

Mr John Spasojevic
Secretary
Commonwealth Grants Commission
Cypress Court
5 Torrens Street
CANBERRA ACT 2612

Dear Mr Spasojevic

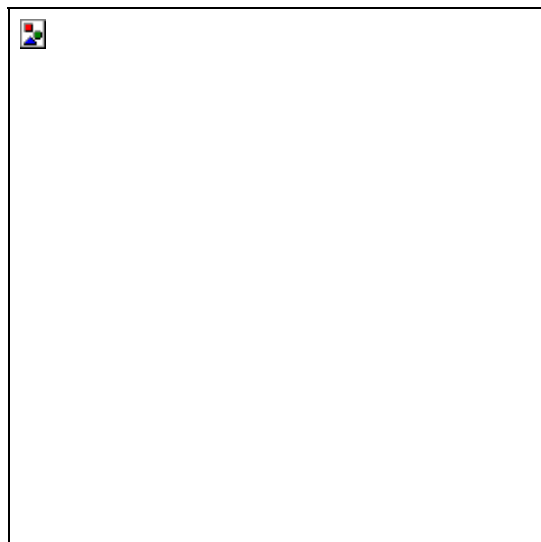
**REVIEW OF THE INTERSTATE DISTRIBUTION OF
LOCAL ROAD GRANTS**

Thank you for the opportunity to provide a submission in response to the Commonwealth Grants Commission's comprehensive Issues Paper *CGC 2005/02 - Review of the Interstate Distribution of Local Road Grants*. Please find attached the ACT's Submission.

You would be aware, as a City/State with National Capital responsibilities, an inquiry of this nature presents the ACT with a challenging task to benchmark its roads maintenance program with other jurisdictions. The absence of a Local Government structure and a State Grants Commission means the ACT has not had a requirement to collect and maintain exhaustive data that would underpin the internal distribution of local government funding.

While the ACT has implemented from its inception, a robust road asset classification database across its entire road network that draws a very clear distinction between State and Local responsibilities, the associated maintenance program is treated as one. There is no separate budgeting structure. This provides the ACT Government of the day with greater flexibility in directing its maintenance priorities, however, it contributes to apparent

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lumpiness in annual maintenance program costs when local roads are separately identified.

The ACT's submission addresses all of the matters raised in the Issues Paper. It has been, where possible, premised on the draft assessment guidelines currently under development for the 2010 Review of State Revenue Sharing Relativities.

Please note that **Attachment C** to the Submission contains contract rates and the derivation of resealing works costs that are **commercial-in-confidence** and are for the Commission's internal use only. They should not be reproduced or made available to third parties, or placed on the Commission Website.

Finally, given the potential for a redistribution of existing historical funding shares between States when moving to a full needs based approach, the ACT recommends that the final report canvas in its recommendations the implementation of transitional funding arrangements to ensure that no jurisdiction is appreciably worse-off than under current budgeted levels.

If Commission officers have any questions regarding the attached response, please contact Mr Andrew Philip, Manager, Commonwealth-State Finances Unit of the Treasury in relation to methodological issues, (telephone 6207 0018) or Mr Karl Cloos, Manager, Policy Planning and Coordination, Roads ACT, Department of Urban Services, in relation to roads data (telephone 62076871) in the first instance.

Yours sincerely

Signed

Paul Grimes
Under Treasurer
3 February 2006

