of the sequence of events leading to serious delays which occurred with respect to the implementation of the user pays principle to private and commercial use of road infrastructure and services.

The National Competition Council's Annual Report 1997-98 acknowledges the agreement 'to achieve vehicle charges which reflect the full cost of providing road transport services' but avoids comment on the lack of progress. The Productivity Commission in Ref 1999a refers on Page 85 'Charges will be developed with regard to the principles established by the Inter State Commission and with a view to full and consistent levels of cost recovery.' but is silent on the issue in its draft report.

Undeclared C. S.O.s in Road Transport.

In addition to the failure of all Australian Governments to declare the level of subsidy to private and commercial users of road infrastructure the financial support provided to some but not all NSW private motorists who use the M4 and M5 motorways constitutes a further undeclared C. S.O. which has not been considered by either the Productivity Commission or the National Competition Council.

At page 88 the Productivity Commission states: 'A community service obligation (CSO) is essentially a requirement to engage in no-commercial activity in order to meet a social objective. More specifically, a CSO arises when a government requires an enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a

commercial basis ..... CSUs would not normally be provided by competitive business enterprises

At the Productivity Commission hearing on 21 July BS~ provided a NSW Government Document which provides information on the M4/M5 Cashback Scheme a further copy is attached for ready reference. The scheme is only available to Account holders with either the M4 or M5 Motorways for trips made by Residents of NSW in NSW privately registered motor cars or motor cycles. An Account holder is required by the Motorway company to always maintain a balance of no less than \$20 and the card is rejected by the toll booth if a \$2.50 charge would reduce the balance to less than \$20. Similarly the Cashback Scheme does not reimburse motorists who pay by cash at the toll booth nor does it reimburse other categories of NSW motor car or motor cycle users, any interstate motorist or any commercial user of either motorway.

Quite clearly the NSW Government has identified a social objective related to a specific class of NSW resident and requires the NSW Roads and Traffic Authority to carry out activities which it would not otherwise elect to do. That social objective, which lead to the CSO, has never been articulated and it has never been subject to scrutiny by either the National Competition Council or the Productivity Commission.

Transfer of water rights

During the hearing on 21 July the Commission indicated that it understood that use of water in the Snowy River and in the Shoalhaven catchment had been transferred by act of the NSW Parliament. In both cases there is provision to protect riparian water rights and authority for the relevant minister to make appropriate determination & Conversely there is lack of precision as to what constitutes an appropriate determination and a key issue in the recent Snowy River Inquiry related to how best to evaluate the competing economic, social and environmental considerations.

It seems to be agreed that decisions were made on both the Snowy and the Shoalhaven at a time when Australian Parliaments had not yet recognised the need to consider such issues. Recent work by Commonwealth, State and Territory Officials, coordinated by the Productivity Commission, has concentrated on examples such as those quoted on pages 139 and 140 of the present draft report where the beneficiary has been the regional/rural consumer. As a result the impression has been created that this is always the case, BSMG assumes that this was not the intention.

#### Implementation of NCP in Regional and Rural Australia

On 21 July I was asked to confirm whether or not it remained BMWG's view that the present year 2000 deadline should be extended by 2 years and if so how that might best be achieved-

BSMG notes that neither the Productivity Commission nor the National Competition Council has chosen to publicly criticize the delays in the timetable for planned reforms to Electricity Pricing, Water Supply and Road Transport. They appear to have made no attempt to evaluate the benefits which have already been denied to citizens in Regional and Rural Australia. As a result maintenance of the year 2000 deadline will lead to further unnecessary social dislocation in Regional and Rural Australia.

On Friday 30 July the Prime Minister gave a radio interview in which he said 'I have always given a greater priority to job security in regional Australia in particular than just about anything else because the basis of people's personal security and personal happiness and well being is to have a job.' In our 16 July submission we proposed changes to the Commission's draft report which would draw attention to those Regions where the Commission's estimates of increased unemployment resulting from ongoing implementation of NCP were particularly severe. We also suggested an approach by Governments' which would help to minimise threats to people's personal security.

Our views have not changed but I can confirm that to achieve the extended deadline it seems reasonable to canvas all business and industry associations - including local government - and where a national association and a majority of related State/Territory associations choose either 2000 or 2001 rather than 2002 then that should be accepted by Governments.

#### Evaluation of Costs and Benefits to Regional and Rural Australia.

On 21 July I mentioned to the Commission that some members of BSMG had noted the more extensive evaluation of disbenefits which the Commission appeared to have undertaken in its draft report on Gambling than is the case with respect to the effects of NCP on Regional and Rural Australia.

I can now confirm that it is BS13WG's view that the evaluation of NCP disbenefits should be no

less comprehensive, specifically we believe that the evaluation should include: Bankruptcy; Productivity loss; Divorce/Seperation;  
Depression; Suicide; Counselling Services in regional and remote areas; family relocation/dislocation; court; jail

issues which, I am advised, are addressed by the Gambling inquiry.

Please let me know if there are other issues which you had expected would be dealt with in this letter. I will of course write again when my colleagues have had a chance to read the transcript of my evidence to the Commission on 21 July.

Yours Sincerely,-

C.C. Halton  
Co Convenor BSMG

Commissioner John Cosgrove  
Productivity Commission  
PO Box 80  
BELCONNENACT 2616

# M4/M5 CASHBACK SCHEME

A NSW State Government initiative

## How to get a rebate ... What you should know

### Eligibility

Residents of NSW who have applied to become Cashback Account holders with either the M4 or M5 Motorways are entitled to claim a rebate only for trips made in NSW privately registered motor cars or motor cycles.

Trips undertaken in motor vehicles which do not carry a **NSW private registration** e.g. government, business - including a vehicle provided as part of a salary package, rental, interstate etc are **not eligible** for a rebate and must be deleted by drawing a line through the entry on your statement.

### Statements

The M4 and M5 Motorway Companies send monthly statements to their account holders.

**These need to be checked and signed by the account holder.**

Signed statements must be attached to your completed 'CLAIM FOR M4/M5 CASHBACK REBATE' form and sent in the envelope provided to the **Roads and Traffic Authority, Locked Bag M4/M5 Cashback, Haymarket NSW 1237. Unsigned statements will be returned.**

### Claims

A Cashback claim form will be provided with your third monthly Motorway statement each quarter.

Additional forms can be obtained by telephoning 9662 5933.

Claims will be accepted and processed by the quarter year, ie

Quarter ending	March	- January, <i>February &amp; March</i>	Claimable From:
April	June	- April, May & June	<i>July</i>
	September		- July, <i>August &amp; September</i>
	December		- October, <i>November &amp; December</i>
	January		

When making a claim it is important to include only monthly statements for a complete quarter. It is preferable that you send your claim to the RTA as soon as possible following the end of each quarter. **Statements sent in advance will be returned.**

### Rebates

If you choose to assess your own rebate, (see section B of the claim form) you will need to add total cashback card usage balances on each of your three monthly statements. This amount has to be adjusted by any manual toll amounts detailed on your statements and/or any trip deletions you have made. Rebates will be made by cheque unless you elect to have payments made by electronic funds transfer (EFT) direct to a deposit account you nominate at a bank, credit union or building society. **Rebates cannot be made to credit card accounts.**

You need only provide EFT information once. if you change our banking details, you may at any time send notification in writing to the attention of the **Banking Officer, Roads and Traffic Authority, Locked Bag M4/M5 Cashback, Haymarket NSW 1237. A REQUEST TO PAY M4/M5 CASHBACK REBATES INTO BANK ACCOUNT** form can be obtained by phoning (02) 9662 5933.

### Enquiries

If you require further information about this Government initiative or your rebate please contact the RTA as follows: (02) 9662 5933 (Ph) (02) 9662 5921 (*Fax*) [cashback@rta.nsw.gov.au](mailto:cashback@rta.nsw.gov.au) (*e-mail*)